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**SUSTAINABILITY ASSESSMENT OF
DOMINICAN REPUBLIC NON-
GOVERNMENTAL ORGANIZATIONS**

FINAL REPORT

by

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LIST OF ACRONYMS

ADEMI	Asociacion para el Desarrollo de Microempresas, Inc.
ADOPLAFAM	Asociacion Dominicana de Planificacion Familiar, Inc.
APHA	American Public Health Association
AVSC	Association for Voluntary Contraception
CA	Cooperating Agency
CBD	Community Based Distribution
FONDO MICRO	Fondo para el Financiamiento de la Microempresa
HELVETAS	Swiss Agency for Development
INSALUD	Instituto Nacional de Salud
IDSS	Dominican Social Security System
IPPF	International Planned Parenthood Federation
IUD	Intra-Uterine Device
MNSA	Nuestra Señora de la Altagracia
MUDE	Mujeres en Desarrollo Dominicana, Inc.
NGO	Non-Governmental Organizations
OC	oral contraceptives
PRARO	Programa Prevencion Riesgo Reproductivo y Alto Riesgo Obstetrico
PROFAMILIA	Asociacion Dominicana Pro Bienestar de la Familia, Inc.
R&D/POP	A.I.D. Office of Population
SESPAS	Hospital de Maternidad de Nuestra Señora de la Altagracia in Santo Domingo

I. EXECUTIVE SUMMARY

USAID Santo Domingo requested that the PROFIT Project conduct an assessment of the potential for financial sustainability of four local Non-Governmental Organizations (NGOs) and one state-financed maternity hospital.

To this end, PROFIT organized a team that would be knowledgeable both of the family planning and commercial environments in the Dominican Republic. The assessment, conducted during the period 13 - 24 September, 1993, focused its efforts on the current activities and structural elements of the organizations and how these could be energized in service of financially sustainable goals and performance.

The procedures and methods employed to conduct the assessment were standard, semi-structured individual and group interviews, and document reviews. Based on the team's access to recent information on most of the organizations, no need was determined to conduct specific family planning coverage or performance reviews. The team was thus able to focus specifically on the organizations' potential for financial sustainability and the means by which to achieve this.

This report is organized by the agencies studied, and specific recommendations are made based on a discussion of findings and observations of each organization. Nevertheless, there are some general findings and recommendations which the Team has found pertaining to the five organizations.

The Team's principal findings are:

1. While the five organizations are in different stages of organizational maturity, all demonstrate an awareness of the need to become more financially self-sufficient.
2. There exists, both *de facto* and *de jure*, an institutional paradigm that focuses on the social service aspects of the organizations. In varying degrees, this paradigm tends to foster the view that financial self-sufficiency is a less crucial and relatively non-urgent issue. It also promotes the belief that income generation and social objectives are contradictory and not attainable together.
3. The organizations' Boards of Directors often generally are more internally- than externally-focused. Their meeting agendas emphasize organizational policy and performance, and focus less on external economic environmental considerations.
4. Opportunities exist in the Dominican economic environment (which is not territorially bound) which could be exploited by one or all of the organizations, given a policy emphasis which stressed pursuing these opportunities.

5. Some of the agencies are quite sophisticated in terms of systems such as cost accounting, monitoring and evaluation, institutional memory, price and market analysis and MIS. Other agencies, due to their relatively recent establishment, are less advanced.

The Team's principal recommendations are:

1. All the subject organizations, in varying degrees, need to make a "paradigm shift" to successfully incorporate elements necessary to attain financial self-sufficiency and sustainability. The shift needs to incorporate a business focus into their social orientation.
 - a. The organizations need to begin defining formal plans or strategies for decreasing their dependencies on external donors.
 - b. The Boards of Directors need to broaden their functions to include assessing the local economic environment for new, income-generating activities.
 - c. The organizations should establish linkages with secular social service clubs such as Lions Club, Rotary, etc., that have displayed interest in supporting health-related causes (vaccination); and so as to identify opportunities for income generating activities of interest to the organizations.
2. Institutional strengthening, directed to areas such as cost accounting, market positioning, evaluation, institutional memory and strategic planning should be emphasized. These organizations have very high potential to enhance their capabilities, but need to be reminded that more can be achieved in all of these areas.
3. Both USAID/Santo Domingo, and the Cooperating Agency (Development Associates) which coordinated USAID's project assistance to a number of these organizations, need to keep the foregoing factors in mind while working over the next seven year grant period. First, the seven year grant period provides all organizations with ample time to orient themselves toward self-sufficiency goals and to incorporate policies designed to achieve this end. At the same time, a seven year period provides a sense of security which can lessen the sense of urgency to actually implement a policy of self-sufficiency.
4. All parties need to recognize that structural, organizational and operating strategies for the expansion of family planning services, and those necessary for developing financial self-sustainability are very difficult to manage simultaneously. Under the terms of the new grant, the organizations should prioritize one or the other strategy with a mid-term time horizon and focus on that, and not try to do both in parallel. Because of the seven year time frame, it should be possible for both goals to be met as long as they are planned sequentially rather than in parallel.

II. BACKGROUND

USAID/Santo Domingo, via the A.I.D. Office of Population (R&D/POP) requested that the PROFIT Project perform a sustainability assessment of four NGOs and a public maternity hospital in Santo Domingo. The four NGOs are: Asociacion Dominicana Pro Bienestar de la Familia, Inc.(PROFAMILIA, an IPPF affiliate); the Asociacion Dominicana de Planificacion Familiar, Inc., (ADOPLAFAM); Mujeres en Desarrollo Dominicana, Inc..(MUDE); and, the Instituto Nacional de Salud (INSALUD). The maternity hospital is Nuestra Señora de la Altagracia (MNSA).

The purpose of this technical assistance activity is to provide recommendations as to how these organizations, all of which will participate in a new seven year grant from A.I.D. (517-0259), can undertake appropriate planning and activities that will enhance their potential for financial sustainability. It is important to note that this exercise is one of technical assistance, and not an evaluation. As such, the findings and recommendations contained in this report are limited to principal areas affecting financial sustainability, rather than the organizations' activities specified under current funding arrangements with USAID/Santo Domingo.

The Team was fortunate to have considerable amount of background information and personal experience at its disposal prior to the field visit. For example, all three of the team members had worked in the Dominican Republic in various capacities that have included NGO and Family Planning experience as well as in commercial experience. In addition to that individual background, the Team was able to draw on recent information from the Dominican environment which included:

USAID/Santo Domingo provided a list of specific issues addressing financial sustainability concerns, solicited from the NGOs and MNSA, which form the basis for this technical assistance (Appendix A).

Development Associates has provided technical assistance to ADOPLAFAM by contracting Jack Galloway of University Research Corporation to conduct an analysis of economic opportunities for that agency. This was completed in July, 1993 (Appendix B).

Based on documentation made available prior to arrival in the Dominican Republic, an internal Scope of Work was written as a tentative guide for a work plan (Appendix C).

One of the consultants for the present activity, John Bratt of Family Health International, has completed a comprehensive cost analysis of the PROFAMILA program (January 3, 1992). In addition, two meetings were held with IPPF representatives in the United States prior to departing for the Dominican Republic.

Consequently, considerable information existed on the two major NGOs in this study (PROFAMILIA and ADOPLAFAM), which provided the study team with solid background material on which to build.

The study team is composed of three members with complementary specialties. These are:

Team Leader: W. Timothy Farrell, Ph.D., Director of Evaluation, The PROFIT Project - Evaluation and Management

John Bratt, M.A., Research Associate, Family Health International (Triangle Park, North Carolina) - Cost and Price analysis in Family Planning Programs.

Mario Ganuza, MBA, Independent Consultant, Micro-Enterprise and Management Specialist

III. METHODOLOGY

After an initial briefing with USAID/Santo Domingo, during which the original request from the Mission was affirmed, and the internal Scope of Work was approved, a work plan for the Team was completed.

This work plan focused on three major aspects of each organization:

- 1) Management structure and strategic plans
- 2) Revenue sources and cost/price policies and practices
- 3) Income generation resources and potential.

Issues of promoter retention, as requested by USAID/Santo Domingo and the agencies, are dealt with in the context of these three major conceptual domains.

The methodology chosen as most suitable for this technical assistance included both group and individual interviews with appropriate members of each agency, and review of appropriate and relevant documentation. At least three meetings were held with each organization.

In addition, three meetings were held with Development Associates, the Cooperating Agency responsible for coordination in the Family Planning Services Expansion Project (517-0229), which provided support to PROFAMILIA, ADOPLAFAM and MNSA during the period 1986-1993. In addition to that direct contractual assistance, technical support was provided by Development Associates to both MUDE and INSALUD.

Technical interviews on micro-enterprise and the commercial sector were held with ADEMI (Asociacion para el desarrollo de microempresas, Inc.), and FONDO MICRO (Fondo para el financiamiento de la microempresa), and PLAN International (an international development NGO).

This Technical Assistance activity was conducted from 13 - 24 September, 1993. A complete schedule of interviews is contained in Appendix D.

Working Definition of Sustainability

Definitions of sustainability, like those of "development", are generally imprecise, and run the gamut from the cynical (sustainability is what we no longer have to pay for) to the impractical (NGOs should pay their own way entirely). For this assessment, a more practical definition was utilized that recognizes that NGOs are basically social service organizations with a social purpose and philosophy which, while charitable in nature, are generally also pragmatic and competent. With this in mind, we have focused on a definition of sustainability which emphasizes the structural aspects of organizations, specifically NGOs, and the paradigm under which they organize and operate.

PROFIT's previous work with NGOs in Peru¹, and other works, suggests that three major elements are critical to financial self-sufficiency of socially oriented organizations. These are:

1. **Institutional Capacity** - manifested in a strong Board of Directors which has an external as well as internal (governance) focus; a clear organizational structure with no overlapping lines of authority; a cost accounting system which permits accurate assessment of product and service costs; strong administrative systems; access to legal counsel; solid government relations; and clear institutional identity. In addition, an independent self-assessment and memory function serves as a corporate conscience to remind senior staff and board members of direction.
2. **Service Management and Quality** - manifested in appropriate range of services; technical standards; on-going staff assessment and training (or continuing professional education); facilities standards; information, education and communication programs; and, an internal commitment to the provision of quality products and services to the clients.
3. **Revenue generation and financial soundness** - manifested in a long-term funding and investment strategy; a capital reserve; staff resources with experience in commercial activities; and, a re-investment strategy (i.e. where do earned resources go?).

Organizations which meet these criteria are generally in a position to formulate strategies that lead to a reasonable degree of financial self-sufficiency. Those that do not must first integrate these elements into their strategic and operational planning systems.

This definition forms the backdrop for this exercise. Recognizing its flaws and coping with imperfections both in conceptualization and actual use, it provides a useful working framework on how to proceed with technical assistance of this nature.

¹ See Farrell, W. T., et. al.

