

PROFIT

Promoting Financial Investments and Transfers
to Involve the Commercial Sector in Family Planning

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UNIMED MACEIO

BRAZIL

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The PROFIT (Promoting Financial Investments and Transfers) Project seeks to mobilize the resources of the commercial sector to expand and improve the delivery of family planning services in selected developing countries. The PROFIT Project is a consortium of five firms, led by the international management consulting firm of Deloitte Touche Tohmatsu and including the Boston University Center for International Health, Multinational Strategies, Inc., Development Associates, Inc., and Family Health International.

This is part of a series of PROFIT Evaluation Reports, which review the objectives, results, and lessons learned from PROFIT subprojects. These subprojects fall within the following three strategic areas: innovative investments, private health care providers, and employer-provided services.

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We will use your comments and suggestions to improve our reporting and dissemination of the lessons and experiences of the PROFIT Project's work to involve the commercial sector in developing country family planning services.

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ACRONYMS

CSSS Hospital	Clinic of Saõ Sebastiõ
DHS	Demographic and Health Survey
FP	family planning
HMO	health maintenance organization
IEC	information, education, and communication
IUD	intra-uterine device
MCH	maternal and child health
OB/GYN	obstetrical and gynecological
PROFIT	Promoting Financial Investments and Transfers Project
USAID	U.S. Agency for International Development
USAID/G/PHN/POP	U.S. Agency for International Development's Office of Population
WRA	women of reproductive age (15–49 years)

EXECUTIVE SUMMARY

In June 1993, the PROFIT Project, funded by the Office of Population of the U.S. Agency for International Development (USAID), purchased a hospital, the Clinic of Saõ Sebastiaõ (CSSS), jointly with UNIMED Maceio, a health maintenance organization (HMO) in Brazil. Maceio is a state capital in northeastern Brazil, the country's poorest region. UNIMED Maceio agreed to open and operate a maternal and child health/family planning (MCH/FP) clinic. By owning a hospital, UNIMED Maceio hoped to better control utilization costs and to reduce payments to third-party providers. The savings realized were to be used to support MCH/FP activities.

Through this subproject, PROFIT hoped to improve the access and quality of private sector family planning services on a self-sustaining basis. If successful, the project would be a model for the other 195 chapters of the UNIMED HMO throughout Brazil.

A baseline survey of female members of the UNIMED HMO was done in November 1993, and revealed a high contraceptive prevalence. In order for the subproject to have an impact, PROFIT recommended that the MCH/FP clinic be promoted to low-income women. The clinic's opening was delayed for almost two years for several reasons, including:

- # UNIMED Maceio's resistance to expanding the target market of the MCH/FP clinic to include low-income women;
- # the lowered priority of the MCH/FP clinic in the face of economic pressures;
- # UNIMED Maceio physicians who felt threatened by potential competition from the new clinic; and
- # a lack of interest in family planning on the part of newly elected UNIMED Maceio management.

Since its opening in September 1995, the clinic has offered obstetrical and gynecological (OB/GYN) consultations, diagnostic services, family planning services, and vaccinations. As of April 1996, 216 clients had received OB/GYN consultations, and 148 clients had received family planning services. Compared to the general population in northeastern Brazil, the clients of the clinic have fewer children and higher contraceptive use.

Due to the subproject's implementation problems and the partner's unwillingness to operate the MCH/FP clinic in a way that would allow for any family planning impact, PROFIT and USAID agreed in

1995 that PROFIT should divest its 49 percent share of the CSSS Hospital. On February 7, 1997, PROFIT and UNIMED Maceio signed a contract for UNIMED to buy PROFIT's share of CSSS Hospital for \$1.5 million, to be paid over 36 months.

