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Enterprise in Mexico:

A Strategic Approach
to Private Sector
Family Planning

The Enterprise Program

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Foreword

This study represents the third in a series of five country studies published by the Enterprise Program. Countries have been selected on the basis of regional diversity, the variety of socioeconomic and contraceptive prevalence conditions, and the level of private sector development and Enterprise activity. Each country study attempts to offer a thoughtful analysis of the different strategic approaches used to developing private sector interventions in family planning.

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TABLE OF CONTENTS

EXECUTIVE SUMMARY

I.	THE ENTERPRISE STRATEGIC RESPONSE TO THE FAMILY PLANNING ENVIRONMENT OF MEXICO	1
II.	ENTERPRISE SUBPROJECTS IN MEXICO	4
	Workplace-Based Programs	4
	Direct Collaboration with Private Industry	6
	NGOs as Family Planning Service Providers	8
	Market-Based Solutions to the Demand for Accessible Quality Service ...	10
	PROTA	11
	Community Doctors	12
III.	MAJOR FINDINGS AND LESSONS LEARNED	15
IV.	LOOKING FORWARD	18

APPENDIX

Enterprise Subprojects in Mexico

REFERENCES

EXECUTIVE SUMMARY

In 1986, the Enterprise Program put into action a broad based strategy to assist Mexican private sector organizations in developing and delivering high quality family planning services. The strategy has two major components:

- **A workplace component** calling for widespread replication of company-based family planning programs as a means to:
 - increase the access of formal sector employees to family planning services;
 - generate demand for the sale of technical support services by family planning NGOs.
- **A market-based component** calling for the creation of community clinics and contraceptive retailers as replicable, sustainable approaches to expanding the accessibility of private sector service delivery to economically marginal populations.

Enterprise's program responds to the following key characteristics of Mexico's family planning environment:

- Strong government support for family planning
- The impact of national economic crises on public sector service delivery
- Increasing burden on public sector family planning facilities
- Unmet rural and peri-urban demand for family planning services
- A well developed industrial sector
- Growing role of women in Mexico's formal sector labor force

Enterprise's work in Mexico has involved financial and technical support to a wide range of private sector institutions: industrial employers, national family planning NGOs, community based health clinics, and contraceptive suppliers and distributors. Collaboration with these groups has led to the development of eleven separate subprojects with a combined operating budget of nearly \$1 million.

Enterprise's subprojects fall into two groups: those that deliver family planning services to employees in the workplace, and those that provide such services competitively through the marketplace.

Through its workplace programs, Enterprise has collaborated with private sector employers and with family planning NGOs. The results of this effort have been dramatic declines in work force pregnancy rates, substantial savings to the companies, and a gradual but growing demand on the part of employers for services in support of family planning.

Today, all recurrent costs of Enterprise's workplace-based programs are being covered by the employers. Those programs established in collaboration with family planning NGOs have already begun generating income for the NGOs themselves.

Enterprise's market-based component has led to the development of two very different kinds of projects. The first entailed the creation of a self-sustaining business, PROTA, to procure and distribute IUDs to private doctors and clinics across the country. The goal of the program was to sell IUDs at reduced prices so that doctors could in turn pass along the savings to middle and low-income clients. To date, PROTA has distributed almost 34,318 IUDs and has succeeded in establishing a regular clientele of more than 580 doctors across Mexico.

The second market-based project entailed the establishment of private sector community clinics in economically marginal neighborhoods. Again, the goal was to provide accessible quality service to low-income groups. After three years, Enterprise-funded clinics have attracted more than 56,000 new family planning acceptors. Most importantly, the program has successfully reached its target population. Over 90 percent of the clinics' users have family incomes below Mexico's minimum legal salary.

Lessons Learned. The Enterprise experience in Mexico has taught several lessons about the prospects for private sector family planning:

- Until workplace-based family planning (and its benefits) become a more familiar component of the Mexican business scene, Mexican employers will demand a certain level of risk sharing before they readily adopt such programs.
- To be successful in a business environment, family planning service delivery organizations must understand better the needs of businesses and be able to offer services that respond to those needs.
- In Mexico, government subsidies limit the profitability of family planning service delivery by keeping contraceptive prices artificially low. Nevertheless, family planning can be made commercially viable when offered as part of an integrated health care package.
- Marketing workplace-based programs will depend on making full use of the social, kinship, and other informal networks that bind together Mexico's industrial and business leaders.
- To promote growth in workplace-based family planning, NGOs must strengthen their institutional capacity to provide support services on an ongoing, self-sustainable basis.

I. THE ENTERPRISE STRATEGIC RESPONSE TO THE FAMILY PLANNING ENVIRONMENT OF MEXICO

In 1986, the Enterprise Program put into action a broad based, two-part strategy to assist Mexican private sector organizations in developing and delivering high quality family planning services. The program called for financial and technical support to a wide range of private sector institutions: industrial employers, national family planning NGOs, community based health clinics and contraceptive supply retailers.

The strategy's first component used the establishment of workplace family planning programs as a means to promote their replication industry-wide, and as a mechanism to generate demand for the sale of program support services by family planning NGOs.

The strategy's second market-based component called for the creation of community clinics and a contraceptive supply retailer as replicable, sustainable approaches to expanding the accessibility of private sector service delivery to economically marginal populations.