IV. AGENCY FINDINGS AND RECOMMENDATIONS

This section of the report will present a brief overview of each of the organizations reviewed, and present specific recommendations. The organizations represent a broad spectrum of family planning approaches, institutional structures, affiliations, and degree of institutional maturity. The organizations' activities will be described as they specifically pertain to the focus of this study. Additional information regarding each organization is available, as indicated in the attached bibliography.

A. ADOPLAFAM

ADOPLAFAM (Asociacion Dominicana de Planificacion Familiar) is a relatively young organization (formed about 6 years ago) dedicated to family planning and health services, in urban and peri-urban zones in three areas of the country.

ADOPLAFAM was created as a private, non-profit organization to provide health and family planning services to poor Dominicans, following the socially-minded approach of the public sector. Its leadership has qualifications and expertise in public health and family planning gained in the public sector. Its staff, structure and operational procedures emulate those normally found in public institutions. This institutional environment facilitates the implementation of social activities, but does foster income generation and financial self-sustainability.

ADOPLAFAM works through three different channels:

- 1) A structure of approximately 500 community volunteers who sell family planning products, monitor family planning and mother-child health programs, and connect potential clients (referrals) with associated clinics;
- 2) A network of approximately 26 beauty parlor and 60 barber shops which sell family planning products; and
- 3) A network of 50 private clinics (clinicas asociadas) operated by physicians that provide health and family planning services, including sale of products, to clients referred by the volunteers.

These services are similar to those PROFAMILIA provides at a larger scale and using the same types of channels, except for the network of micro entrepreneurs. Moreover, some ADOPLAFAM geographic areas of work overlap with those attended by PROFAMILIA.

Trends in expenditures, income and CYP, last three years (current pesos), indicated a pattern of growth, especially in 1992 (the latest consolidated data available).

	Program Expenditure	Local Income	Int'l Donor Funding	CYPs
1990	2,593,669	132,799	2,665,073	4,926
1991	1,512,982	129,332	2,785,584	7,214
1992	3,808,543	386,357	4,118,606	31,056

The reasons for this growth in income and CYP are related: from 1990 to 1991, unit sales of oral contraceptives (OCs) increased 52% and unit sales of condoms increased 329%, while from 1991 to 1992, Ocs sales increased 307% and condom sales increased by 179%. Since unit revenue was higher for OCs than for condoms, ADOPLAFAM's income increased rapidly in the second year (1992) when sales of OCs more than tripled.

Trends in donor funding reflect the changing composition of ADOPLAFAM's donor base. In 1990, the Enterprise Project (funded by the Office of Population) provided over 90 percent of ADOPLAFAM's donations in cash and kind; by 1992, ADOPLAFAM had three major donors (Development Associates, URC and the United Nations), all of whom provided significant amounts of support.

With regard to pricing, however, ADOPLAFAM has not shown a tendency to make modifications in the fees they charge for services, in great part due to information shortages. Currently, key ADOPLAFAM staff are expected to manage activities at the retail level without basic information, such as numbers of each product sold, revenue collected per product, sales volume by retail outlet, etc. This dearth of information should be addressed immediately.

Likewise, efforts at cost containment have been modest, at best. For example, ADOPLAFAM's network of associated physicians originally involved seeking out young medical school graduates and providing them with resources needed to establish their clinics. ADOPLAFAM paid their salaries, rented clinic space, purchased medical equipment and supplies, etc. As this was proving rather costly, ADOPLAFAM changed this practice and currently provides limited commodity support, training, and loans to the physicians so they can upgrade their equipment.

Recommendations

ADOPLAFAM should build on its brief but strong history of performance and innovative programming. The team feels that there are four main areas in which they can strengthen their organization and program:

1. Institutional strengthening

Early in the implementation of USAID/Santo Domingo's Family Planning and Health Project, ADOPLAFAM should receive technical support to strengthen its organization, structures, and financial planning and operations. Taking advantage of ADOPLAFAM's experience in the field, plus the experience accumulated in PROFAMILIA and MUDE, a consultant can assist ADOPLAFAM to analyze its current operations, community based distribution (CBD), clinics and business network. With this support, ADOPLAFAM could identify the extent of its competitive advantages, or disadvantages, so as to improve its strategy for each delivery mechanism. Overall, ADOPLAFAM should be open to eliminating or modifying any current activities that either do not provide competitive advantages or adequate income generating potential.

To focus on income-generating activities, ADOPLAFAM's organization should be expanded to include an Operational Director with experience in business management. The direction/supervision of the network of micro-businesses should be separated from the CBD and clinics programs, and responsibility for this area should be assigned to someone with previous experience as a sales manager.

An internal monitoring unit should be created to review the use of financial resources within the organization and to provide ADOPLAFAM with relevant information necessary to adjust program expenditures and activities. ADOPLAFAM's existing staff should also be exposed to, and retrained in, business development techniques and issues.

2. Improve systems for tracking costs and outputs

Currently, key ADOPLAFAM staff are expected to manage activities at the retail level without basic information such as numbers of each product sold, revenue collected per product, sales volume by retail outlet, etc. Clearly, improved information systems are a prerequisite for supervision and monitoring of contraceptive sales.

ADOPLAFAM should request technical assistance to implement the recommendations made by Jack Galloway on page 10 of his report "Ideas on Income Generation (Sustainability) for ADOPLAFAM" (July, 1993). Mr. Galloway recommended that ADOPLAFAM strengthen its information systems to permit analysis of costs by activity, program and service, and analysis of production by distribution outlet.

3. Adopt an Independent Pricing Policy

ADOPLAFAM currently receives donated contraceptive commodities and distributes these (free of charge) through health volunteers and barber/beauty shops. ADOPLAFAM has followed a pricing strategy whereby the prices of oral contraceptives (OCs) and condoms to the buyers are set according to the prices of similar products in PROFAMILIA's CBD program. Currently, these prices are 4 pesos for a cycle of OCs, and 50 centavos for a condom. This pricing is quite competitive, given that the "market" price for OCs ranges from about 20 pesos to 150 pesos per cycle, while condoms range from 2 pesos to 5 pesos per box of three depending on brands.

ADOPLAFAM should establish an independent pricing policy that reflects its own commercial opportunities and institutional priorities. For example, ADOPLAFAM community health volunteers sell contraceptives directly to clients during home visits. Prices of these products could be increased slightly to reflect the fact that ADOPLAFAM is absorbing the time and travel costs that users would have to incur if they purchased the products from a fixed distribution site such as a pharmacy or a CBD post.

In the case of beauty salons and barber shops, prices could also be increased to take into consideration the training that ADOPLAFAM has provided to the proprietor. Clients who purchase products from these trained providers receive more than just a contraceptive commodity; they receive a value-added service (information about the method) which increases the probability that they will use the product correctly. In addition, ADOPLAFAM should question whether 4 pesos is a reasonable price for a cycle of pills in establishments where clients routinely pay 10 times that amount for a new hairstyle.

One final feature of an improved pricing policy would be to change the way in which the revenues are divided between the sales agent and the program. Currently, ADOPLAFAM and the sales agent each receive 50% of revenue from product sales. Splitting revenues on a percentage basis is problematic, because sales agents expect that future price increases will be subject to the same percentage. ADOPLAFAM should structure its sales incentives in terms of pesos per unit, not a percentage of the sales price per unit; for example, the agreement with sales agents would stipulate that their earnings per cycle of OCs is 2 pesos, rather than 50 percent of 4 pesos. Using this approach, ADOPLAFAM can exercise better control over the portion of sales revenue that is returned to the program.

4. Approach to income generation

Income and business possibilities such as those included in the Galloway report should not be attempted until after ADOPLAFAM has improved institutionally as previously recommended in this report. In the short term, the Team recommends the following actions:

The network of beauty parlors and barber saloons represents a true innovation for the promotion/distribution of family planning products. Notwithstanding, ADOPLAFAM's approach to motivate these business owners to participate in its program is not in line with the natural motivation that a micro entrepreneur has, which is profit-driven rather than socially-motivated.

ADOPLAFAM should investigate what-is-going-on at point of sale (beauty parlors and barber saloons) to be able to define a mini-business plan at micro-business level, in which the return to the owner over his/her investment and participation will be attractive enough to push the ADOPLAFAM products more actively.

ADOPLAFAM should expand the training course to micro entrepreneurs, giving it a business approach, as well as solid family planning training. The training should indicate how to make a profit by taking advantage of the increasing demand of family planning products resulting from the social promotion that their communities receive.

ADOPLAFAM should develop a plan to expand the network of micro entrepreneurs in regions with low coverage. At present, targets for recruitment of new establishments are set and monitored to increase this coverage, but ADOPLAFAM could benefit by targeting areas rather than the number of proprietors.

B. INSALUD

INSALUD is a nascent organization which was officially registered just one year ago. Its basic goal is to develop a national health organization that brings together private, public and NGO organizations and individuals in health activities in the Dominican Republic. To a certain degree, it is using the American Public Health Association (APHA) as a basic model.

At the time of this assessment, INSALUD was operating without a formal budget or stable source of funds. It had no full-time staff. USAID/Santo Domingo indicated that in the upcoming grant, INSALUD would receive funding for office space and some staff salaries. Currently, INSALUD has twenty members, most of which are institutional. No formal membership drive had yet been held.

Nevertheless, under these circumstances, it has undertaken the following major activities:

Foro Nacional de Salud, the purpose of which was to define the Dominican Health System. To this end representatives of all health sectors were invited and participated in the definitions of systems currently operating in the Dominican Republic, the problems each system faces, and potential actions to remedy these shortcomings. One of the priorities identified by the FORO is Maternal Reproductive Health which is defined as sex education, family planning and abortion.

Consejo Nacional de Hombres de Empresas. Trying to find a solution to issues in the IDSS (Dominican Social Security System). Recommended making IDSS semi-autonomous under its own Superintendencia. Congress has approved a new IDSS law but it has not been ratified by the president. This activity was undertaken with the UNDP.

Research Study on University Training in Human Reproduction, undertaken in conjunction with Development Associates. This study is completed and will be released in the near future. INSALUD wants to design a continuing education program for physicians.

1. Institutional Potential

The positive reaction to the initiative for the creation of INSALUD among NGOs and public sector, and the extended participation in the initial activities promoted, indicate that the conditions exist for the sustainability of such type of institution in the country. An analysis of the document resulting from the first "national health forum" suggested to the Team that the country's health systems can benefit from an association to analyze and articulate national strategies and programs in the health area. The team leading this start-up of INSALUD has the professional experience to reach and motivate a variety of voices in the Health Sector. A private institution like INSALUD represents a good vehicle to promote this integration and coordination in the sector, with a long term projection. despite frequent changes in leadership posts of local institutions responsible for definition and implementation of health policies and programs.