Several lessons can be learned from PROFIT's experience with this subproject:

- # Baseline market research should be done before any investment is made in order to determine the potential family planning impact and feasibility of reaching the target market.
- # A thorough understanding of the partner's power structure and the incentives and motivations of stakeholders will help identify barriers and obstacles to the achievement of the subproject's goals.
- # A cooperative has some characteristics that can make it a riskier subproject partner, specifically:
 - P There are regular changes in leadership through elections.
 - P There is a need for a majority vote for major decisions.
 - P Coop members are owners instead of employees and therefore have more power to influence top management.
- # Family planning activities do not require large capital expenditures.
- # Holding a minority equity position generally puts the investor at a disadvantage, and PROFIT avoided joint ventures as a result of this experience.
- # Negotiated contracts should include a shareholder agreement specifically delineating the project's goals and a detailed divestment process through which the investor can withdraw from the venture if the partner does not comply with the shareholder agreement.
- # A stable economy—in particular, a favorable legal and regulatory environment, monetary stability, and an established business environment—is decisive in ensuring the viability of commercial family planning subprojects.

INTRODUCTION

I.

The PROFIT Project is funded by the U.S. Agency for International Development's Office of Population (USAID/G/PHN/POP). PROFIT was designed to mobilize resources of the for-profit commercial sector to pursue family planning objectives. In Brazil, PROFIT invested funds with UNIMED Maceio, a local chapter of the largest HMO in the country, to establish a maternal and child health and family planning (MCH/FP) clinic and to renovate the Clinic of Sao Sebastiao (CSSS), a local hospital. PROFIT hoped to support USAID's objectives to expand the private sector's provision of family planning in Northeastern Brazil, the poorest region of the country. PROFIT invested funds in June 1993. This report reviews the evolution of the UNIMED Maceio subproject over four years.

A. A Brief Description of the UNIMED Maceio Subproject

In Brazil, health maintenance organizations (HMOs) are a \$10 billion industry comprised of more than 800 private companies that cover 39 million Brazilians (25 percent of the population). Family planning services and products are not explicitly covered by most HMO health plans. PROFIT sought to establish a model subproject with a local chapter of UNIMED, the largest HMO in Brazil, to expand this sector's provision of family planning services and products.

PROFIT's partner in this subproject was UNIMED Maceio, a local chapter of UNIMED Brazil. UNIMED Brazil is both a physician cooperative and a commercial HMO. In 1992, UNIMED Brazil had 62,000 member physicians, 196 local chapters throughout the country, and 8 million HMO clients. UNIMED Maceio operates in Maceio, the capital city of Alagoas in the Northeast, a priority region for USAID. The total population of greater Maceio was 630,000 in 1992. UNIMED Maceio provides a complete range of medical services to its HMO clients, which numbered 32,500 in 1992. Outpatient services were provided in the private offices of its member physicians, while diagnostic and hospital services were provided by third-party providers.

In June 1993, UNIMED Maceio and PROFIT jointly purchased a hospital, the Clinic of Sao Sebastiao (CSSS Hospital). As part of the agreement, UNIMED Maceio was to set up and manage a MCH/FP clinic in the hospital. The MCH/FP clinic would be marketed to members of the HMO and to nonmembers or "walk-in" clients. It was hoped that by owning a hospital, UNIMED Maceio could better control diagnostic and hospital costs and could use the savings to support the MCH/FP clinic.

The main assumptions behind the design of this subproject were:

- # Brazilian HMOs were not providing family planning services or products to their members.
- # Women of reproductive age (WRA) who were members of HMOs had an unmet need for family planning services and products or were using scarce public sector resources devoted to family planning.
- # Establishment of a dedicated service delivery site for family planning would mobilize both the supply of and demand for family planning services and would improve the quality of services.
- # By owning a hospital, the HMO partner would reduce hospital costs and use the savings to support MCH/FP services.
- # If successful, this activity could serve as a replicable model for other UNIMED chapters and other HMOs throughout Brazil.