These programmatic goals were developed in response to a series of factors that Enterprise believed were critical in shaping the Mexican family planning environment:

Strong government support for family planning

Since 1950, Mexico's population has more than tripled and its cities have grown nearly six-fold. Concerned by this growth and its potential impact on the country's economic development, the Mexican government passed legislation in 1973 making family planning an integral component of the national development effort. This led in 1974 to the establishment of the National Population Council (CONAPO), a semi-autonomous, intergovernmental body responsible for formulating national family planning strategies and setting national growth rate goals.¹

Today, three institutions, the Bureau of Health (SSA), the Mexican Social Security Institute (IMSS) and the Government Employees Social Security and Services Institute (ISSSTE) account for almost 62 percent of all family planning service delivery in Mexico (MEXFAM 1989: 2-3).

¹ In 1976, CONAPO targeted a decrease in Mexico's population growth rate from 3.2 percent to 2.5 percent by 1982, to 1.9 percent by 1988, to 1.4 percent by 1994, and to 1 percent by the year 2000. These targets and the new national law dramatically spurred both public and private sector involvement in family planning service delivery.

Economic crises constrain public sector service delivery

By 1980, Mexico's public service delivery system had demonstrated its effectiveness at meeting national family planning targets. In less than five years, it had reached over 2.5 million active users nationwide; it had reduced national fertility rates by 27 percent; and it had increased national contraceptive prevalence to 40 percent of all married women of reproductive age (Carrino 1984: 20-29).

But the year 1980 also signaled the beginning of a long and particularly severe economic slump for the country as a whole. High foreign interest rates and a slackening oil market hit Mexico at a time when its foreign exchange reserves were exhausted. By 1982, the public deficit reached 18 percent of GDP, and the debt service ratio rose to nearly 50 percent of export earnings. The resulting inflation, unemployment and deteriorating living standards had a direct impact on public sector family planning. Federal budget cutbacks in 1980 and 1981 resulted in the suspension of all contraceptive supply purchases. In 1982, these cuts were taken one step further when the newly elected government of President de la Madrid transferred to the states all responsibility for health service delivery. The impact of these measures was quickly felt. Rural programs were plagued by dwindling supplies, while the states struggled to acquire the skills and expertise needed to assume their new responsibilities.

Increased client and financial burden on public sector facilities

Despite government cutbacks and other financial constraints, the demands on public sector service delivery continued to increase. The IMSS alone, for example, handled more new acceptors (2.6 million) between 1980 and 1981 than the entire public sector had done between 1974 (the year CONAPO was established) and 1979 (Martinez M. 1987: 37). In the five-year period from 1982 to 1987, public sector service delivery increased by 17 percent (Secretaria de Salud 1989: 5).

In 1984, a World Bank background paper predicted that Mexico's principal public sector providers of family planning would see no immediate growth in either personnel or facilities. If true, it meant that continued budgetary constraints and a growing client base would severely decrease the accessibility of public sector services to middle and lower middle class Mexicans.

Large unmet demand for family planning service delivery in rural and peri-urban areas

The unmet demand for family planning services represents a window of opportunity for private sector service delivery. According to the 1987 National Survey on Fertility and Health, at least 77 percent of all Mexican women of reproductive age desire access to family planning, while only 55 percent of such women actually practice it. Two groups remain particularly underserved: rural women and those residing in the peri-urban zones of Mexico's major cities.

Today, almost 32 percent of all Mexicans are classified as rural, yet these individuals continue to have far less access to medical, educational, and especially family planning service facilities, than their urban counterparts. Seventy-five percent of all practicing private physicians, for example, are concentrated in 16 urban centers. Contraceptive prevalence among rural women is less than 33 percent. In Mexico's 16 major metropolitan centers, it exceeds 65 percent (Secretaria de Salud 1988: 22, 1989: 6).

A well developed industrial sector

Mexico's industrial sector is among the most developed in Latin America. It employs over 30 percent of Mexico's economically active population and contributes (together with manufacturing) to over 47 percent of Mexico's GDP (World Bank 1988: 283, 1989: 169).

Growing role of women in Mexico's formal sector labor force

Since the 1960s, the percentage of women in the formal sector labor force has increased substantially. Between 1960 and 1978, for example, labor force participation of women rose from 18 to 25 percent of the economically active female population (Carrino 1984).

The growing role of women in the formal sector is particularly evident in Mexico's in-bond or *maquiladora* industry. Comprising over 1,800 U.S. and foreign-owned companies, the *maquiladora* industry imports parts and raw materials into Mexico and exports the finished products back to the U.S., paying duty only on the value added in Mexico. Today, with annual earnings of US\$ 3 billion, the industry is Mexico's second largest source of foreign exchange after oil exports. It employs nearly 500,000 people (about 17 percent of Mexico's manufacturing work force), two-thirds of whom were women (Branigin 1990: C-1, Baker et al. 1988: 102).

Despite protective labor laws and the growing female labor force, women remain subject to considerable discrimination and mistreatment at the workplace. In recent years, the *maquiladora* industry has attracted worldwide attention, in large part due to allegations of employee mistreatment. Labor leaders, for example, have been especially critical of industry-wide policies that permit employers to fire women once they marry or become pregnant, and to require pregnancy tests of any new employee.

In 1986, therefore, conditions were ripe for Enterprise involvement in Mexico. Economic crises and the public sector's inability to satisfy the growing demand for family planning services focussed attention on the need for alternative service providers. Given its orientation towards the private sector, Enterprise was particularly well-suited for the task. Moreover, Mexico's developed economy and large formal sector labor force made it possible for Enterprise to develop and implement a broad range of innovative private sector approaches to family planning.