2. Mission Statement

Currently, INSALUD does not have a mission statement clearly defined to facilitate the development of strategies, programs, activities, and short/long-term goals. INSALUD needs to define its mission in simple and clear statements. An example of such a mission statement might be:

- Establish an independent professional association dedicated to health and related issues in the Dominican Republic;
- Draw membership from all sectors of the Dominican and International communities with an interest in improving the quality of health and related services and products provided in the Dominican Republic;
- Provide professional services to its membership such as access to information, networking, and international conferences and seminars;

- Financially sustain the association through membership fees, philanthropic grants and contributions and sales of relevant publications, and other professional literature and services.

From a mission statement such as this, which INSALUD's Board of Directors and its membership should closely monitor, its directorate can define and implement sound institutional and operational activities, such as those envisioned by its management.

3. Definition of Products

INSALUD needs to define its products, bearing in mind the sustainability of the institution and relevance to its membership and patrons. The Team recommends two categories of products: institutional and programmatic.

Institutional products These are those that INSALUD would maintain permanently as the basis of its existence and to obtain on-going support from its membership. These have to be basic services not yet accessible to the membership and sponsoring public, and have to be perceived as essential to generate the kind of environment that would allow the health sector to grow and improve in all instances. The Team suggests the following products:

- An annual conference or congress which would provide a forum for addressing relevant topics in health and related issues. Many models for this exist from which INSALUD could draw.
- A quarterly newsletter with current and relevant information in keeping with the mission of the association. This could include translated abstracts of relevant publications.- Again, many formats exist for this which could be applied initially until INSALUD settled on a final INSALUD format.
- A regular (monthly or bi-monthly) speakers' forum (for example breakfast or luncheon) where prominent individuals would be invited to address members and non-members on a topic of current interest and respond in a question and answer format.
- Develop, maintain and expand an association library with relevant literature to members. This could be partially supported by charging fees for photocopies.
- Provide national and international representation of INSALUD activities and obtain information relevant to members to be distributed through either special reports or the newsletter.

Programmatic Products INSALUD should consider activities that can be fully financed from external sources, such as data management, technical assistance, educational programs, etc. Initially, some of these activities should be funded through the AID project, as part of the support to be received. Personnel on a temporary basis should be retained to carry out these

programs and projects, limited to funding availability. A portion of the organization's overhead costs should be included in costing and pricing any such activities.

4. Join APHA as soon as possible.

Because the nature of INSALUD closely parallels that of the American Public Health Association, and because APHA is in a position to provide some levels of technical assistance to institutional members, this should be a priority activity.

5. Strategic planning

Two main subjects should be addressed in the initial strategic plan: a sound financial program; and, a membership drive.

a. The financial plan presented to A.I.D. should be revised to support a more realistic projection of funding needs, as identified in the mission statement. Funds for technical assistance in institutional development should be included in the first two years, and INSALUD counterpart funds, which would mostly be internally-generated, should be increasingly concentrated in the last years of the project. Salaries and other operational expenses should be consistent with the yearly activities that the strategic plan would define.

b. INSALUD should aggressively pursue the expansion of its membership, taking advantage of some 15,000 active physicians in the country, of whom over 10,000 work in the public sector. The membership drive should consider promotional activities to attract the interest of a targeted clientele, who should include different categories: (A) Individual members; (B) Institutional members; (C) Corporate members; (D) Trustees; (E) Benefactors. Each category would have a higher registration and annual fee. Institutional and corporate members would be represented by a limited number of officers, who would be designated and replaced at the institution or corporation's wishes. Trustees and benefactors could be individuals, institutions or corporations. International members would be encouraged.

The registration and annual fees should be defined according to the market (how much would be acceptable), and the institution needs. The Team recommends an exercise to identify acceptable membership fees, and a desirable mix of members and fee structure. A definition of annual goals in terms of members and fee collection, along with sound promotional strategies, is also recommended.

6. Initial management structure

The Team recommends beginning with a very lean staff, including an Executive Director, a marketing/events assistant, a documentation/publications assistant, and a secretary/bookkeeper/ receptionist. All should be full time paid staff. Other personnel

requirements should be met through short term contracts. Accounting needs should be sought outside on a part-time basis.

This staffing structure should take responsibility for defining institutional products, membership expansion and institutional development. The analysis, promotion and coordination of programmatic activities and special projects, should be assigned to committees appointed by the President, with volunteer members who should meet regularly (weekly, by-weekly or monthly) and to carry the responsibilities assigned to them. These committees could be the strongest arm of INSALUD early on, and the activities that they promote should be fully funded.

INSALUD would need minimal office space including a reception area, space for two offices large enough to accommodate two persons each comfortably, and a conference/library room.

As a function of the expansion of activities and internal generation of income, the initial structure would need to expand, as well. A.I.D. has defined a seven-year project under which INSALUD is expected to flourish. INSALUD, depending on its ability to reach financial sustainability, may need to expand its staff. By year seven, the structure may need to include an executive director, a director of marketing/member relations, a technical director, a director of events, a director of communications/documentation, an office manager, an accountant, a secretary, and a receptionist/typist.

C. ALTAGRACIA MATERNITY HOSPITAL

In late 1991, the Association for Voluntary Contraception (AVSC) began providing technical and financial inputs to establish a family planning unit within the public sector (SESPAS) Hospital de Maternidad de Nuestra Señora de la Altagracia in Santo Domingo. This unit, called the "Programa Prevencion Riesgo Reproductivo y Alto Riesgo Obstetrico" (PRARO) has been an exceedingly successful provider of long-acting methods (principally minilaparotomy and IUDs).

In the most recent six-month period for which data exist (January-June, 1993), the PRARO unit was performing an average of 235 minilaps and 238 IUD insertions per month. The percentage of postpartum acceptors has steadily increased over the past 18 months, as has the overall CYP produced by the unit. In fact, no other single facility in the Dominican Republic has produced as many CYP in the last year as did the PRARO unit at Altagracia hospital (approx. 43,000 CYP). The potential exists for additional growth in output, given that currently only 30% of women giving birth at Altagracia accept a contraceptive method: the program coordinator has established the goal of doubling this rate to 60%.

AVSC financial support to the PRARO unit ended on August 31, 1993, bringing about the concern with sustainability. The unit's current financial needs are relatively modest, mainly because the hospital subsidizes many of the most costly resources. For example, sixteen of

the 28 employees of the unit are paid out of the Ministry of Health (SESPAS) budget, and the hospital provides the materials and supplies needed to perform minilaps. The hospital also provides physical space and utilities to the unit free of charge. Finally, AVSC covered the up-front costs of equipment and facilities renovation.

Thus, the only costs which need to be covered are the salaries of the non-SESPAS staff, and costs of occasional refresher training for unit staff. Based on expenditures incurred during the AVSC project, the annual cost of these inputs would not likely exceed \$30,000. Reserve funds were used for an internal video system used in different waiting areas of the Maternity Hospital. No funds are available.

1. Establish fees for IUD insertions

By tradition, public sector health services have always been provided free of charge. However, the Altagracia hospital does attempt to offset some of its costs by charging fees for certain services, and clients are willing to pay because the facilities and services are visibly superior to other public sources. For example, the hospital charges minilap patients a fee of 45 pesos to cover a portion of the total cost of materials and supplies (which is estimated to be approximately 80 pesos per surgery). Although the fee is reduced or waived for clients who say they cannot afford the full amount, the program coordinator estimates that 80 percent of clients pay the full fee.

The PRARO unit should build on this precedent of cost recovery by instituting a modest fee for IUD insertions. While the PRARO unit would not directly collect the fee, the PRARO director has established an understanding with the CEO of the hospital whereby the fees collected for IUD insertions would be segregated and used to offset costs of the PRARO unit that are not already covered by the Ministry of Health's budget. A prerequisite to implementing this recommendation should be an agreement with hospital administrators that stipulates that all fee revenue must be used to cover costs in the PRARO unit, and should not go into the general fund of the hospital. The fee amount should be set to at least cover the cost of the IUD, and preferably higher to allow the unit to recover some of its fixed costs. Currently, donors pay slightly more than US\$1 per IUD; the Team recommends that the fee be set initially in the 20 - 30 peso range (US\$ 1.60-2.40).

The PRARO unit recently received a shipment of 5000 donated IUDs, which should be sufficient to last for at least 18 months, assuming that current trends in demand continue. Any revenue collected on these donated IUDs will be pure profit, and should be applied to the unit's fixed costs. As an example of the potential revenues that could be generated in this way, assume that the fee were set at 25 pesos per insertion. If demand remained constant at levels seen in the first semester of 1993, the PRARO unit could earn approximately US\$6,000 from IUD acceptors, enough money to meet financial obligations for the remaining three months of the coming year.

In the future, the PRARO unit could extend this model of cost recovery to other contraceptive methods that it currently distributes free (oral contraceptives, condoms, spermicides). However, this recommendation will not be feasible until the unit can identify a reliable source of commodities. The current supplier (CONAPOFA) has been unable to supply enough product to allow the unit to freely promote these methods.

2. Expand the program model to Santiago

The PRARO unit should build on its success in Santo Domingo, and consider establishing a similar facility in the SESPAS maternity facility in Santiago. A new PRARO in Santiago should follow the same process as was followed in Santo Domingo, i.e., demonstrate the feasibility of the concept, write a proposal, attempt to leverage the Ministry of Health resources, and seek outside funding to support the needed investments in equipment, infrastructure improvements, etc.

The potential obstacles to this recommendation would be (1) the Santiago facility's affiliation with the Catholic University medical school; and (2) the need to identify a donor to provide equipment and facilities similar to those at Altagracia. These obstacles could potentially be neutralized by the support of Dr. Calventi (the director of Altagracia hospital), whose professional reputation is excellent.

3. Continue training activities only if profitable

One of the activities included in PRARO's scope of work under the original AVSC-funded project was to provide training to Dominican physicians and physicians from other countries in the surgical techniques of minilaparotomy. Now that AVSC is no longer funding this training, the PRARO unit must decide whether to continue it. The Team recommends that the unit continue training Dominican physicians as before, assuming that the costs of training are borne by the Ministry of Health or by the trainees themselves. In the case of foreign physicians, the Team recommends that the PRARO unit charge a tuition fee such that the unit can earn a profit on the training activities.

D. MUDE

Mujeres en Desarrollo Dominicana, Inc. (MUDE), is an organization dedicated principally to integrated development activities focusing on very poor rural women. It has had legal status for 14 years (October 1979). It currently conducts activities with about 6,300 women organized into 257 small groups in rural areas of the Dominican Republic.

MUDE pursues integrated development activities in five principal program areas: 1) community/group organization; 2) training; 3) credit (agricultural and microenterprise); 3)

social services (including basic social services, nutrition and health, and recently family planning); and, 5) cultural activities.

MUDE presents itself as an organization with specific goals, and recognizes its vulnerability to the vagaries of donor funding. MUDE has successfully solicited support from a number of agencies in order to spread their donor risk. Included are the Interamerican Development Bank, HELVETAS (Swiss Agency for Development), FAO, AID, and the Banco Agricola de la Republica Dominicana (1992 Annual Report).