B. PROFIT's Role and Participation

In June 1993, PROFIT provided \$1,026,000 in equity financing, or 49 percent of the total investment, to purchase and renovate CSSS Hospital and to open a MCH/FP clinic. UNIMED Maceio committed \$1,122,000, or 51 percent of the total. In addition, PROFIT committed \$22,000 in technical assistance to support the implementation and marketing of family planning services at the proposed MCH/FP clinic.

C. Summary of Baseline Information

In December 1993, after PROFIT's investment but prior to the opening of the MCH/FP clinic, a baseline survey was done of the clinic's target population: women aged 15 to 49 who were members of the UNIMED Maceio HMO. The target population comprised approximately 11,000 women, and the survey sample size was 370. The purpose of the baseline survey was to learn more about the target population in terms of their socioeconomic characteristics and their knowledge and use of family planning. The results were compared to the Demographic and Health Survey of Northeast Brazil completed in 1991 (DHS 1991).

The baseline survey revealed sharp differences between the UNIMED Maceio population and the general urban population in northeast Brazil. As shown in *Table I-1*, the UNIMED Maceio population had similar contraceptive use, but more education, fewer children, and a higher standard of living.

Table I-1 Comparison of General Female Population in Northeast with Female Members of the UNIMED Maceio HMO		
Variable	DHS¹	UNIMED Baseline
Contraceptive Prevalence Rate (%)	59	57.7
Education level	60 percent have 3 or less years of education	average 13 years of education
Number of children per woman	2.8 (urban)	1.26
Television in home (%)	68.9	99.5
Water in home (%)	76.7	100
Electricity in home (%)	94.5	100
¹ DHS 1991. Refers to all urban areas in DHS Northeast, not to any specific state or city.		

As a result of the baseline survey results, PROFIT decided that the subproject should focus not only on the UNIMED Maceio population but also on women of lower socioeconomic status. Throughout 1994, PROFIT worked to implement the subproject with this new focus through technical assistance and supervision activities (described below).

D. Evolution of the Subproject

In the fall of 1993, soon after PROFIT disbursed its funds, the physician members of UNIMED Maceio elected a new management for the UNIMED Maceio physician cooperative. PROFIT's discussions with the new management revealed a lack of interest in family planning and a resistance to expanding the target market of the MCH/FP clinic to include low-income women. Some UNIMED physicians were unwilling to decrease prices for low-income clients or were concerned that low-income clients would discourage higher-income and UNIMED clients from using the clinic.

In order to overcome these obstacles, PROFIT implemented several technical assistance activities in 1994-1995, including:

- # the design of a MCH/FP Program Plan delineating service objectives, clinic operations, and staffing
- # preparation of an information, education, and communication (IEC) plan to promote the MCH/FP clinic to HMO members and low-income women
- # training of UNIMED physicians and MCH/FP clinic staff in family planning and counseling.

For 23 UNIMED physicians, PROFIT developed a series of eight workshops to update participants on the full range of modern contraceptive methods. For three staff members of the MCH/FP clinic, PROFIT arranged for training in family planning and counseling in Salvador, Bahia.

In addition, PROFIT tried to address UNIMED Maceio's resistance by presenting financial analyses demonstrating the economic advantage of widening the clinic's market to include low-income women. PROFIT's analysis showed that if only HMO members were served, only 33 percent the clinic's capacity would be utilized and that it would never break even. PROFIT also met with UNIMED physicians to involve them in plans for clinical studies.

Despite these efforts, the MCH/FP clinic did not open until September 1995, a delay of almost two years. In addition to the obstacles cited above, there were two other reasons for the delay:

- # During 1993–1995, the Brazilian economy suffered inflation rates of over 1,000 percent per year and severe government measures to combat inflation. These events led to rising costs and a loss of revenues for UNIMED Maceio. This financial pressure helped make the MCH/FP clinic a lower priority than renovating the hospital for UNIMED Maceio's limited funds. The hospital was seen as having a much greater potential to contribute to UNIMED Maceio's financial and marketing goals than the MCH/FP clinic.
- # UNIMED Maceio physicians were paid by the HMO on a fee-for-service basis for services rendered in their private offices. They were directly threatened by potential competition from the proposed MCH/FP clinic. The physicians who were not selected to staff the clinic felt they were at a competitive disadvantage. They thought it was unfair to create and promote the MCH/FP clinic with UNIMED Maceio funds, which were intended to be used to benefit the physician cooperative as whole.