II. ENTERPRISE SUBPROJECTS IN MEXICO

Given Mexico's large industrial sector, its growing female industrial labor force, its developed market economy and its increasingly unmet demand for family planning services, it was logical that Enterprise should choose the workplace and the marketplace as its primary settings for private sector service delivery. The size and economic importance of both institutions reflected Mexico's advanced developing country status, and both were identified by USAID/Mexico as being ideally suited to private sector intervention.

Selection of the Enterprise Program's individual project sites was greatly influenced by Enterprise's three principal host country organizations: FEMAP, MEXFAM and Prosuperación. As indicated below, each organization brought to the partnership a diversity of regional emphases, institutional linkages, and ongoing project activities. The results of that diversity are evident in the Appendix which includes an annotated list of all Enterprise subprojects in Mexico.

This section of the report examines the eleven subprojects comprising Enterprise's **workplace- and market-based** strategies. Using the diagram in Table 1 as a framework for analyzing the Mexico program as a whole, the section begins with a review of Enterprise's workplace-based activities. It examines the significance of work-based family planning for Mexico in general and the impact this has had on the development of Enterprise's individual subproject efforts.

The second half of the section analyzes Enterprise's market-based program. It reviews the goals, constraints and achievements of two subprojects, a contraceptive marketing program and a community doctors project, designed to increase the accessibility of quality family planning services.

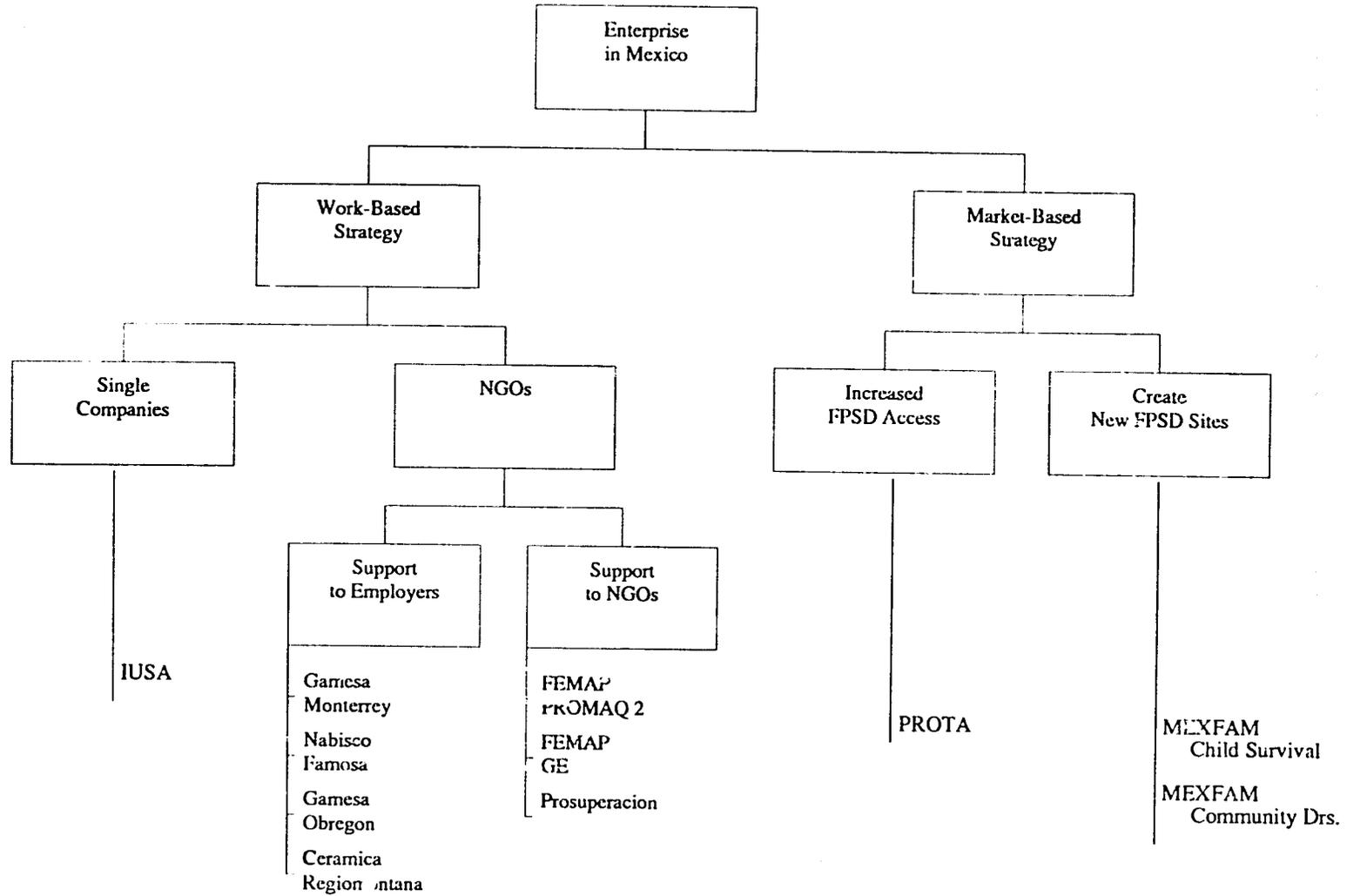
Workplace-Based Programs

Workplace-based family planning programs provide family planning information and services to employees in the workplace, sometimes to family members of those employees and occasionally to people who live at or near the work site.