Further, MUDE has undertaken a number of cost containment measures, reducing staff from 76 to 53, and have developed a plan by which they can continue to operate in a reduced mode should economic situations so dictate.

Their Board is inter-locked with other agencies, providing both continuity to the Dominican NGO world as well as close ties with similar organizations.

Principal among the concerns articulated by MUDE is the development of an endowment which will provide the organization with core staff integrity should an economic crisis occur. The positions selected for "protection" through endowment funding are key to the ongoing survival and growth of MUDE. The Executive Director has provided a rationale for maintaining each position.

MUDE's role in family planning is relatively new, beginning in 1992. At present it is in the process of establishing distribution systems for temporary measures. In addition, it will provide referrals for long term measures to PROFAMILIA.

MUDE's financial trends indicate that the program is in good financial shape. Expenditures are increasing, but not steeply. Donors have contributed heavily to MUDE, especially in 1991; and local income (principally interest from agricultural and microenterprise loans) is increasing, from 13 percent of expenditures in 1990 to 30 percent in 1992.

	Program Expenditure	Local Income	Int'l Donor Funding
1990	4,304,491	569,277	4,993,708
1991	6,231,657	1,493,163	11,424,835
1992	6,421,229	1,927,867	8,616,191

The Team has five principal recommendations for MUDE. These are:

1. Pursue the notion of an endowment and divest model farm holdings to develop a capital reserve that can be used for establishing an endowment.

MUDE has many of the characteristics of a mature organization, with solid management which can and should pursue an endowment that would provide security for its core staff and basic administrative costs. One of the ways in which MUDE might be able to establish an initial endowment fund (which could be matched by one or several donors) is to consider divesting itself of a demonstration model farm that MUDE operates directly in support of its agricultural training and credit activities, and of the agricultural equipment that MUDE owns. One of the problems faced is that the farm is a government granted facility which cannot be sold. However, rental of the land may be a possibility, along with the sale of equipment and remaining livestock.

2. Improve its Credit Products

a. *Agricultural and Livestock Credits.* MUDE's current credit scheme represents one major source of potential income to improve its sustainability. Currently emphasis is given to agriculture and livestock loans, principally through group loans. These loans are subsidized, 12 points below local commercial rates of 28 percent, and the collection is not enforced if the groups do not generate the required income out of the investments.

The accumulated experience is mixed and highly unpredictable. The small scale of the agricultural production financed, decisions to finance based on social considerations rather than on risk feasibility, and competition from subsidized commodity imports, make this credit activity very risky to the borrowers while providing only low income potential for MUDE. Thus, the Team recommends that the nature of this program be reviewed with an eye to introducing crops which do not compete with imported commodities.

In order to generate reliable income from its agricultural credit activities, MUDE should make some adjustments to its promotional approaches. Income should be generated proportionately to the economic success of the beneficiaries by taking a role more as a partner rather than as a benefactor. A concept of "partnership in development" under which the socio-economic success of the community partners would also generate the financial success of MUDE, could be created and assimilated at the institutional level first and then at beneficiary level.

Once well understood, all concepts, approaches, assistance, support activities and credit decisions would have different motivations and meanings at both ends in the partnership. The programs of organization, development and training would have a clearer goal, which would be to prepare women to take commercial risks and accept responsibility for the outcomes. Therefore, the selection of groups and activities for financing would be carried out in a more commercial than social manner. The agricultural production would be seen more in terms of existing demand and market control rather than on production facility availability or tradition.

The credit policies for these types of loans should be revised toward a fully commercial approach. The interest rate should be raised at least to the level charged by commercial

banks for agricultural loans, along with charging one or two points for reserves against delinquency. Socially-focused lending should be maintained through other MUDE programs that are funded separately from credit funds, and should aim to assist in the success of the beneficiaries' activities.

MUDE would take responsibility for the identification of market niches and the development of linkages with specific wholesalers/retailers, such as supermarkets chains or hotels and restaurants (taking advantage of MUDE's connections with the private sector), or with financing and support for the establishment of a network of outlets, fixed or mobile, to traders identified in the same communities. Later on, MUDE could develop a relationship with larger buyers, such as GOYA in Puerto Rico, which actively buys agricultural products in the Dominican Republic.

b. *Commercial Credit.* MUDE should also become more aggressive in individual credits for commercial purposes, to better off women with entrepreneurial motivation and skills. These commercial activities may be related or not to agricultural products. Food stands, mini-colmados, street vendors, are normally more reliable businesses than agricultural production.

As part of this new entrepreneurial approach, MUDE should revise its credit terms for these commercial credit activities. Interest rates, currently about 12 points below commercial rates, should include components to cover capital costs, credit management costs, inflation, loan delinquency, in the same manner as commercial lending institutions like ADEMI. This approach might bring the interest rate to the highest local commercial rates, or more. The increases to monthly installments for individual borrowers, in comparison to the current situation, will be practically minimal because the loans are generally small and of limited maturities, but MUDE's income would greatly improve.

Collateral terms and agreements should be enforced when appropriate and required. Institutions working under similar conditions in other countries have introduced several strategies to facilitate and maintain high rates of recovery successfully. Peer pressure, or a saving component included in the installments, are some of the most effective measures implemented in other environments.

Also MUDE should maintain a track record of individual performances and develop one-to-one strategies with the most successful clients. This would support clients improve their businesses, and allow MUDE to build up a growing portfolio of successful clients, with increased income generation. One consequence of these activities could be to prepare women for commercial (bank) credit which is currently unavailable to them.

In order to introduce these changes and new concepts to the organization, MUDE requires support to introduce a more business oriented approach, and to develop linkages with other institutions such as ADEMI and Fondo Micro, which are well advanced in the implementation of the approach recommended. ADEMI has indicated willingness to assist MUDE in the improvement of its financial credit and control mechanisms, and Fondo Micro

would consider the provision of a line of credit for microenterprise loans. Also, it is necessary to improve MUDE's managerial and marketing skills, whether with intensive training to its executive team, or with the addition of two technicians qualified in each of those fields.

3. Improve Cost Accounting System

MUDE's current accounting system is typical of institutions which are funded by multiple donors. The institution follows a fund accounting concept, in which separate accounts exist for each donor/project combination, and expenditures are tracked against the funds in these accounts. This system allows MUDE to easily satisfy each donor's requirements regarding reporting on the disposition of project funds.

As MUDE continues to define its objectives and priorities, this evolution should be reflected in an improved capability to track costs for internal decision making and evaluation. Specifically, MUDE should receive technical assistance to: (1) help the institution identify the activities, products and services it provides; (2) establish an accounting system that tracks expenditures in line with these products and services produced; and (3) should produce budgets and expense reports for each "business unit" within the organization, i.e., credit, social services, training.

A starting point for the new system could be MUDE's existing organizational structure, which includes five technical units. Three of these units (Asistencia Tecnica, Credito, and Servicios Sociales) could be carried over essentially intact to a new system; the other two units (Capacitacion and Organizacion) may need some reshaping in order to define their outputs in terms of discrete products which do not overlap with the outputs of other technical units.

4. Exploit more fully their comparative advantage (women in development)

In conversations with the assessment team, some MUDE senior staff raised concerns about the institution's heavy reliance on donor funds, and vulnerability to serious financial problems if one or more of its current donors were to reduce or eliminate funding.

MUDE should recognize and exploit the fact that its organizational philosophy is inherently appealing to donors on several levels. First, MUDE focuses its programs on women, attempting to empower persons who traditionally have lacked autonomy; second, MUDE works in areas of extreme poverty, penetrating remote areas of the country that other agencies do not target; and third, MUDE employs an integrated development approach, emphasizing skills training and other self-help interventions designed to move clients toward increased self-determination and financial self-sufficiency.

MUDE should request technical assistance to help the institution identify effective ways to market these attributes to current and potential donors. Two separate but related MUDE

"product lines" could be promoted: (1) MUDE's role as the agency willing to take on the most difficult development challenges in the Dominican Republic could be documented and used to secure donor funding for both program activities and as an investment fund earmarked for the establishment of an endowment; and, (2) MUDE's existing community networks in isolated areas could be promoted as mechanisms for channeling additional external resources into areas where donors could be assured that their contributions would have an immediate significant impact. Such aid might take the form of assistance to areas which have not received aid in the past, and where rapid improvements can be obtained in health and sanitation, along with large increases in knowledge about diverse topics such as agricultural practices and family planning.

5. Install Small-Scale Cost Recovery Initiatives

The new rural family planning project with CARE could provide MUDE with an opportunity to set up a system for recovering a portion of the costs of family planning methods. Although the prices of methods initially will be set very low (i.e., 3 pesos per cycle of oral contraceptives and 0.5 pesos per condom), MUDE should establish the precedent that its health and family planning services carry a price. Eventually, sales revenues may increase to the point where MUDE will retain a percentage to help offset program costs.

But at the outset, the community promoter should be allowed to keep the sales revenues, both to encourage distribution of methods, and also because the modest amount of money collected initially would not justify the control systems that will need to be put in place to account for it. Such a strategy will encourage long-term sustainability because it established a precedent for cost recovery in the communities where MUDE works, and also encourages promoter retention by providing a financial incentive to work for MUDE.

One additional opportunity for cost recovery could be the sale of referrals for long-term methods. Currently, MUDE refers its clients to PROFAMILIA-associated clinics for sterilizations, IUDs and NORPLANT. However, MUDE receives none of the revenues that these referrals create, nor does MUDE receive any credit for the couple-years of protection (CYPs) generated. MUDE should negotiate a payment schedule with PROFAMILIA so that a portion of the revenue generated by these referrals is returned to MUDE.

E. PROFAMILIA

PROFAMILIA, an affiliate of the International Planned Parenthood Federation (IPPF), is the oldest and largest of the organizations included in this assessment, having operated in the Dominican Republic since 1966.

It is managed by a stable team of experienced senior managers, and is well recognized in the international family planning community. Its family planning activities include community based distribution, two PROFAMILIA clinics, numerous associated private physicians,

education programs, and an extensive national social marketing system. In addition it has its own research division which has participated in clinical testing of contraceptive products such as NORPLANT.

In terms of institutional development, PROFAMILIA is clearly at an advanced level of institutional maturity. PROFAMILIA has a competent and qualified group of senior executives, an active board of directors with good commercial sector representation, rigorous planning and budgeting procedures, excellent information-generating capabilities for accounting and evaluation, diverse and productive service delivery programs, and an established institutional identity. In short, all of the elements of a successful social service institution are in place, and only minor adjustments can be suggested.

The key recommendations to improve PROFAMILIA's sustainability relate to the need to develop and incorporate an attitude that seeks out and exploits opportunities to produce financially profitable goods and services. PROFAMILIA's executives must come to terms with the fact that a businesslike orientation - emphasizing efficient production and profitability - can help them to achieve their traditional social objectives. In order to generate the resources that can help to ensure that the institution will survive beyond the end of the new project, PROFAMILIA must recognize that a certain level of risk-taking will be necessary.

