

PROFIT

Promoting Financial Investments and Transfers

- *Private Health Care Providers*
- *Employer-Provided Services*
- *Innovative Investments and Transfers*

PN-ABR-647
ISN=88755

PROJECT PERFORMED FOR
**U.S. Agency for International
Development** (*Office of Population*)



Member DRI International

In association with

Boston University Center for International Health

Multinational Strategies, Inc.

Development Associates, Inc.

Family Health International

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COUNTRY ASSESSMENT:

BRAZIL, 1992



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September 30, 1992

Dr. Jennifer Adams
U.S. Agency for International Development
Office of Population
Family Planning Services Division
Room 809, SA-18
Washington, D.C. 20523

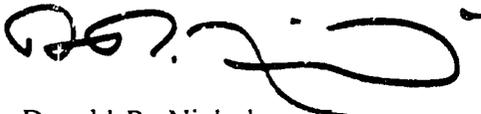
Dear Dr. Adams:

PROFIT is pleased to submit the Country Assessment document for Brazil. The document details our analysis of the investment climate for PROFIT projects in Brazil and defines PROFIT's strategy for involvement in areas relevant to the project.

The assessment document is the product of numerous visits to Brazil by PROFIT's core staff and extensive contacts with Brazilian private sector firms, cooperating agencies, and private voluntary organizations involved in family planning activities, as well as USAID/Brazil. As such, it reflects PROFIT's current strategy for developing private sector family planning initiatives in Brazil.

PROFIT looks forward to implementing this strategy with your support and guidance. If you have any questions, or wish to discuss the document, please feel free to contact me at (703) 276-0220.

Very truly yours,



Donald R. Nicholson II
PROFIT Project Director

cc: Mr. John Pielemeier, USAID/Brazil

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PROFIT COUNTRY ASSESSMENT - BRAZIL, 1992

TABLE OF CONTENTS

I.	INTRODUCTION	2
II.	COUNTRY BACKGROUND	3
III.	SCENARIO FOR PROFIT INVOLVEMENT	6
	A. INNOVATIVE INVESTMENTS	6
	B. PRIVATE HEALTH CARE PROVIDERS	8
	C. EMPLOYER PROVIDED SERVICES	9
IV.	POSSIBLE PRIVATE SECTOR INTERVENTIONS	9
	A. SUMEDE COMMODITIES	9
	B. UNIMED CLINICS	11
	BRAZIL ASSESSMENT ACRONYMS	14

I. INTRODUCTION

The objective of the PROFIT project is to increase developing country resources -- funds, services and commodities -- for family planning by encouraging private sector involvement. PROFIT will achieve this by focusing on three routes of involvement:

- Innovative Investments
- Private Health Care Providers and
- Employer-provided Family Planning.

In its first year, PROFIT conducted initial visits to Bangladesh, Brazil, Colombia, Indonesia, Jamaica, Mexico and Nigeria. Potential project interventions were identified in each country and draft Country Assessments developed. During subsequent country visits, additional information was collected on potential projects, addressing the concerns of PROFIT functional specialists in the areas of Family Planning, Finance, Investment, Marketing, and Evaluation.

The resulting Country Assessments are designed to provide a summary of relevant demographic data, to identify feasible private sector interventions through PROFIT, to assess potential impact of these projects in terms of PROFIT objectives and to guide the design of PROFIT services for that country. The Country Assessments examine the private sector environment at a high level and focus on the areas where PROFIT may best work in the country. The Country Assessments will be followed by detailed Project Papers on selected interventions.

Members of the PROFIT team, Donald R. Nicholson II, Cassandra Pulley Robinson and Dr. Paul Burgess, conducted five trips to Brazil between November 1991 and September 1992. Two potential project interventions were identified and discussed in the trip reports of May, July and August 1992. They are also outlined in Section IV of this report. Also identified were possible areas for later involvement.

The remainder of this document is structured as follows:

- Section II - provides an overview of the country's demographics and a profile of the family planning environment. Elements of the macroeconomic, social and political environment which are relevant to PROFIT are identified for brief discussion.
- Section III - examines the areas of Innovative Investment, Private Health Care Providers and Employer-provided Family Planning, the mandated areas of PROFIT operation, within the context of the country.
- Section IV - describes the potential interventions identified in each country, outlines the relationship to PROFIT objectives, and examines the potential benefits of the activity.