Employers may choose to implement workplace based programs for a variety of economic as well as non-economic reasons. Where financial considerations are involved, the appeal of such programs usually depends on the ratio between program costs and the savings attributable to lower work force birth rates. It is, as with any other business venture, a matter of return on investment.

In Mexico, the costs of maternity related absenteeism can be very high. Permanent employees, for example, are legally entitled to a minimum of three months paid maternity leave, nursing time for six months after childbirth, and time off for postnatal care visits at part or full pay. Although the Mexican Social Security System covers the cost of these benefits for employees who meet

Table 1
The Enterprise Program in Mexico



FPSD: family planning service delivery

certain eligibility requirements, the expenses of those who do not must be borne by the company itself.²

There are, however, still other costs associated with maternity related absenteeism. Securing short-term replacement labor, for instance, takes time; it can involve significant training expenses; and, because of the trainee's inexperience, it is likely to result in lower productivity. Furthermore, the replacement cannot remain employed by the firm for the duration of the woman's maternity leave without becoming a full-time employee herself. She would then be entitled to full benefits, including three months severance pay.

Given the potential cost savings of lower work force pregnancy rates, the Enterprise Program believed that employer support for workplace-based family planning programs could run high. This led to the development of a workplace-based strategy involving collaboration with single companies as well as national family planning NGOs. Enterprise's goal in this effort was straightforward: first, it sought to demonstrate to employers the potential impact of cost-effective, sustainable workplace programs. Secondly, it sought to promote the replication of such programs industry-wide by assisting NGOs to market their skills and expertise in family planning.

Direct Collaboration with Private Industry: IUSA

In 1986, Enterprise established its first workplace-based family planning subproject with Industrias Unidas, S.A. (IUSA), a large manufacturing complex located on the outskirts of Mexico City. As Enterprise's initial "demonstration project," it was especially important that the subproject achieve significant gains in contraceptive prevalence as well as generate substantial cost savings to the employer.

Setting:

In Mexico, all full-time formal sector employees are entitled to a wide range of social and medical services through the social security system (IMSS). Though these benefits include free family planning services, studies suggest that contraceptive prevalence at some workplaces remains surprisingly low. This was especially true in the case of IUSA. Preliminary surveys carried out in 1987 indicated that less than 20 percent of IUSA's workers knew anything about contraception; less than five percent actually practiced it (Kaur 1988: 26).

² The Mexican Social Security System covers maternity benefit costs (including full salary while on maternity leave) only for those employees who have contributed to the Social Security system for at least 30 consecutive weeks prior to the date on which such benefits are scheduled to begin.

Part of the reason for this lack of knowledge, was the inaccessibility of IMSS facilities. IUSA's work force is primarily drawn from small ethnic villages situated near the company's main plant at Pasteje. Because the nearest IMSS facility was located in Toluca some 15 kilometers away, accessing IMSS services was a time-consuming and expensive proposition. Moreover, because IUSA only compensated employees for visits directly related to illnesses, a single family planning consultation was likely to cost an entire day's salary.

Goals and Activities:

With technical and financial support from the Enterprise Program, IUSA established, staffed and fully outfitted an on-site clinic devoted exclusively to family planning. The goal of the subproject was to reduce unwanted pregnancies, maternity leave and birth related expenses by 50 percent.

Achievements:

Since the Pasteje clinic opened its doors in 1987, IUSA has provided its employees with a full range of reversible and nonreversible contraceptive methods. Not only are the clinic services free, IUSA pays for any off-site service that cannot be performed locally.

Impact: The impact of IUSA's program has been dramatic. Prior to start-up of service delivery in April 1987, birth rates at IUSA averaged 11.57 percent per annum. By the end of the project, in April 1989, birth rates had dropped to 7.89 -- a decrease of over 31 percent. In terms of sheer numbers, the subproject recorded over 2,600 new acceptors out of a work force that by April 1989 included almost 4,000 women.

Cost Savings: Lower work force birthrates have also resulted in considerable cost savings for IUSA. Per employee, IUSA's maternity leave costs dropped by approximately 40 percent. Equally significant, from a national policy standpoint, was the decision by Mexico's Social Security Institute to acknowledge IUSA's reduction in work force pregnancy rates by decreasing the company's social security contribution by 10 percent.

Constraints:

The design of the IUSA program was straightforward and uncomplicated. The fact that the subproject involved only two players, Enterprise and IUSA, greatly minimized many of the communication, coordination and/or logistical problems that projects of this size typically generate.

At the same time, however, the limited scope of the IUSA/Enterprise relationship had a direct bearing on the subproject's potential for generating any significant "demonstration effect." Part of Enterprise's strategic goal was the replication of workplace-based programs industry-wide. Though the limited partnership enhanced the management of the

subproject itself, it also meant that any subsequent marketing or promotion would depend on the efforts of Enterprise alone. Clearly, this did not coincide with the Program's ultimate goal, which was to set in motion a self-sustaining replication process. To this end, Enterprise turned to Mexico's family planning NGOs.

NGOs as Family Planning Service Providers: FEMAP and Prosuperación Neolonesa.

Within Mexico, there is a wide network of private non-profit organizations devoted exclusively to the promotion and delivery of family planning information and services. Enterprise's decision to work within that network was motivated by the need to set into motion a process by which the replication of workplace-based programs could continue beyond the life of the Enterprise Program itself.