Trends in expenditures, income and CYPs, last three years (current pesos) are provided below.

	Program Expenditure	Local Income	Int'l Donor Funding	CYPs
1990	14,044,384	4,375,572	11,936,554	173,109
1991	32,652,416	6,081,372	24,110,487	175,305
1992	34,623,182	8,055,223	24,759,708	191,732

1. Capitalize on NORPLANT License

A key recommendation is for PROFAMILIA to devise a strategy to capitalize on its NORPLANT license. Because of its participation in clinical trials, PROFAMILIA was awarded a license to market NORPLANT in the Dominican Republic and authorized to market this product in two other Caribbean nations as well as two Central American countries. We recommend that a strategy be developed and acted upon as quickly as possible. While the Team did not obtain the exact text of the license contract, it is clear that they have exclusive rights for the Dominican Republic, and rights in other areas as long as no other organization is subsequently licensed in those countries. It is urgent that PROFAMILIA exploit this advantage immediately. While the license is granted only to two Central American countries, PROFAMILIA should investigate how they might exploit the

Central American Common Market structure to introduce the product in the other markets, specifically Guatemala and El Salvador.

Further, PROFAMILIA should approach this undertaking in a purely commercial manner, and not try to support NORPLANT services in the other countries. PROFAMILIA should concentrate instead on training trainers for a profitable fee from other locales to provide on-site physician training services.

The most pressing activity now is to determine the extent to which they still have rights to market in other countries, which ones, and the potential market (this can be done through their current Social Marketing Director).

2. Evaluate the Impact of Price Increases

PROFAMILIA has traditionally charged fees for products and services provided through its clinics and its distribution programs (Servicios Comunitarios and Mercadeo Social). As the following table indicates, fee revenue offsets a significant portion of the expenditures incurred in PROFAMILIA's service delivery programs.

**PROFAMILIA Service Delivery* Expenditures
and Local Income, 1990-1992 (current pesos)**

	Expenditures	Revenues	Expenditures Recovered (%)
1990	5,929,757	4,375,572	74
1991	9,859,546	6,081,372	62
1992	12,246,835	8,055,223	66

* Includes direct expenditures and revenues of clinics, affiliated clinics, community services and social marketing.

Although the overall level of cost recovery is quite good, two points should be noted: (1) direct program expenditures represent between one half and one-third of total program expenditures; if expenditures on education activities, technical support and administration are included, the percentages shown in the third column of the table would be much lower; and (2) a disproportionate share of the revenues (55%) come from the social marketing program, as opposed to the expenses (25%), for the period 1990-1992.

PROFAMILIA should request technical assistance to carry out pricing studies in its distribution systems. Pricing shifts usually are unpopular with program managers because managers fear that higher prices will drive clients away and thereby reduce the number of CYPs produced. It should be emphasized that pricing shifts are by definition experimental, and can be reversed if the results are unsatisfactory. But, without taking the risk of raising prices, programs can never determine the potential additional revenue that could be earned, or the magnitude of changes in demand that might result.

3. Continue refining cost information system and TECAPRO

PROFAMILIA has implemented the TECAPRO management information system, and has received significant technical assistance in cost estimation. PROFAMILIA has used these capabilities to improve the quality of information available to managers of various service programs. For example, the methodology used in the original study of the costs of services provided in the Evangelina Rodriguez clinic (Almonte, et. al., 1992) has been used to analyze costs in the Rosa Cisneros clinic and in PROFAMILIA's laboratories. Managers are actively using the results of these studies to identify areas where costs could be contained.

PROFAMILIA should continue to undertake periodic analyses of the costs of its service delivery programs, and should explore ways to use TECAPRO to facilitate these analyses. PROFAMILIA should receive some technical assistance to ensure that TECAPRO's advantages are being fully exploited, and that the configuration of the information system reflects accurately the ways in which services are organized. For example, PROFAMILIA

should make certain that the types of products delivered at the clinic level (i.e., IUD insertions, pediatric visits, etc.) correspond to the service definitions in the TECAPRO system. PROFAMILIA also should review its definitions of cost centers, and request TA to help tighten these definitions, if needed.

4. Explore local commercial activities

PROFAMILIA already has a vast accumulated experience in both social promotion and commercial activities. This experience provides opportunities to expand income generation without major organizational changes or modifications to operational systems. Initially, PROFAMILIA should review existing activities to find ways to exploit more commercially those that are not critical to PROFAMILIA's social mission, or to take advantage of its high quality standards to expand its coverage to better off sectors of the population with a for-profit orientation.

PROFAMILIA's current social marketing programs, with marketing strategies to promote both oral contraceptives and condoms through drugstores, are indicative of a commercial, rather than social, endeavor. Nonetheless, PROFAMILIA's pricing has traditionally discounted products far below similar competitive brands in the market, thereby sacrificing potential profits for the sake of social goals.

Thus, a review of this pricing strategy is warranted, to redefine PROFAMILIA's marketing activities under two separate operations: one with a social approach, and another with a commercial approach. The products falling into the commercial operation should be aggressively marketed combining promotion, pricing, channels, and incentives to the sales force, based on demand generated and competition, with decision making with the primary purpose of generating competitive returns on investment.

Similarly, PROFAMILIA should review the rationale of the community based distribution (CBD) program and all medical and educational services. The CBD program, for example, utilizes community volunteer to promote and distribute donated contraceptives directly to families in their homes. The volunteers normally keep 50% of any prices charged to customers. Each program's purpose and goal should be challenged against the general mission and strategic goals of the institution.

Several of these programs could have dual purposes: providing social services to PROFAMILIA's target population; and income generation by servicing population segments with higher incomes. The quality of service already achieved by PROFAMILIA seems to be above standard in the country. Facilities, equipment and technical capacity can be upgraded, at reasonable cost, to make these services attractive for profitable services (as implemented by the low cost/high class facilities at La Maternidad N.S. Altagracia).

This dual purpose approach may take time to develop and would include the need of additional investments in facilities and equipment. Initially, the current facilities and

equipment, with few additions and improvements could support a 5 to 15 percent occupation for commercial use. Beyond that, separate facilities would be advisable. Since these types of investments would be difficult to promote among current donors, an approach to private lending sources could be necessary, well supported by documented analysis of market and financial feasibility.

With regard to the associated clinics, PROFAMILIA has a few cases of successful partnership between the doctors, who become family planning/ practice oriented, and the CBD workers. The community largely benefits by special care and the doctor benefits with a larger clientele. However, PROFAMILIA does not receive additional benefits from these successes, and therefore, there is no incentive to the staff to make the extra effort required to promote the same activity in other communities. PROFAMILIA should evaluate this situation to find ways in which a successful clinic should produce additional income to the institution.

Another income generation opportunity may be through vouchers that are used to pay the associate doctors for the services provided to referred patients. PROFAMILIA has already succeeded in "selling" vouchers to two associations (associations of press workers and teachers). PROFAMILIA distributes the vouchers (Cupon de Exoneracion de Servicios Especiales) to poor women when CBD volunteers refer them to PROFAMILIA-affiliated doctors or clinics. Once the services are rendered, the provider redeems the voucher through PROFAMILIA for a previously-agreed fee. Vouchers are pre-printed for easy processing and referral information, but could be improved through basic cash management and control mechanisms, such as pre-numeration.

Strategies for expanding the use of vouchers to generate income are numerous. One way could be to continue selling vouchers to private/public institutions for a profit. The possibility to penetrate the sub sector of "iguales medicas" (private HMOs) was not investigated, but it may represent a good source of income, if several iguales could accept to refer clients to PROFAMILIA's clinics for maternal-child medical services. Another is to sell vouchers to international institutions and foundations interested in health and family planning. The concept would be to reimburse PROFAMILIA for the direct/indirect cost of the vouchers, thus paying for services directly to particular individuals as part of assistance packages to groups that such institutions should select.

Similarly, PROFAMILIA could establish a support group in the US, Canada, Germany, and other countries where the tourist facilities in the Dominican Republic are popular, and promote the sale of vouchers among the public, to pay for maternal and child health and other services.

5. Organizational Restructuring and Training

In order to continue improving its sustainability, PROFAMILIA should dedicate time and resources to strengthen its internal structures, operational systems and procedures, and to improve its managerial capabilities.

The introduction of a formal internal audit unit with strict control procedures and directly reporting to the Executive Director is highly recommended. Also, PROFAMILIA should enhance its financial reporting to produce formal financial statements including balance sheets, results, and cash flow, on a quarterly basis.

Although PROFAMILIA's board and top management are remarkably strong and experienced, the Team recommends training in strategic planning and corporate management at top management level, and training in operational management and supervision at operational levels. PROFAMILIA's operations are large and complex by Dominican standards, and its maturity has surpassed the average expertise locally available.

PROFAMILIA should develop a sound human resource development program, giving special attention to the optimization of the effectiveness in the allocation of the human resources, with a well balanced seniority/trainee combination.

The Team also recommends a corporate analysis of all the current engagements in biomedical research activities, in terms of potential long term financial benefits, such as the NORPLANT case. Similarly, PROFAMILIA should pro-actively seek new engagements where its installed capacity might be attractive to international partners, with interest in commercial exploitation of medical research activities.

VI.

GENERAL RECOMMENDATIONS

- 1. A major "paradigm shift", from an emphasis on social service to a balanced approach to include commercial goals is necessary, in varying degrees, for all organizations. While there are areas where social and commercial paradigms are mutually exclusive, there are numerous common elements. Among others, these include: Institutional Capacity, Service Management and Quality, and Revenue Generation and Financial Soundness.**
- 2. All agencies need to improve their strategic plans to specifically address issues of revenue generation and financial soundness. One possible approach is to expand the outlook and role of the Boards of Directors to include non-donor financial concerns as a regular item on their agendas. Taking a more pro-active approach towards financial sustainability implies that Board Members and Senior Staff actively assess the economic environment for financial opportunities. While all agencies express their understanding of the importance of some degree of donor-independence, a general "lack of urgency" often prevails.**
 - a. In line with the above, contacts should be developed with major social service organizations such as the Lions and Rotary clubs, and other business leaders. Both these organizations have proven their dedication to health issues through their programs in Vitamin A and Vaccination. In addition, they provide access to a network which includes socially-minded business people who can provide advice and technical information in line with NGOs' goals.**
 - b. Given the Dominican Republic's large immigrant population in the United States, efforts should be made to tap this potential, not only through charitable fund-raising, but also for opportunities and access to corporate donors and foundations. For the agencies which are structurally prepared for endowments, these could be potential sources of funds for endowment development.**
- 3. The agencies should continue their strong progress in terms of institutional strengthening. Specifically and where relevant they need to continue to make gains in cost accounting, marketing (pricing and positioning) strategies, enhanced internal evaluation and institutional memory systems.**
- 4. All agencies need to assess current policies with respect to pricing and membership fees. Generally speaking, NGOs are reluctant to experiment with service and product pricing in the fear that their clients will either not be able to pay or will discontinue their services. Nevertheless, well designed operational research can assess the degree of risk and should be considered.**

Similarly, where membership or annual fees are required of public supporters, whether individual or institutional, these should be reviewed annually to determine if they meet some specified costs, such as production of annual reports, leaflets, NGO identity efforts, etc.