II. COUNTRY BACKGROUND

Brazil is the fifth largest country in the world with an area of 8.5 million square kilometers and five geographically distinct regions. The country is a federal republic composed of twenty-six states and the Federal District, Brasilia. The population is approximately 150 million people, of which some 50% are under 19 years of age.

Since the 1960s, the major demographic changes have been the steep drop in fertility and the rise in the urban population relative to rural. Fertility in the 1960s was an average of 6 births per woman which was almost halved to 3.1 nationwide in the late 1980s, according to the 1986 Demographic Health Survey (DHS). The DHS estimated the annual population growth rate during the 1980s at 1.8%. Fertility is highest in the Northeast (an annual rate of 4.5%), also one of the poorest areas, and in the favelas (slums) of the large cities. Between 1960 and 1980, urban population increased from about one-third to two-thirds of total population, with the fastest-growing areas in the northeast. PROFIT's projects in Brazil will focus on the northeast, given the demonstrated need in the region.

The Government of Brazil (GOB) has decentralized the public health care system, including family planning. Control and financing of health services have shifted from the federal to state and municipal levels through Sistema Unico de Saude (SUS). Under SUS, each municipal health council, composed of public and private providers and community representatives, is responsible for planning, budgeting, and monitoring its health system. The goal of SUS, according to USAID, is to extend access of health care services to the 115 million Brazilians not covered by the private health care system, which is used by approximately 35 million people. This decentralization has the potential to introduce new family planning services at the state level, but is dependent on available resources and the priorities of the state government.

A large portion of the population, primarily low-income, is thus dependent upon the public sector for provision of health services and vulnerable to its limitations. In the case of Brazil, servicing the country's internal debt and other fiscal foreign debt (\$116 billion) has left relatively few financial resources for health and social service programs such as family planning. Brazil has never developed a comprehensive family planning program and the public sector lacks the trained personnel to develop and operate a system capable of providing the full range of services called for in an integrated, high quality family planning program. According to the Enterprise Program, the private sector, comprising both for-profit and non-profit healthcare providers, is the primary source of contraceptives and family planning services in Brazil. In some urban areas, nearly 70% of the couples using contraceptives have obtained services in the for-profit sector which includes private doctors, pharmacies, Health Maintenance Organizations (HMOs), health insurance firms, industry health facilities, hospitals and clinics.

According to the 1986 DHS, 66% of married women of reproductive age were using a form of contraception. Estimates for the 1991 DHS, indicated that the contraceptive prevalence has risen to about 70%. Unmet need is greatest in the northeast where contraceptive prevalence (modern

methods) falls to about 44%. Despite these overall high prevalence levels, family planning service delivery is a disjointed mix of access channels which has led to poor service quality and narrow method mix.

For example, over 90% of contraception is accomplished through female sterilization and oral contraceptives, also the most widely recognized methods among women. The limited choice of methods can be attributed to the facts that pills are affordable and widely available, that insurance schemes do not always cover clinical methods, and there is a lack of appropriate channels to introduce and distribute other methods. Oral contraceptives, the only temporary method with widespread usage, have demonstrated high failure and discontinuation rates in Brazil, in part due to poor instruction for users. Sterilization is not covered by the public health system, except in connection with a Caesarean section. There is concern that physicians encourage pregnant women to have Caesarean sections and to undergo tubal ligation at the same time, and that some sterilizations performed on less educated women, especially in the Northeast, are performed without the knowledge and consent of the woman. Most female sterilizations are obtained through private hospitals and clinics, and at public hospitals through the national welfare system (INAMPS).

Additional factors which have an overall effect on family planning prospects, and PROFIT's role, in Brazil are:

- Government Commitment to Family Planning. The GOB did not take any initiatives in family planning until the mid-1980's and has never developed a national support program which includes education and promotion. Rhetorical encouragement of family planning includes the universal access to health services called for in Brazil's 1987 Constitution and the 1992 resolution issued by the Acting Minister of Health calling for the government to provide the information and methods necessary for couples to exercise the right to plan their families. Official family planning services are provided under PAISM, the women's health care program, implemented by state and municipal secretariats of health. The program is based on service delivery and training established at the federal level through COSMI, a federal-level coordinating agency. The status of family planning is then reported to the National Health Council.