Enterprise's strategy was designed to help selected NGOs develop the institutional and technical capacity necessary to provide employers with a wide range of family planning support services. Not only would this provide the NGOs with a means of generating needed income (thereby reducing their dependence on donors), it would also offer them an economic incentive to promote and support workplace-based programs well into the future. From the employers' point of view, the NGO's non-profit status was an additional bonus since it enabled them to deduct, for income tax purposes, the full amount of their family planning service payments.

Goals and Activities:

Enterprise involvement in workplace-based family planning has focussed on two family planning NGOs: FEMAP (Federation of Mexican Family Planning Associations), a Juarez-based national federation of 32 private family planning organizations, and Prosuperación Familiar Neolonesa, FEMAP's local affiliate in Monterrey. Both institutions occupy strategic locations for workplace-based activities: FEMAP along the US/Mexican border where nearly 86 percent of Mexico's *maquiladora* industries are located; and Prosuperación in Monterrey, Mexico's principal steel producing area and third largest city.

In working with the NGOs, Enterprise has adopted two approaches: one involving direct support to individual employers; and another channeling technical and financial assistance to the NGOs themselves. The former approach was used by Enterprise to assist four firms in establishing on-site family planning facilities:

- Cerámica Regiomontana, Monterrey
- Gamesa Obregon, Ciudad Obregon
- Nabisco Famosa, Vallejo
- Gamesa Monterrey, Monterrey

By permitting these employers to see for themselves the benefits of a workplace-based family planning program, Enterprise sought to create demand for technical support services that NGOs could then provide as an income generating activity. Consequently, each of the firms identified above contracted Prosuperación to provide staff, equipment, educational materials and contraceptives. Enterprise covered all first-year program costs, with the understanding that if successful, the company owners would, at their own expense, continue their service contract with Prosuperación.

Enterprise's second approach has been to support NGOs directly -- by helping them develop the institutional capacity to identify companies that may desire family planning programs, but lack the expertise needed to establish or run them. Since 1989, Enterprise has established three subprojects providing technical and financial support directly to FEMAP and Prosuperación. The goal of these projects is to expand each NGO's range of available support services and, by improving their marketing skills to sell these services to different groups of industrial employers. Three groups of industrial employers have been targeted:

- *Maquiladora* (in-bond) industries (FEMAP)
- General Electric assembly plants (FEMAP)
- Intermediate-size factories (Prosuperación)

Achievements:

As a result of Enterprise support, Prosuperación and FEMAP have achieved considerable success at attracting and maintaining new acceptors, they have leveraged private sector funds, and they have encouraged employers to begin workplace-based programs.

The four Prosuperación-run programs initially funded by Enterprise were successful at reducing work force birthrates and the costs associated with them. At Gamesa Monterrey, for example, birthrates dropped by a dramatic 45 percent in the initial two years of the program.

Today, all of Prosuperación's workplace programs are employer funded. Its monthly service fee of US\$ 2,500 covers all fixed and operating costs, and nets Prosuperación a profit of between US\$ 500 and US\$ 600 per clinic, per month.³ This income has enabled Prosuperación to set up a "business unit" with the primary aim of marketing the organization's expertise and services to other businesses in Monterrey. Already, the unit

³ As a non-profit, tax-free registered Mexican charity, Prosuperación cannot legally "sell" its services nor "bill" employers for them. Instead, the employers make a corporate donation to Prosuperación, for an amount agreed upon by both groups. Since the donation is fully deductible for income tax purposes, this in effect reduces the factories' cost for the program to virtually nothing.

has secured family planning service contracts with two factories in Monterrey and has begun negotiating service contracts with ten other local industries.

In the nine months since Enterprise initiated its subproject of direct support to FEMAP and Prosuperación, both groups have made major strides in marketing family planning services to local industries. FEMAP's marketing efforts have emphasized the ability of family planning programs to help employers overcome the acute labor scarcity and high work force turnover currently plaguing the *maquiladora* industry. Documenting the appeal of family planning programs to both job seekers and employees alike, FEMAP has succeeded in identifying a significant economic benefit not typically included in traditional cost-benefit models.

Apart from their own marketing efforts, Prosuperación has recently begun exploring means to provide family planning support services to intermediate industries where smaller work forces would not warrant separate family planning clinics. The need for such a service was made patently clear when Ceramica Regiomontana canceled its family planning service contract with Prosuperación in 1988. Though the subproject had successfully reduced work force fertility rates, the limited size of the work force itself did not justify the costs of a separate family planning clinic.

Constraints:

Although FEMAP and Prosuperación can demonstrate to employees the financial benefits of a workplace-based family planning program, their own experience suggests that it was primarily non-financial considerations that initially sparked employer interests. Social connections in particular were extremely important in identifying and securing service delivery contracts. Nearly all of Prosuperación and FEMAP's current programs, for example, were the result of personal networking by their directors.

For the NGOs, coming to terms with this state of affairs has proven to be difficult. The directors' success at informal networking has provided little incentive for NGO mid-management to develop formal marketing and business skills, even though the latter realize that personal contacts may not answer all their long-term marketing needs. For this reason, Enterprise's most recent Mexican subprojects have reinforced the development of business and marketing skills, and the design of effective promotional materials.

Market-Based Solutions to the Demand for Accessible Quality Service

Prior to the establishment of its national family planning program, Mexico was, in many respects, an aberration with regards to its national fertility levels. Mexico's population in 1975 was more than 72 percent literate and 60 percent urban. Per capita income had nearly doubled in 20 years, life expectancy had risen to 65 years and yet fertility was higher than it had been 20 years earlier.