In the case of new organizations such as INSALUD, develop an institutional identity and "products" to attract membership as soon as possible. Develop both a long-term strategic plan that contemplates sustainable revenues, and flexible short-term (6 months, 1 year) operational plans. Do not over commit to long-term or permanent staff employment; use short-term contracts whenever possible to minimize salary, benefit and indemnization costs.

5. **Seek profitable ventures in both the health-related and non-health realms. Health-related activities could include using current health networks to gain access to health service industries such as private clinic laundry and maintenance services, dietary services, etc.**
6. **Consider using the legitimacy of Public Law #520 which permits non-profit organizations from engaging in for profit enterprises if no distribution of income or return is made to individuals.**
7. **All organizations should consciously strive to improve their institutional capacity. While some are quite advanced, continuous efforts are needed. The areas most clearly identified include: cost accounting; continuous market assessments; development of a financial plan and capital reserve; monitoring and evaluation systems incorporated into management decisions; strong human resources development (especially in the more mature agencies); strong emphasis on formalizing institutional learning and memory systems.**
8. **Technical assistance to develop the above capacities should be sought both with and outside the traditional NGO/PVO resource base. In some cases, assistance from proven business-oriented consultants will be more appropriate than traditional sources.**

APPENDIX A

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APPENDIX B

ADOPLAFAM SUSTAINABILITY REPORT

IDEAS ON
INCOME GENERATION (SUSTAINABILITY) FOR ADOPLAFAM

Prepared for:
ADOPLAFAM & USAID

Prepared by
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University Research Corporation
Family Planning Services Expansion Project

July, 1993

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The author would like to recognize the valuable assistance provided by ADOPLAFAM and acknowledge that many of the ideas expressed in this document come from ADOPLAFAM personnel in the central offices and in the field. Hopefully this report provides ADOPLAFAM additional "food for thought" in the pursuit of a successful, sustainable organization. And finally, please forgive my constant use of AF for ADOPLAFAM..

I. Overview/Introduction

Interest in PVO income generation is usually based on a concern that PVO's become more "sustainable" or more self-sufficient. In order for a PVO to decide how much income it needs to generate, it must know what is meant by "sustainable" or "self-sufficient" in its particular case. Critical to the definition of sustainability are the goals of the PVO and the goals of its primary funding source(s).

If the PVO's primary goal is to provide services (and products) to the poorest segment of the population, it is unlikely that the PVO will ever be totally self-sufficient. Likewise if the primary goal of the principal donor(s) is for the PVO to expand coverage (of specific services) as much and as quickly as the funds provided by the donor(s) allow, sustainability or self-sufficiency is complicated and made more difficult.

[A typical small business organization with limited resources whose primary concern is sustainability/profitability will develop slowly, consolidate, and expand only as excess resources allow.]

ADOPLAFAM's (AF) situation is very much like that described above in that its target population is the least able to pay for services, and the primary goal of its funding source(s) is expanded coverage. AF must therefore base its definition of sustainability on that reality. Income generation will be limited in the poorest neighborhoods, and new income generation activities must not interfere or detract from the expansion/improvement of the organizations principal activities as defined primarily by its funding source(s). With these limitations in mind, AF should work toward becoming as sustainable and self-sufficient as possible.

AF has the luxury of a new 7-year project that will provide funding for most current and new activities during the seven years. It will provide funding for a variety of studies that will help AF better understand its market, identify new markets, project demand, etc. It will also provide funding for the improvement of internal management systems, e.g. accounting and information. The new project will give ADOPLAFAM time to define realistic sustainability goals and develop a comprehensive sustainability plan.

The Scope of Work for this report focuses on income generation and therefore this report will address income generation in detail. Because of the situation described above, however, the report will go beyond income generation and address AF's need to develop a comprehensive sustainability plan that includes:

- diversifying its funding sources;
- reducing costs;
- increasing efficiency and cost-effectiveness; and
- generating additional income.

II. Current Situation of ADOPLAFAM

ADOPLAFAM (AF) is a young (six years) and inovative organization with very capable people in key management positions. The management philosophy seems to be a good balance of commitment to serve the needs of the poor and concern/awareness of the importance of "sustainability".

AF is more than a family planning PVO. It is a health care system or network. Its perception of itself as a health network or system will facilitate its resource generation activities. It has a defined target market (poor urban and peri-urban neighborhoods in three Regions of the country, soon to be expanded to four); specific services and products it offers (pills, condoms, vaginal tablets, IUD's, training, health education, ORS); a clinic network/ community doctors and health promoters to deliver the services as well as a community-based/commercial distribution network (beauty salons and barbers) to supplement the delivery system.

[This report will not elaborate on the structure of ADOPLAFAM's programs, i.e. Community Doctors, CBD/Promoters, and Beauty salons/Barbershops, nor on coverage statistics, as they are described in detail in the many reference materials listed in the Chapter VII]

Over the past three years, ADOPLAFAM has steadily increased its income from the sale of contraceptives, as follows:

<u>Year</u>	<u>Income (RDS)</u>
1990	30,000
1991	100,369
1992	280,384
1993	440,125 (projected)

According to an Evaluation Report of ADOPLAFAM done in February, 1993, AF recovered 19.8% from the sale of services in 1992. The Report does not specify 19.8% of what. One AF report refers to the income generated/costs recovered as a percent of Operating costs and a second AF (Quarterly) report refers to the amount recovered as a percent of Total Direct Costs.

In 1992, AF had total costs of approximately RD\$3,549,784. Of that amount, AF received RD\$2,792,430 or 79% of its operating budget from USAID, RD\$669,340 or 19% from UNFPA, and approximately RD\$88,050 or 2% from other AF funds. (These are approximations because of discrepancies in the figures provided in the AF 1992 Annual Report.) ADOPLAFAM's almost exclusive dependence on one donor (AID) is not an immediate problem because of the large new commitment AID has made to AF. This dependency should be reviewed soon, however, and plans made to diversify.

AF has recently taken a major step to reduce its operating costs (and reduce its risk) by revising its community doctors program. Rather than fund the start-up of doctor's practices as initially done, AF is now working with doctors who already have a small clinic in an AF targeted area. The AF cost/investment is now limited to providing the equipment, supplies and training necessary to deliver family planning related services. The likelihood of being reimbursed for the equipment and paid for the supplies and contraceptives is greatly improved.

AF's reporting system is designed to provide AID with detailed information on coverage, i.e. CYP's, new acceptors, etc, but not to provide updated financial reports. Af is meeting or exceeding most of its program coverage targets.

AF's accounting and information systems do not provide adequate information to enable the organization to assess cost-effectiveness, efficiency and measure productivity. For example, costs are not allocated per activity or per distribution outlet, and program costs as now determined are not done correctly. Depreciation of vehicles, furniture and equipment is not included and there is no accounting for donated contraceptives. Revenues are not broken down by product or service, nor by point of sale.

Finally, from my limited survey of two community clinics, it appears that the clinics do not keep any medical records.

III. Potential Income Generation Activities

The primary goal of ADOPLAFAM should be to consolidate and strengthen the existing system, and identify new components (distribution outlets, activities, products, services) that both complement the existing system and generate additional income to subsidize the expansion of key program services (in low income neighborhoods) that are not (and never will be) sustainable on their own. One "sustainability" objective might be to provide/produce many of the health system/network's needs (products and services) "in-house" at cheaper prices than can be acquired in the marketplace. A second would be to sell needed products and services to other providers/clients for a profit. This addresses both efficiency and income generation.

Activities that fall into this criteria (some of which ADOPLAFAM is already considering) include:

- Adding a Laboratory that supports the clinic network and system referrals; and provides basic lab services plus HIV testing, sonogram, laparoscopy, biopsies, etc. Part-time contracted staff could be used initially to reduce the start-up costs.

If AF decides to pursue this activity, it should be coordinated with PROFAMILIA to assure there is minimal overlap with PROFAMILIA's existing Labs. AF should also review the cost study done in July, 1992 of the PROFAMILIA Lab, Dra. Evangelina Rodriguez and the new study on costs and marketing of PROFAMILIA lab services to be done in September, 1993.

- Expansion of the AF distribution network, i.e. clinics, beauty salons, and barber shops to mixed income neighborhoods that include a balance of lower and middle income families. A higher percentage of cost recovery in these neighborhoods would subsidize activities in poorer neighborhoods.

- Expansion of products which can be sold, primarily through the community distribution network. Products suggested by key people in the AF network include: powdered milk (if available at low cost), nutritional supplements, ORS, chlorine tablets (for contaminated water), disposable razor blades (one barber indicated he buys approximately 20/day from a local retailer) and beauty products. The female condom was suggested by one of the beauty operators. (It seems an unlikely candidate for a new product at this time, but if AIDS becomes relatively widespread in these communities and men don't change their negative attitude toward condoms, demand for the female condom will grow.) Market studies should be conducted for all these products especially those targeted at beauty salons and/or barber shops since it is a fairly limited market.

- Expansion of distribution network to include other small community enterprises that have significant contact with community members; e.g. tailor, seamstress, grocery stores, newsstands. Again, a market study should be conducted before proceeding with any of these potential distributors.

- Development and sale to private industry of health education programs related to AIDS. As industrial leaders become more aware of the impact of AIDS on effectiveness and productivity, health education related to AIDS/FP may seem like a bargain and a good investment. AF should be prepared to demonstrate this impact, i.e. the cost of turnover, retraining, absenteeism, low productivity and perhaps even direct health costs, to private employers.

- Expansion to private firms in the Free Trade Zones of services, e.g. training, and contraceptives.. At present, UNFPA has a joint project with CONOPOFA/SESPAS to provide FP training and contraceptives free of charge to private companies in the Free Trade Zones as well as to clinics, and hospitals in most, if not all, of the Regions. AF is

collaborating with UNFPA in an AIDS education project in Region V. The UNFPA Project & funding is scheduled to end in September but has an extension through December, 1993. At that time, if the Project is not renewed, most of the training and distribution of contraceptives will stop.

There may be an opportunity for ADOPLAFAM to expand its activities with private industry in the Free Trade Zones. There are approximately 142,000 private workers, 80% of whom are female. They currently pay social security taxes but receive no family planning or reproductive health services from Social Security. This seems to be the primary justification for public sector provision of services to the private sector through the UNFPA program.

An argument can be made that scarce public resources, alone or combined with UNFPA, should focus on the underserved "public" sector throughout the country. Experience in other countries has also shown that private industry and its employees prefer the quality and convenience of private FP services, even if it means paying a bit more out of pocket. Often the cost is justified by reduced employee absenteeism and increased employee satisfaction. In the Free Trade Zones, company managers may see FP as a low-cost benefit that would compensate for the very low salaries paid to workers, increase worker satisfaction, and reduce turnover.