The exigencies of the economic climate is forcing the GOB to increase its attention to the issue of family planning. Even the Catholic Church is bending some of its traditional opposition to the establishment of contraceptive programs. Problems include slow program implementation, mainly due to the Ministry of Health's centralization of program activities, lack of clinical training, and budget restrictions.

- Investment Environment. Despite uncertainties in the political and economic environment, Brazil has the proven ability to attract foreign investment, leading to the tenth largest economy in the world. The Brazilian economy boasts of a variety of enterprises and the highest level of foreign direct investment in the developing world (\$32 billion). Brazil's debt crisis, high inflation and sluggish growth rates in the 1980s

prompted President Fernando Collor and Economic Minister Marcilio Marques Moreira to drastically reshape what had been one of the most closed economies in the world. Current policy depends on revitalization of the private sector through increased competition, privatization and removal of industrial protection and support. As part of deregulation, Brazil has eliminated domestic production and distribution quotas, licensing, prior approval of investment plans, and other restrictions on economic activity.

Most multinationals are active in Brazil, including the major pharmaceutical manufacturers producing oral contraceptives. The private sector may perceive the production and distribution of contraceptives to be an attractive investment. Appealing aspects would be the prevalence of sterilization and abortion and the possibility of shifting some of that market toward temporary methods.

President Collor's corruption charges and probable impeachment add an element of uncertainty to the investment environment as initiatives such as tax reforms have been put on hold and inflation (22% a month) is high. Some investors fear the consequences of Vice President Franco's succession. However, Brazil's political system is showing vital signs for a stable democracy and the public is reacting ardently against corruption in government. Overall the business community appears confident that reform will continue, since Collor's policies are now widely accepted by most Brazilians.

Family Planning Knowledge. A major constraint to family planning in Brazil is the lack of disseminated information on contraceptive use and availability. This has led to overdependence on a few methods of contraception and high levels of faulty use of oral contraceptives. The poorer regions of Brazil, notably the Northeast, suffer a particular lack of information on family planning. Contraceptive use is the lowest in the Northeast (about 30% of Brazil's population), although 53% of married women are using some method of family planning. In general, the total fertility rate is highest for uneducated women (5.8 births per woman) compared to educated women (2.4 births).

III. SCENARIO FOR PROFIT INVOLVEMENT

The PROFIT Project is mandated to operate in the areas of Innovate Investment, Private Health Care Providers, and Employer-Provided Family Planning. Accordingly, those areas are analyzed below in the Brazilian context.

A. INNOVATIVE INVESTMENTS

Local Production of Contraceptives

Brazil currently has the capacity to produce oral contraceptives, injectables, condoms, diaphragms, and spermicidal suppositories. It is the fourth largest producer of oral contraceptives in the world with over 58 million cycles of pills produced and sold in 1990. There are approximately 600 pharmaceutical companies in Brazil. The largest 50 firms account for 80% of sales; 10 of the 50 are owned by Brazilians. Locally-produced contraceptives are distributed domestically through the commercial market, primarily through a network of private pharmacies. Despite the classification of oral contraceptives as prescription drugs, there is little control over purchases at these retail outlets, raising questions of quality of care and education.

Schering, Wyeth, and Organon supply 91% of the domestic oral contraceptive market. In addition, three brands of injectables and approximately seven brands of condoms are produced in Brazil. INAL and Johnson & Johnson are the two leading condom manufacturers for a domestic market estimated at 100 million units. INAL, Brazil's largest locally owned condom manufacturer (second to Johnson & Johnson in total capacity), has an installed capacity of 5 million condoms/month, but is currently only producing 2-2.5 million due to limited testing facilities. Local production is also affected by the imports of condoms in bulk, for packaging and distribution in Brazil. INAL is considering importing in bulk and providing the value-added in terms of testing, lubrication, packaging and distribution. Local manufacturers of rubber contraceptive products face a variety of taxes on latex as well as local sourcing requirements.

SEMINA, as Brazil's only diaphragm manufacturer, is small and under-capitalized. Capable of producing 5,000/units per month, at an estimated cost of US\$5-6 each, SEMINA's capacity could be doubled, bringing costs down. SEMINA estimates current market at 100,000 unit/year in Sao Paulo, and another 100,000 throughout Brazil (SEMINA's only competition is London Rubber's imported diaphragms). Current buyers of SEMINA's diaphragms include the State of Sao Paulo, and the Municipalities of Campinas, Diadema, Guarulhos, Angra and the cities of Rio and Sao Paulo. At this time, only physicians can prescribe diaphragms, but this is expected to change.