Clearly this did not follow the traditional view that fertility transition was a function of socioeconomic modernization.

By the mid-1980s, the gap between national fertility and socioeconomic levels had narrowed dramatically. Yet there were still large sectors of Mexico's economically active population whose access to, and hence practice of, family planning remained limited. The issue was not necessarily cost, as it was for many of the country's urban and rural poor, but an inadequate supply of service facilities. Public sector facilities, while cheap, tended to be crowded. Private sector facilities, while convenient, tended to be expensive.

Responding to this unmet demand for accessible quality service, Enterprise developed two very different kinds of projects. The first entailed the creation of a self-sustaining business, "Protección Anticonceptiva" (PROTA), to procure and distribute IUDs to private doctors and clinics across the country. The second supported the establishment of private community clinics in marginal neighborhoods lacking either public or private sector facilities.

PROTA

Although IUDs rank second after sterilization as the most commonly used contraceptive method in Mexico, service delivery options available to women remain limited. They can choose between free but typically overburdened public sector facilities or more convenient, but often expensive, private clinics. In an effort to bridge the gap between the two, Enterprise developed an innovative subproject to market less expensive contraceptive supplies to physicians as a means of increasing the accessibility of private sector family planning services.

Goals and Activities:

In November 1986, the PROTA project was launched as a joint venture between Enterprise and AMIDEM, a Mexican NGO specializing in research on health, demography, and family planning. With a supply of 100,000 IUDs donated from USAID stocks, PROTA undertook an extensive marketing program aimed at private obstetricians/gynecologists and public sector physicians in part-time private practice. The goal of the subproject was to sell the IUDs at reduced prices so that the doctors could in turn pass along the savings to middle and low income clients.⁴

⁴ PROTA's legal status is similar to that of Prosuperación. As a registered Mexican "civil association," PROTA cannot "sell" family planning materials for profit. Rather, it distributes these materials in return for "donations" that ensure the economic self-sufficiency of PROTA itself.

Achievements:

Within the span of two years, PROTA distributed almost 28,000 IUDs and succeeded in establishing a regular clientele of more than 580 doctors across Mexico. More importantly, the doctors' own clients were enjoying substantial cost savings. In many instances, women were paying less for the complete IUD insertion than doctors had previously paid to private pharmaceutical suppliers for the IUD alone.⁵

Constraints:

PROTA was established as a financially self-sustaining entity, so it is indeed significant that today it remains fully operational, one year after Enterprise's involvement in the project ended. It is doubtful, however, that PROTA's experience will be seen by many as an accurate test of the commercial viability (and hence, feasibility) of contraceptive procurement and retailing in general. Widespread Government subsidies keep the price of most contraceptive commodities artificially low. Few private clinics (or pharmaceutical companies for that matter) would remain in business if their business depended on profits from the sale of contraceptive supplies or services alone. Because PROTA paid nothing for its current stock of IUDs, it has been able to stay afloat by covering recurrent costs only. This advantage has enabled PROTA to undercut prices of most private sector competitors, yet remain in business with relatively modest sales volumes. Once PROTA's stocks are exhausted, however, its long-term sustainability will depend on continued access to free contraceptive supplies.

Community Doctors

The PROTA project responded to the demand for greater access to IUD services by providing private doctors with the means to make their services more accessible to a wider range of clients. But there are many areas in Mexico, both urban and rural, where family planning facilities are simply non-existent. Here, increasing accessibility requires more than an expansion of existing facilities. What is required are new facilities altogether.

Goals and Activities:

In 1986, Enterprise joined with the Mexican IPPF affiliate, MEXFAM, in its ongoing effort to establish a network of private community clinics in marginal urban areas and small towns. The goal of the effort was to provide a cost-effective quality service

⁵ The type of IUD distributed by PROTA (TCu 380) is not generally available through private sector pharmacies so that direct cost comparisons are difficult to make. Within the private sector, however, the most commonly used IUD models are reported to be the Cu-7, the TCu-220 and Nova T.

delivery program to meet the needs of low-income areas and to provide underemployed and recently graduated doctors with opportunities to engage in private practice. Specifically, the two-year \$150,000 subproject called for the creation of 20 new clinics that would provide family planning along with other basic health care services. In 1988, a second two-year subproject was developed calling for an additional 10 clinics.

Each new clinic is, in essence, a collaborative effort involving MEXFAM, the community, its donor agencies, and the doctor. MEXFAM, through outside funding, identifies potential clinic sites, recruits and trains doctors, and supplies clinics with equipment that the doctor may, if he or she chooses, purchase at a discount once the clinic becomes economically self-sufficient.

The community, through its leaders, promotes the clinic by encouraging local participation in educational and promotional activities at schools and community centers.

The doctor, meanwhile, provides a range of health care, child survival and family planning services according to a fee schedule developed in conjunction with MEXFAM. To ensure that the doctors are able to support themselves, MEXFAM guarantees them a monthly minimum income for a period of two years. At the end of this period, the clinics are expected to be economically self-sufficient.

Achievements:

To date, MEXFAM's Community Doctor Program has been a resounding success. It has placed over 180 doctors in all but two of Mexico's 32 states. It has also proven to be extremely effective at attracting new family planning acceptors. The thirty clinics established through the Enterprise subproject, for example, have attracted in excess of 56,000 new acceptors. But most importantly, the subproject appears to have reached its targeted low-income population. Recent studies (Arango 1989: 98) indicate that 90 percent of the clinics' users have family incomes below the Mexican government's minimum legal salary (US\$ 100). Clearly, MEXFAM's success attests to the potential of the private sector at making quality service accessible to Mexico's underserved populations.