The MCH/FP clinic began offering pediatric services in September 1995, and OB/GYN services in October 1995. From October 1995 until April 1996, the clinic saw a total of 272 OB/GYN clients, or an average of 35 clients per month. Twelve of the 272 clients were under age 16 and three did not finish their visits at the clinic. **Table I-2** presents the profile of the remaining 257 clients: women enrolled in the UNIMED Maceio HMO had few children (average of 1.6 among WRA) and very high contraceptive prevalence (85.7 percent among fecund WRA).

Table I-2 Profile of Clients of UNIMED Maceio MCH/FP Clinic October 1995–April 1996	
Number of births per woman	1.6
Contraceptive prevalence rate (%)	85.7
Average age (years)	31
Marital Status	70% married
Professional status (%)	
housewife/domestic servant	22
student	19
office worker	14
public servant	9
teacher	8
sales person	6
other	22

Due to the subproject's implementation problems and the partner's unwillingness to operate the MCH/FP clinic in a way that would allow for family planning impact, PROFIT and USAID agreed in 1995 that PROFIT should divest its 49 percent share of the CSSS Hospital as soon as possible.

On February 7, 1997, PROFIT and UNIMED Maceio signed a contract for UNIMED to buy PROFIT's share of CSSS Hospital for \$1.5 million, divided into 36 monthly payments. The contract was secured by a bank guarantee. As of May 1997, UNIMED Maceio had made four payments on schedule. The MCH/FP clinic continues to operate, delivering primarily pediatric care. The physician staff for family planning services was reduced from ten to three.

In August 1997, PROFIT will transfer the divestment contract to Pathfinder International's office in Salvador, Brazil. Pathfinder is a private, nonprofit family planning organization headquartered in the United States. Pathfinder will use the funds from PROFIT's divestment for a variety of family planning programs to promote USAID's objectives in Brazil.

ACHIEVEMENT OF THE SUBPROJECT'S GOALS

II.

A. Summary of Goals and Data Collection Methods

The input goals of this subproject were to:

- # provide technical assistance for UNIMED Maceio staff to design a maternal child health/family planning (MCH/FP) program
- # provide technical assistance for UNIMED Maceio staff to prepare an IEC plan to promote the MCH/FP clinic
- # provide technical assistance for staff training in family planning.

The short-term goals of the subproject were modified in 1994 to reflect the results of the baseline survey:

- # to improve quality of family planning services for clients of the MCH/FP clinic
- # to expand access to quality MCH/FP services to low- income women of Maceio
- # to leverage PROFIT funds by at least 1:1.04.

The subproject's original long-term goals were to:

- # improve the method mix for contraceptives in Brazil by counseling clients about all methods and making all methods available
- # ensure the commercial sustainability of the venture through consistent financial profitability
- # explore the potential to replicate this model to other UNIMED cooperatives.

Due to the subproject's implementation problems and the subsequent agreement between PROFIT and USAID to divest from the venture, these long-term goals were replaced by the exclusive goal of recovering all funds invested in CSSS Hospital.

The main data collection methods of the subproject were:

- # **Baseline data.** From November 24, 1993, to December 7, 1993, a baseline survey was conducted among 370 women in the 15–49 age group who were members of the UNIMED Maceio HMO. The sample size was chosen from a population of about 11,000 women. The survey team interviewed respondents in their homes. The survey instrument consisted of 80 questions about the target population’s socioeconomic characteristics and knowledge and use of family planning.
- # **Technical assistance products.** For input goals involving technical assistance, PROFIT reviewed the product (e.g., marketing plan, MCH/FP Program Plan) created as a result of the technical assistance.
- # **Training data.** The training of UNIMED physicians was confirmed by correspondence with guest speakers in the workshop series. The training of the MCH/FP clinic staff was confirmed by clinic reports and receipts of expenses associated with the training.
- # **Financial monitoring data.** Management of CSSS Hospital submitted monthly cash flow reports for June–December 1993 and for all of 1994. No cash flow reports were submitted after 1994, and audited financial statements were never submitted despite continuous requests. In 1996, PROFIT paid for an independent valuation of CSSS Hospital, through which unaudited financial statements for 1994 and 1995 were obtained.