A policy issue to be considered is whether employees could pay reduced Social Security taxes and contribute to their own (or the companies) health/FP plan.

ADOPLAFAM should consider developing a program that would:

- 1) lobby the government to not give away its scarce resources to the private sector;
- 2) convince private sector industries in the Free Trade Zones that they will benefit by buying training, health education, and contraceptives from AF;
- 3) pressure Social Security to either provide FP services or preferably, reduce workers social security tax and give them the option of buying health services from the private sector.

- Sale of AIDS education programs (and condoms) to:

- * hospitals, medical and nursing schools;
- * police departments;
- * armed forces;
- * tourist industry
- * sex workers

[AIDS education will be especially important to the DR government in those sectors of the economy that provide large amounts of foreign exchange, such as tourism.]

- Development and sale of health education programs to private schools. These could focus on sex education, STD's, and AIDS.

- Training center that provides expanded training for current providers...doctors, volunteers, barbers, beauticians; and basic training for new providers. The training center could develop new training specialties related to family planning and AIDS. Norplant training could be provided for doctors; AIDS awareness/prevention programs could be developed for both private industry and private schools.

- Small printing operation once health education programs have been added and volume of printed materials required has expanded to justify the new investment. Printing services could also be sold to other PVO's.

- Referral clinic/hospital for normal and high risk deliveries referred by both the AF clinic network and the PROFAMILIA clinics. The clinic could also serve the general population. An important aspect to this clinic is that it could emphasize post-partum family planning, especially surgical methods and IUD insertion. Studies in other countries have shown that the best time to address family planning with many mothers is immediately following delivery.

The family planning services could be offered at reasonable costs as much of the cost is already being covered by the delivery. Normal and high risk deliveries could likely be priced far below the private market and still be quite profitable. Start-up costs will clearly be the major impediment to implementation. In order to limit these costs, AF should attempt to take over, perhaps lease at a reasonable cost, an underutilized government facility which does not require extensive renovation. (This could result in cost savings for the government as well.) AF could also contract for key medical staff during an initial period.

[USAID/Bolivia and PROSALUD, a Bolivian PVO with 15 health clinics, have recently collaborated in the development of a similar clinic in Santa Cruz, Bolivia. The referral clinic is expected to greatly increase the quality of care provided to high risk mothers and generate considerable income for PROSALUD. If AF decides to pursue this idea, I am sure that one of PROSALUD's key personnel would be willing to provide assistance in planning and development.]

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It may be cost-effective and wise from a marketing standpoint to combine the referral clinic and the lab in the same facility.

Other ideas being considered by ADOPLAFAM include:

- Participation in the UN Food for (volunteer) Work program. The food received from the UN would be provided to the volunteers as additional incentive to perform successfully. (Volunteers now receive free health services and medications for themselves and their youngest child from the community doctor's clinic.) The more AF can provide its volunteers, the more it can demand in terms of productivity. The food program could have the double effect of helping and motivating the volunteers. This idea should be pursued.

- Development of a network of Dominican donors. AF has a number of influential people on its board and on staff and some very inovative programs that donors might be interested in supporting. The primary targets of this activity should probably be:

- * large companies, Dominican and other;
- * wealthy individuals;
- * Dominicans living outside the country

I recommend pursuing this idea as well.

- Miscellaneous microenterprises:

- * Child care centers
- * Production of foods
- * Industrial security

These I give a low priority. They are not closely linked to primary AF activities and may distract from these activities. On the other hand, if a study shows great demand for any of these or any other ideas that develop, and if a donor is eager to finance the activity, it might be worth pursuing strictly as a source of funds to subsidize priority activities of the organization.

The criteria for any new microenterprise should be:

- It will not detract key resources from AF's primary activities.
- It will bring in adequate income to finance its own operation and will spin off additional income to subsidize priority AF activities.

- Establishment of an Endowment Fund. This was mentioned as a potential long-term option. A great deal of research has already been done into Endowment Funds by INCAP, a large PVO in Guatemala which also relies largely on funding from AID. Sandy Collier of ROCAP (AID's Regional office in Guatemala City) or Hernan Delgado, Director of INCAP could provide information that would save a lot of time and effort. They should be contacted before entering into a significant research activity.

Development of a Social Marketing Program or collaboration with the PROFAMILIA Social Marketing Program have both been suggested as potential income generation activities. My recommendation is to move slowly and, before proceeding with either possibility, learn more about:

- 1) what is involved in a Social Marketing Activity, i.e. developing contracts with manufacturers, import regulations, identifying and contracting with local distributors, pricing of products, etc;
- 2) regulations governing the sale of birth control pills and other pharmaceuticals;
- 3) the differences between a social/commercial marketing system and a community-based marketing system; and
- 4) the effect social marketing might have on existing marketing activities.

The current distribution network of beauty salons and barber shops may not be appropriate for Social/Commercial Marketing. It is appropriate for "community-based" marketing of low priced items as now being used. AF should investigate the effect of combining community marketing and commercial marketing in the same outlets; e.g. selling pills for 4 pesos and for 10 pesos in the same beauty salon. PROFAMILIA currently handles the social marketing of orals adequately and the government may not allow the "social marketing" of pills outside of pharmacies.

There may be other low-cost products that could be added to the existing product mix and marketed through the existing distribution system, such as ORS and nutritional supplements.

Jorge Yordan, Director of Social Marketing for PROFAMILIA, has expressed interest in meeting with AF to discuss the above issues as an initial exploratory step. PROFAMILIA is planning to add ORS and nutritional supplements to its Social Marketing Program. Collaboration in the development and marketing of these new products might make more sense for AF since they would be getting in at the initial stage, the products fit into the AF distribution system, and complement the existing product mix.

Another possible collaboration with PROFAMILIA would be the distribution of Norplant and the related training of AF clinic doctors.

In conjunction with the earlier mentioned idea of developing a referral clinic for high risk deliveries, PROFAMILIA expressed interest in having access to a quality clinic for referral of its deliveries.

IV. Other Recommendations

- Diversify funding sources/expand number of donors. ADOPLAFAM will need start-up funding (seed money) for potential new activities such as:

- lab facility and equipment
- facility, equipment and furnishings for referral clinic
- health education activity
- printing operation

AF currently depends almost exclusively on funding from USAID and UNFPA. There are other international donors, many of whom are involved in the Dominican Republic, who will be impressed with ADOPLAFAM's "mission" to serve the poor, and its inovative strategy. AF has personnel capable of approaching international donors, selling its programs, preparing proposals and meeting subsequent requirements (which will be considerably less stringent than AID's).

Key donors to approach include:

- Japan (JICA)
- Spain
- England
- Germany
- European Community (EEC Lome IV Agreement)
- UNICEF/Cumbre Mundial de Infancia
- U.S. Foundations, e.g. Rockefeller

There are undoubtedly many other donors funding activities in the D.R. that can be identified with a minimal amount of research. (For a more detailed list of potential donors, refer to the Workbook and handouts of the URC PVO Child Survival Sustainability Workshop held in early 993.) Sometimes it is worth the investment to visit the home offices of the donors once you "have something to sell and are prepared to sell it".

AF may also want to consider approaching centrally funded USAID Projects, especially the Initiatives Project managed by John Snow International, whose primary objective is to encourage and facilitate private sector health activities in poor peri-urban neighborhoods.

- Improve cost effectiveness and efficiency through improved information/accounting systems. This will enable AF to accurately cost program activities, services and products; to break costs down by distribution outlet; to assign revenues by product and distribution outlet (doctors, volunteers, beauty salons, barbers). This information will enable the organization to operate more efficiently and cost-effectively.

If AF's future strategy will be to make certain programs/activities self-sufficient with the capability to cross-subsidize other non self-sufficient activities, a system will be required that isolates costs by unit, activity, or service.

If improvements in efficiency and productivity are to be realized, better information will be required by key program managers, especially the community health worker who is the real lynchpin in the AF system. The CHW is the one "field worker" in the system who receives a salary. Each CHW is responsible for overseeing the work/productivity of a given number of providers, i.e. doctors, volunteers, beauticians and barbers in a specified neighborhood.

The CHW also distributes AF products to the providers. She/he must buy the products from AF and collect and account for income received by the providers. She is also responsible for motivating and supporting the providers. And yet she receives no regular report showing production, income, or costs by provider. She doesn't know which clients pay and which don't except in a very general way. Although the prices of AF products are supposedly fixed, many clients pay less than the established price.

ADOPLAFAM personnel need to know more about what is happening at all levels of the system. For example, they should know:

- Which beauty salons and barber shops are most productive?
- Whether most products are sold to "hair clients" or to people off the street? (If "hair clients" are paying 25-30 pesos to have their hair styled almost every week; how much can/will they pay for birth control pills? Probably more than 4 pesos/cycle!)
- How many of each product are sold and how much income is collected for each?

- Which "distributors" should be dropped and which should receive more and/or additional products?

- Which volunteers are producing and which are simply taking up the time of the CHW?

Quarterly meetings between central office staff, field staff and distributors would be an excellent source of information and new ideas.

The Community Health Worker is expected to supervise, monitor and motivate the "salespeople" of the network but without the tools to successfully do the job. These management tools should be available and functioning so that the supervisors and the organization can perform efficiently and cost-effectively.

Because the primary goal of ADOPLAFAM is to expand coverage and access to a poor population as opposed to a goal of increasing income, providing services cost-effectively may have as large an impact on sustainability as income generation.

- Training should be provided to ADOPLAFAM's staff in the upgraded accounting/financial management system, in developing, organizing and using information, and in marketing (once these new systems/programs are in place).

- Finally, AF should explore policy reforms that might increase its income generation possibilities. The new project has funds designated for policy reform activities and it will be to AF's benefit to identify as soon as possible potential reforms, perhaps related to:

* FP activities in the Free Trade Zones; i.e., convince the government to 1) discontinue providing free services to private companies; and 2) consider a reduction in social security payments by employees who choose to buy from private providers.

* Sale of basic medicines and birth control pills in community clinics and perhaps through community-based-distribution systems.

Policy reform activities should be coordinated with PROFAMILIA and MUDE, other participants in the new project, in order to have maximum impact.

V. Proposed Short-Term Follow-up for ADOPLAFAM

- Identify and prioritize critical areas for Operations Research studies that will be funded in the new project; e.g., market/demand studies.

- Arrange meeting with Jorge Yordan of PROFAMILIA to discuss Social Marketing.
- Identify requirements for a new cost accounting system.
- Review the Lab cost and marketing studies done for PROFAMILIA.
- Identify basic information needs for an improved information/reporting system.
- Identify specific outputs desired from the upcoming PROFIT Project assessment; e.g., analysis of opportunities in the Free Trade Zones.