Constraints:

In financial terms, the MEXFAM subproject is unusual in that it is perhaps the only Enterprise project in Mexico where family planning service delivery itself plays only a partial role in the service providers' financial self-sustainability.

For each community clinic, financial sustainability depends first and foremost on an adequate number of fee paying clients. Since people in economically depressed areas tend to visit their doctors most often when their children are ill, the community doctors

program was conceived as an integrated health care model delivering low cost family planning services along with maternal and child health care (Arango 1989: 96).

The importance of such an integrated strategy was evident from early on when, during the start-up phases of each clinic, family planning activities represented only a fraction of the new doctors' cases. To encourage doctors to increase service delivery within the clinics, MEXFAM established a promotional scheme by which it would pay the doctor for each first time visit of a family planning client. Gradually, the doctors and family planning promoters established themselves within the community and were able to increase levels of family planning service delivery.

Because there are probably few (if any) cases in which family planning services represent the clinic's principal source of earned income, a major accomplishment of this project has been to demonstrate that family planning service delivery can be made financially self-sustaining if it is combined with primary health care service delivery.

IV. MAJOR FINDINGS AND LESSONS LEARNED

During the course of the past four years, the Enterprise Program in Mexico has established a wide range of successful workplace-based programs. It has identified a demand among employers for family planning support services and it has proved that the sale of such services can generate income for family planning NGOs. Through PROTA and MEXFAM's Community Clinics subproject, Enterprise demonstrated how the demand for accessible quality care represents a window of opportunity for private sector service delivery.

Yet Enterprise's success can be attributed as much to lessons learned in the field as to careful strategic planning. The most salient of those lessons include the following:

Until workplace-based programs (and their benefits) become a more familiar component of the Mexican business scene, Mexican employers will demand a certain level of risk sharing before they readily adopt such programs.

Workplace-based programs have proven to be an effective strategy for reaching large numbers of target acceptors and for generating substantial cost savings to the sponsoring firms. Yet Enterprise's subprojects, despite their success, have yet to spawn any widespread replication process. Private businesses, while they may in principle appreciate the economic benefits of a workplace-based program, are reluctant to bear the entire financial risks associated with starting these programs up. What is more, few businesses have the technical or even managerial expertise needed to run one.

Enterprise's own experience strongly suggests that until workplace-based programs become a more familiar component of the Mexican business scene, employers will remain reluctant to take the leap of faith necessary to initiate these programs on their own. At least in the short term, the future of workplace-based programs in Mexico will depend on risk sharing and the availability of adequate financial and technical support.

To be successful in a business environment, family planning service delivery organizations will need to understand better the needs of businesses and offer services that respond to those needs.

From the employer's perspective, an effective family planning program is one that nets a positive return (economic or otherwise) on investment. The nature and cost of any such program must reflect the company's size, its work force, its location and a host of other relevant characteristics.

Family planning NGOs that expect to tap the market for family planning service delivery must learn to segment that market and respond appropriately. If they expect to sell support services, they must be flexible enough to offer a wide range of family planning services and provide employers with the kind of support they need.

In Mexico, government subsidies limit the profitability of family planning service delivery by keeping contraceptive prices artificially low. Nevertheless, family planning can be made commercially viable when offered as part of an integrated health care package.

Government subsidies for contraceptive supplies and service delivery facilities create downward pressure on prices and therefore affect the potential profit margin of most family planning methods. This is especially true in Mexico where the public sector's dominant role in family planning ensures that subsidized supplies are available throughout the country. Even PROTA, with its own subsidized stocks, finds that it cannot compete with public sector IUD distribution or with the periodic sales of black market IUDs. When these appear on the market, PROTA's revenues drop significantly.

Private sector family planning services must recognize this constraint and, as the Community Doctors subproject has done, respond with strategies that integrate family planning into a wider network of income generating activities.

In Mexico, marketing workplace-based programs will depend on making full use of social, kinship, and other informal networks that bind together Mexico's industrial and business leaders.

Understanding local social networks is an indispensable component of business life. This is especially true in Mexico where the social and kinship networks of the country's industrial elites structure the organization of Mexican industry itself.

According to Rudolph (1985: 116-117), marriages and partnerships among Mexico's business and industrial families have given rise to at least 131 powerful multi-firm industrial "groups". The groups are essentially extended families in which relatives play important roles as administrators, trustees, and employees in family-controlled businesses or industries. Some, such as the Monterrey Group, serve as umbrella organizations for smaller "holding company groups" which, in turn, represent and protect the interests of its constituent firms.

In Mexico, marketing workplace-based programs to industrial employers has been most successful where the NGOs were able to tap the kinship and other social ties that bind together individual industrial groups. While this should not be construed as lessening the need for business and marketing skills, it does suggest the importance of effective informal networking.

To promote growth in workplace-based family planning, NGOs must strengthen their institutional capacity to provide support services on an ongoing, self-sustainable basis.

Although Mexican tax laws provide NGOs with an important competitive advantage over other potential workplace-based service providers, experience suggests that this advantage alone is not sufficient to maintain the long-term viability of an NGO service delivery program. Sustainability depends also on the development of institutionalized mechanisms for effective marketing, personnel recruitment, cost accounting and program management. If NGOs are indeed to become vehicles for the industry-wide expansion of workplace-based family planning, they must develop (or be assisted in developing) the institutional means to manage such programs effectively.