B. Inputs

Table II-1 presents the input goals, the measurable indicators of achievement of the input goals, the sources of information for the indicators, and the results to date. All the input goals called for PROFIT to provide technical assistance in key areas that would contribute significantly to the success of the MCH/FP clinic.

Table II-1 Results of Inputs			
Goal	Measurable Indicator	Source of Information	Status as of May 1997
To provide technical assistance for UNIMED Maceio staff to design a Maternal Child Health/ Family Planning (MCH/FP) Program	<ul style="list-style-type: none"> • Number of UNIMED Maceio physicians who participated in one-week workshop with consultant, Dr. Kusztra (3) • Detailed MCH/FP program plan produced (1 by August 1993) 	Correspondence with Dr. Kusztra and review of the MCH/FP program plan	Workshop done and MCH/FP Program Plan submitted to PROFIT in July 1993.
To provide technical assistance for staff training in family planning	<ul style="list-style-type: none"> • Number of family planning training courses held for physicians (1) • Number of UNIMED OB/ GYNs trained in 1994 (\$ 20) • Number of FP methods and counseling skills training courses held for MCH/FP clinic staff (1) • Number of MCH/FP clinic staff trained (3) 	<ul style="list-style-type: none"> • Correspondence with UNIMED/ Maceio staff who implemented the training and guest speakers who participated • Monthly clinic reports and receipts of travel and training expenses for the clinic staff training 	<ul style="list-style-type: none"> • More than 20 UNIMED Maceio physicians participated in seven sessions in 1994. • Two staff people were trained in January 1994, and one in 1995.
To provide technical assistance for UNIMED Maceio staff to prepare an IEC plan to promote the MCH/FP clinic	<ul style="list-style-type: none"> • Number of local consultants hired (1) • Number of IEC plans prepared (1 by January 1995) 	IEC Plan submitted to PROFIT	Consultant Rosa Sad was hired and submitted the IEC Plan to PROFIT in January 1995.

After USAID approval of the subproject but prior to disbursement of funds, PROFIT provided technical assistance to UNIMED Maceio to produce a MCH/FP Program Plan. PROFIT hired Dr. Deisi Kusztra, a local expert in private sector family planning clinics, to lead an interactive planning process with the three UNIMED Maceio staff people assigned to establish and manage the MCH/FP clinic. The resulting document was submitted on July 20, 1993, one month after the acquisition of CSSS Hospital. The MCH/FP Program Plan described in detail the necessary installations, patient flow, staffing, staff training, services for each patient group (children, women, and adolescents), and operations (hours, projected patient volume, projected supplies). The Plan also briefly described IEC and evaluation activities. The Plan did not include financial analyses or projections.

In 1994, Dr. Fernanda Kaplan, PROFIT's Family Planning Advisor, designed and implemented a Family Planning Workshop Series for physician-members of UNIMED Maceio, which helped pay for the series. Presenters included leading professionals from the Population Council, Pathfinder International, PCS-Johns Hopkins University, and local universities. The series consisted of seven sessions over a six-month period (June–December 1994) on the following topics:

- # contraception in the post-partum and post-abortion period
- # contraception at different stages of life
- # update on the pill
- # barrier methods
- # sterilization
- # impact of IEC on a family planning program
- # update on IUDs.