VI. People Contacted:

ADOPLAFAM:

- Dr. Ramon Portes Carrasco, Executive Director
- Dr. Elias Dinzey, Director of Health Services
- Lic. Jesus Corletto, Director of Finances
- Lic. Julio Cross, Planning
- Lic. Pablo Portes, Administration
- Lic. Maria Montero, Statistics
- Lic. Ruth Dinzey, Coordinator
- Dr. Fausto Javier Angeles, Clinica La Cuesta
- Belkis Altagracia Gonzalez, Community Health Worker
- Leqnilda Reyes Lujo, Community Volunteer
- Rosaides Cordero, Community Volunteer
- Betania Ogando Pena, Beauty Salon Operator
- Rafael Montano, Barber
- Dra. Luz Maria Cabrera, Marantha Clinic
- Zoila, Beauty Salon Operator

USAID:

- Jack Thomas, Deputy, General Development Office
- Lisa Usher, Population Program Coordinator

Development Associates:

- Ed Scholl, Project Director

PROFAMILIA:

- Lic. Magaly Caram de Alvarez, Executive Director
- Lic. Jorge Yordan, Director of Marketing

UNFPA:

- Ruben Dario

OTHERS Contacted:

- Remedios Ruiz
- Annie Portela

VII. Materials Reviewed

- ADOPLAFAM Action Plan, September, 1992 - August, 1993
- ADOPLAFAM Annual Report, 1992
- ADOPLAFAM Quarterly Report, January - March, 1993
- ADOPLAFAM Quarterly Report, April - June, 1993
- Apuntes Para La Autosustentabilidad de las ONG's
- Informe Final del Proyecto de Medicos Comunitarios (Enterprise Program)
- Sustainability of Health Sector PVO's in the Dominican Republic, Gerry Laforgia, Health Financing Project
- Final Evaluation, Family Planning Services Expansion Project, 1993
- Child Survival PVO Sustainability Workshop Workbook, February, 1993
- Generacion de Recursos, ADOPLAFAM

APPENDIX C
SCOPE OF WORK

APPENDIX C

THE PROFIT PROJECT SUSTAINABILITY ASSESSMENT DOMINICAN REPUBLIC NGOs INTERNAL SCOPE OF WORK

Background

The PROFIT Project has been requested by USAID/Santo Domingo via A.I.D. R&D/POP to perform a sustainability assessment of four NGOs and a public maternity hospital in Santo Domingo. The four NGOs are: PROFAMILIA (an IPPF affiliate), ADOPLAFAM; MUDE; and, INSALUD. The maternity hospital is Nuestra Señora de la Altagracia.

USAID/Santo Domingo has provided a list of specific issues treating with financial sustainability issues which forms the basis for this internal Scope of Work (Appendix I).

In addition, Development Associates has provided technical assistance to ADOPLAFAM by contracting Jack Galloway of University Research Corporation to conduct an analysis of economic opportunities for that agency. This was conducted in July, 1993 (Appendix II).

One of the consultants for the present activity, John Bratt of Family Health International, has completed a comprehensive cost analysis of the PROFAMILA program (January 3, 1992).

Consequently, considerable background information exists on the two major NGOs in this study, which provides the study team with solid background material on which to build.

Study Team

The study team is composed of three members with complementary specialties. These are:

Team Leader: W. Timothy Farrell, Ph.D., Director of Evaluation, The PROFIT Project - Evaluation and Management

John Bratt, M.A., Research Associate, Family Health International (Triangle Park, North Carolina) - Cost and Price analysis in Family Planning Programs.

Mario Ganuza, MBA, Independent Consultant, Micro-Enterprise and Management Specialist

The team will have the support of staff members from Family Health International, PROFIT Project, and Development Associates.

Outline of Work Activities

In early September a meeting was held at FHI which included Bratt, Farrell, and an IPPF representative, Timothy Williams. During this meeting, the USAID/Santo Domingo document was reviewed in detail in order to determine a general plan of action which would serve the needs of the targeted agencies. A consensus was reached on six major conceptual themes:

1. **Assessment of current activities with respect to sustainability potential.**

Review of institutional (non-financial) sustainability issues. This will include a review of management and structural elements, including composition and functions of the Boards of Directors, budgeting procedures (i.e. whether budgets are project-oriented or institutionally oriented); strategic plans and mission statements; senior management structure and lines of authority/responsibility; management information systems; and IEC activities.

2. **Determination of concrete goal/objective definition for each agency.**

Review of long- and short-term planning system, specifically focussing on the existence of quantitative objectives and systems (evaluation, MIS) designed to measure progress towards these objectives.

3. **Determination of cost and pricing trends over the last three years.**

Review/perform modified cost analyses as appropriate. Determine pricing policies. Understand why or why not prices have changed over the last 12 months. Understand and document problems (real and/or perceived) in raising service and commodity prices.

Review and document efforts at cost containment.

4. **Conduct an economic environmental scan for appropriate potential investment opportunities for sustainable income generation.**

Review and document economic initiatives to supplement organizational income through the sale or production of goods and services both in the broad context of family planning and

maternal and child health (e.g. laboratories, pharmacies, production of education materials, consultancies to public and private enterprises, etc.)

Analyze potential activities for economic initiatives leading to financial sustainability in which the management and personnel of the agencies are competent and where they may have a competitive advantage.

Scan the general economic environment of Santo Domingo for potential income generation activities and make recommendations for these (also outline the potential risk and constraints, especially outside the health sector).

5. Review issues relating to promoter retention (a specific request from three agencies).

Review policies and practices relating to promoter activities, including salary, incentives or commissions paid; job descriptions; production; training; and turn-over rates.

Provide recommendations based on these findings.

6. Consider the suitability of the agencies' potential for endowments, debt swaps, etc. (PROFIT is in the process of completing a basic manual on endowments as part of its Technical Assistance activities, and this will be used as an informal guide in discussions with the agencies. In addition, PROFIT (Farrell) contacted Debt for Development in Washington to determine the possibility of undertaking a debt swap. Basically, while debt conversions are legal in the Dominican Republic, they rarely occur, and take considerable time. Unless there is compelling reason to engage in this activity, and considerable political power (either formal or informal) in the requesting agency, the probability of successfully negotiating and realizing debt swap is very low.

APPENDIX D

THE PROFIT PROJECT SUSTAINABILITY ASSESSMENT DOMINICAN REPUBLIC NON-GOVERNMENTAL ORGANIZATIONS FINAL FIELD ACTIVITIES REPORT 23 SEPTEMBER 1993

INTRODUCTION AND BACKGROUND

This Technical Assistance activity was solicited by USAID/Santo Domingo and A.I.D./W/R&D/POP. The PROFIT Project was selected to perform the assessment with the assistance of appropriate technical consultants.

The team is comprised of:

W. Timothy Farrell, Ph.D., The PROFIT Project, Team Leader: Evaluation, Management

John Bratt, MA, Family Health International, Cost Analysis

Mario Ganuza, MBA, Independent Consultant, MicroEnterprise, Management

During Week Two, Dr. Timothy Williams of IPPF/WHR joined the team in order to pre-test a proto-type instrument that focuses on the assessment of institutional potential for engaging actively in financial self-sustainable activities. While not a formal member of the Technical Assistance team, as a representative of IPPF, Williams has contributed considerably to Week Two activities.

The NGOs reviewed were:

ADOPLAFAM

INSALUD

MNSA-Hospital Maternidad de Nuestra Señora de la Altagracia

MUDE

PROFAMILIA

In addition, three meetings were held with USAID/Santo Domingo, and three meetings with the cooperating agency, Development Associates, Inc. Other information resources include FONDO MICRO, ADEMI, and PLAN International. Attempts made to meet with IDDI were not successful due to illness of its Executive Director.

13 September, a.m. Initial meeting with USAID; John H. Thomas, GDO (Farrell)

13 September, p.m. Initial meeting with INSALUD; Dr. Jesus Feris, Dr. Angel Luis Alvarez, Dr. Johnny Rivas (Farrell)

14 September, p.m.	Follow up meeting, INSALUD; Dr. Jesus Feris, Dr. Angel Luis Alvarez, Dr. Johnny Rivas, and Lic. Luciano (Farrell, Ganuza)
15 September, a.m.	Initial Meeting MUDE; Lic. Rosa Rita Alvarez; Lic. Dulce Bobadilla (Farrell, Ganuza)
15 September, a.m.	Initial Meeting Maternidad; Dr. Vinicio Calventi; Dr. Alejandro Parada (Farrell, Ganuza)
15 September, p.m.	Initial Meeting ADOPLAFAM; Dr. Ramon Portes; Lic. Jesus Corletto (Farrell, Ganuza)
16 September, a.m.	Initial Meeting, Development Associates, Lic. Maria Castillo (Farrell)
16 September, a.m.	Follow up meeting MUDE (Ganuza)
16 September, a.m.	Follow up meeting Maternidad (Bratt)
16 September, p.m.	Follow up meeting MUDE (Bratt)
16 September, p.m.	Initial Meeting PROFAMILIA, Magaly Caram, Jorge Jordan, Sra. Bobadilla, Dr. Cordero and others (Farrell, Ganuza)
17 September, a.m.	Follow up meeting MUDE (Farrell)
17 September, a.m.	Resource meeting, FONDOMICRO - Fondo para el financiamiento de la microempresa, Mario Davalos (Ganuza)
17 September, a.m.	Wind-up meeting, INSALUD (Ganuza)
17 September, p.m.	Mid-term Progress Report USAID/Santo Domingo (Farrell, Bratt, Ganuza)
18 September, a.m.	Mid-term analysis and Planning for Work Week 2,
19 September	Informal discussions
20 September a.m.	ADOPLAFAM (Bratt, Ganuza)
20 September a.m.	Arrival of Tim Williams (IPPF)
20 September p.m.	Development Associates (Farrell)

20 September p.m.	ADEMI (Asociacion para el desarrollo de microempresas, Inc.), Pedro Jimenez (Ganuza)
20 September p.m.	Cost Analysis (Bratt)
20 September p.m.	Instrument Development - Translation (Williams)
21 September	All Day - Meetings with various people at PROFAMILIA (Farrell, Bratt, Ganuza, Williams)
22 September a.m.	PROFAMILIA Board Members (President, Treasurer and Executive Director (Farrell))
22 September a.m.	ADOPLAFAM (Farrell, Williams)
22 September a.m.	PLAN International, Patria Rias, Ruben Dario Cuevas, (Ganuza)
22 September a.m.	PROFAMILIA Clinic and MIS (Bratt, Ganuza)
22 September p.m.	PROFAMILIA (Bratt)
22 September p.m.	Development Associates - Scholi (Farrell, Bratt, Ganuza)
23 September a.m.	Debriefing USAID (Farrell, Bratt, Ganuza (Williams, Observer))
23 September p.m.	MUDE (Farrell)
23 September p.m.	PROFAMILIA (Bratt, Ganuza, Williams)
24 September p.m.	Preparation of draft of final report
25 September a.m.	Departure (Bratt, Ganuza, Williams)
26 September a.m.	Departure (Farrell)