IV. LOOKING FORWARD

Despite strong public sector support for family planning, there are many in Mexico for whom access to service facilities remains limited. Since 1986, the Enterprise Program has demonstrated the potential of the private sector to narrow to this gap. It has shown how privately funded workplace-based programs can increase prevalence even among groups nominally eligible for free public sector services; it has shown how fee-for-service community clinics can serve the needs of Mexico's rural and urban poor; and -- most importantly -- it has shown how the economic interests of community doctors, family planning NGOs, and employers can be tapped to ensure the long-term sustainability of private sector programs.

The future of private sector family planning in Mexico will depend on the ability of groups such as FEMAP, MEXFAM and Prosuperación to continue the efforts initiated with Enterprise Program support. Despite the progress already made, private sector family planning is still a novel idea to many in the Mexican business community. If the NGOs are to succeed, therefore, they must be prepared and equipped to take a more proactive role in marketing family planning services.

Fortunately, prospects for success look good. Programs are now underway to help NGOs develop the marketing as well as managerial and institutional skills required to promote and sell their services effectively. These skills, coupled with the experience of the Enterprise Program, suggest a bright future for private sector family planning in Mexico.

APPENDIX

ENTERPRISE SUBPROJECTS IN MEXICO BY DATE

PROTA, Mexico City

Project Dates: 11/1/86 - 12/31/88
Enterprise Funding: US\$ 147,067
New Acceptors: 27,928 (by 12/31/88)
34,318 (by 9/29/89)

Project Goal: To establish a financially self-sustaining IUD procurement and distribution retail business that increases access of lower income women nationwide to quality service delivery by the private sector.

MEXFAM Community Doctors, Mexico City

Project Dates: 11/1/86 - 10/31/88
Enterprise Funding: US\$ 111,380
Local Contribution: US\$ 22,957
New Acceptors: 47,770 (by 9/30/88)

Project Goal: To establish and maintain twenty financially self-sustaining family planning/general medical clinics in peri-urban areas nationwide lacking such services.

Industrias Unidas (IUSA), Pasteje

Project Dates: 4/1/87 - 4/30/89
Enterprise Funding: US\$ 57,680
Local Contribution: US\$ 6,600
New Acceptors: 2,615 (by 4/30/89)

Project Goal: To establish a workplace-based family planning program at IUSA's Ernesto Peralta Quintero complex in Pasteje.

Ceramica Regiomontana, Monterrey

Project Dates: 11/1/87 - 12/31/88
Enterprise Funding: US\$ 25,483
Local Contribution: US\$ 5,000
New Acceptors: 443 (by 12/31/88)

Project Goal: To establish, with assistance from Prosuperación, an on-site family planning program at Ceramica Regiomontana's Monterrey manufacturing plant.

Gamesa Monterrey, Monterrey

Project Dates: 11/1/87 - 12/31/88
Enterprise Funding: US\$ 43,936
Local Contribution: US\$ 5,000
New Acceptors: 364 (by 12/31/88)
441 (by 9/31/89)

Project Goal: To establish, with assistance from Prosuperación, an on-site family planning program at the Monterrey plant of this cookie/candy/pasta manufacturer.

Gamesa Obregon, Ciudad Obregon

Project Dates: 11/1/87 - 12/31/88
Enterprise Funding: US\$ 31,972
Local Contribution: US\$ 5,000
New Acceptors: 359 (by 12/31/88)
1,325 (by 9/31/89)

Project Goal: To establish, with assistance from Prosuperación, an on-site family planning program for the employees of this Ciudad Obregon-based food packaging and cosmetic manufacturer.

Nabisco Famosa, Vallejo

Project Dates: 11/1/87 - 12/31/88
Enterprise Funding: US\$ 33,280
Local Contribution: US\$ 5,000
New Acceptors: 196 (by 12/31/88)
458 (by 9/31/89)

Project Goal: To establish, with assistance from Prosuperación, an on-site family planning program at the Vallejo (Mexico City) plant of this cookie/candy/pasta manufacturer.

MEXFAM Child Survival/Community Doctors, Mexico City

Project Dates: 3/1/88 - 3/1/90
Enterprise Funding: US\$ 175,995
Local Contribution: US\$ 14,930
New Acceptors: 11,990 (by 2-28-90)

Project Goal: To expand MEXFAM's existing community doctors network by establishing ten additional clinics that will also provide maternal and child health services.

FEMAP PROMAQ III, Ciudad Juarez

Project Dates: 3/15/89 - 3/14/90
Enterprise Funding: US\$ 85,569
New Acceptors: 7,203 (by 3/31/90)

Project Goal: To assist FEMAP in establishing family planning programs in ten to twenty in-bond *maquiladora* companies in Ciudad Juarez.

FEMAP G.E., Ciudad Juarez

Project Dates: 6/15/89 - 6/14/90
Enterprise Funding: US\$ 27,545

Project Goal: To assist FEMAP in establishing family planning programs in nine General Electric factories in northern Mexico.

Prosuperación Familiar Neolonesa, A.C., Monterrey

Project Dates: 2/1/90 - 11/1/90

Enterprise Funding: US\$ 45,611

Project Goal: To establish a program to provide family planning services to employees of eight intermediate-size industries in the Monterrey area. To develop promotional materials to assist Prosuperación in marketing its family planning support services to employers.

22

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