Also in 1994, PROFIT hired Rosa Said, a local specialist in IEC with PCS-Johns Hopkins University, to design an IEC plan and strategy for the MCH/FP clinic. Ms. Said led an interactive process similar to that used in preparation of the MCH/FP Program Plan, which involved the three UNIMED Maceio staff people assigned to establish and manage the MCH/FP clinic. The IEC Plan was submitted in January 1995. It included a detailed analysis of the target market segments, and for each segment it delineated the messages, persuasive elements/ arguments, communication channels, message format, and evaluation activities. A major objective of this technical assistance was to reinforce the importance and need to target women who were not members of the UNIMED HMO.

C. Short-Term Goals

Table II-2 presents the short-term goals, indicators, data sources, and results to date.

<p align="center">Table II-2 Results of Short-Term Goals</p>			
Goal	Measurable Indicator	Source of Information	Status as of May 1997
To improve access to family planning services	Number of MCH/FP clinics opened and operating (1 by December 1993)	Site visits to Maceio	MCH/FP clinic opened in September 1995.
To improve quality of family planning services for clients of the MCH/FP clinic	Quality family planning counseling provided to all family planning clients at the MCH/FP clinic	<ul style="list-style-type: none"> Site visits to MCH/FP clinic to observe family planning counseling Exit survey of counseled clients 	<ul style="list-style-type: none"> Visit in January 1996 indicated that all FP clients undergo FP counseling by trained nurse. Exit survey was not implemented.
To expand access to quality MCH/FP services to low-income women in Maceio	<ul style="list-style-type: none"> Number of MCH/FP clinic promotional efforts conducted to target population Number of low-priced service packages designed for target population (1) 	<ul style="list-style-type: none"> Monthly activity reports of Clinic Coordinator List of clinic services and prices 	<ul style="list-style-type: none"> Clinic staff contacted large employers to market clinic. Clinic has not instituted any special pricing for lower-income clients.
To leverage PROFIT funds by at least 1:1.04	Amount invested by UNIMED Maceio to purchase and renovate CSSS Hospital and to open the MCH/FP clinic (\$ 51 percent of funds = \$1,122,000)	CSSS Hospital financial statements and site visits	Unaudited financial statements indicated an investment of at least \$1,122,000 as of December 1995.

Improving access to family planning services through establishment of a MCH/FP clinic was a major goal of the UNIMED Maceio subproject. The MCH/FP clinic would serve members of the HMO and walk-in, fee-for-service clients. Because family planning services were not an explicit benefit included in the UNIMED HMO package and because contraceptive products were not covered, it was believed that female members of the UNIMED HMO did not have adequate access to family planning services and products. As discussed elsewhere in this report, PROFIT's baseline survey of the UNIMED HMO population indicated that access to family planning was not a problem.

PROFIT found that quality family planning counseling was being provided to all family planning clients at the clinic. This was attributed to the training in family planning counseling that PROFIT funded for

the staff of the MCH/FP clinic and the personal commitment of the clinic staff. Also, the participation of the clinic management in the MCH/FP Program Plan technical assistance reinforced the importance and value of family planning counseling. Unfortunately, as noted above, the volume of family planning clients was limited (approximately 30 per month), and there was little unmet need for contraceptives.

Access to quality MCH/FP services was not expanded for low-income women in Maceio, despite the fact that this was a priority objective for PROFIT. As discussed earlier, UNIMED Maceio resisted expanding services out of concern that low-income women would discourage the use of the clinic by middle- and upper-income clients. PROFIT pursued various strategies to overcome this resistance, including financial analyses that demonstrated that an increase in the number of clients could make the clinic profitable. Despite opposition from UNIMED Maceio, the clinic staff was interested, and the staff reported to PROFIT that, with personal funds, they had done a mailing to promote the clinic to large companies that had low-wage earners. However, they could not institute special pricing for the low-income market without approval of UNIMED Maceio.

UNIMED Maceio was to invest \$1,122,000, or 51 percent of the total estimated cost of purchasing and renovating CSSS Hospital and establishing a MCH/FP clinic. Of the total, \$450,000 was to purchase the facility, \$500,000 was for renovation and purchase of equipment, and \$172,000 was for working capital. Site visits by PROFIT and review of unaudited financial statements for 1994 and 1995 indicated that UNIMED Maceio had invested at least \$1,122,000. Specifically PROFIT staff saw significant renovation of the hospital, new equipment, and a very attractive facility for the MCH/FP clinic. The unaudited financial statements indicated that UNIMED Maceio was making its payments for the facility, that working capital had grown by over \$1,000,000 in 1995, and that UNIMED Maceio had invested \$400,000 in fixed assets in 1995.

D. Long-Term Goal

Table II-3 presents the long-term goal, indicator, data source, and results to date.

Table II-3 Results of Long-Term Goal			
Goal	Measurable Indicator	Source of Information	Status as of May 1997

To recover all funds invested in CSSS Hospital	Funding recovered in signed agreement to buy-out PROFIT's 49 percent share in CSSS Hospital by September 1996.	Copy of signed buy-out agreement with UNIMED Maceio	Contract signed in February 1997.
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In 1996, PROFIT began negotiating the sale of its participation in the CSSS Hospital to UNIMED Maceio. UNIMED was interested in having full control of the company but would require several years to pay PROFIT. Negotiations took over a year, as both sides conducted valuations of the hospital, UNIMED leadership secured approval from member-physicians to buy out PROFIT, and PROFIT sought a guarantee for the sale to protect itself against default.

On February 7, 1997, PROFIT and UNIMED Maceio signed a contract for UNIMED to buy PROFIT's share of CSSS Hospital for \$ 1.5 million, divided into 36 monthly installments. The contract is secured by a bank guarantee.

CONCLUSIONS AND LESSONS LEARNED

III.

A. Conclusions

- # The population covered by the UNIMED HMO was better educated and wealthier than the general population, and this group already had access to private sector family planning services. This made it an inappropriate target market for PROFIT.
- # Some physician members of the UNIMED HMO did not support the MCH/FP clinic because they felt it would compete with the obstetrical and gynecological services they provided in their private offices.
- # The managers of UNIMED, who are motivated by profits and are used to serving middle- class populations, resisted serving lower-income populations.
- # The baseline survey should have been conducted prior to PROFIT's disbursement of funds so that the divisive issue of serving low-income women in order to have a family planning impact would have been addressed.
- # Due to the downturn of the Brazilian economy, UNIMED Maceio encountered cash flow problems in implementing the MCH/FP clinic program.
- # For UNIMED Maceio, the MCH/FP clinic was a minor component of the investment, likely to be abandoned in times of financial difficulty.
- # PROFIT was unable to enforce its agreement with UNIMED Maceio due to its minority equity position and lack of leverage.
- # The investment structure of PROFIT's participation allowed for the potential recovery of funds for use in new programs.

B. Lessons Learned

- # Baseline market research should be done before any investment is made in order to determine potential family planning impact and feasibility of reaching the target market.
- # A thorough understanding of the partner's power structure and the incentives and motivations of stakeholders will help identify barriers and obstacles to the achievement of the subproject's goals.
- # A cooperative has some characteristics that can make it a riskier subproject partner, specifically:
 - P There are regular changes in leadership through elections.
 - P There is a need for a majority vote for major decisions.
 - P Coop members are owners instead of employees and therefore have more power to influence top management.
- # Family planning activities do not require large capital expenditures.
- # Holding a minority equity position generally puts the investor at a disadvantage, and PROFIT avoided joint ventures as a result of this experience.
- # Negotiated contracts should include a shareholder agreement specifically delineating the project's goals and a detailed divestment process through which the investor can withdraw from the venture if the partner does not comply with the shareholder agreement.
- # A stable economy—in particular, a favorable legal and regulatory environment, monetary stability, and an established business environment—is decisive in ensuring the viability of commercial family planning subprojects.