IUDs are distributed locally by Organon, the wholly owned subsidiary of the Dutch multinational AZKO.

A.I.D. intends to phase out its support of family planning in Brazil by the year 2000, including the donation of commodities. Currently these commodities are purchased in the US and distributed in Brazil through Brazilian non-governmental organizations (NGOs) such as BEMFEM, an affiliate of the International Planned Parenthood Federation (IPPF). Despite the improved development status of Brazil which rationalizes this pull-out, a large number of poorer women will have difficulty paying commercial price for contraceptives. Furthermore, the withdrawal of these donated commodities will force many NGOs, and the services they provide, out of the market. A concern then, of both AID and PROFIT, will be to ensure that commodities remain available in sufficient, affordable and sustainable levels. A solution to this impending problem will need to involve both the not-for-profit and the commercial sector, creating a collaborative approach targeted at cost-recovery.

Trade Barriers and Regulatory Reform

In general, the trade and investment environment in Brazil has improved to the point where there are no major constraints to private sector involvement in family planning. However, obstacles do remain in the form of import policy and non-transparency of regulations. Local contraceptive manufacturers have confronted shortages of high quality latex rubber, import quotas and local sourcing requirements which necessitated purchase of half the latex for contraceptives (notably condoms) locally, often at a higher price and lower quality. While latex gloves do not pay local value added tax, condom manufacturers pay a 15% IPI (value-added) tax, 18% ICM (circulation) tax, and a 2% social tax. These difficulties are compounded by the relaxed import regulations which have facilitated the import of cheap Korean and Malaysian condoms.

Financial Transfer Mechanisms

Brazil is the largest debtor in the developing world, owing \$44 billion to commercial banks as well as \$72 billion to foreign governments and other lenders. Creditor banks recently agreed on a series of steps to reduce Brazil's \$44 billion debt and provide the country with lower interest rates and new longer-term loans. Brazil has had a long history of missed payments and continuous rescheduling of debt. The total \$116 billion debt constricts the amount of credit available domestically for investment. However, Brazil has a positive balance of trade with liquid foreign exchange revenues at the record level of US \$21 billion, reflecting high foreign capital inflows (US \$7.7 billion in the first five months of 1992).

The Collor scandal has caused the stock market to swing and the value of Brazilian debt has returned to levels seen at the beginning of the year, but the currency appears stable. Debt conversions and blocked funds are unavailable in Brazil at this time. PROFIT has no leverage for blocked funds since parallel market rates are close to official rates.

B. PRIVATE HEALTH CARE PROVIDERS

Brazil has a well-established commercial health care sector including manufacturers, distributors, pharmacies and private health care providers, all of whom are involved in family planning service provision. NGOs also play an important role in the provision of family planning services, primarily through the distribution of donated contraceptives to the low-income population.

Pharmaceutical manufacturers active in Brazil have established distribution networks through which their product is provided to doctors and to pharmacies. More than 90% of oral contraceptives and almost all condoms are obtained from the nearly 38,000 pharmacies in Brazil. Pharmacies also supply less commonly used contraceptives such as IUDs, diaphragms, and injectables.

Pharmacies also make contraceptives available to low-income users at a GOB-subsidized price. Private providers have been inhibited by the lack of a GOB program promoting family planning as well as by restrictions on advertising and high duties on certain components.

In terms of health care providers, roughly 20% of the population is covered by private health insurance plans, including HMOs. These providers do not necessarily cover family planning as a preventive health measure, but there are indications that they would be receptive to the inclusion. According to the 1992 USAID strategy for assistance in family planning to Brazil, 1992-2000, when Promedica, a leading private HMO in Salvador de Bahia covering 250,000 people, included family planning in its health coverage, use of methods such as the IUD and vasectomy rose considerably. This development was important as the average income of Promedica clients was approximately the wage rate of a domestic worker.

UNIMED is the largest HMO in Brazil with 50,000 physicians and coverage to 7 million participants. UNIMED is structured as a cooperative and ranks as the fourth largest HMO in the world, with a monthly billing of U.S. \$100 million. One of Brazil's largest HMOs is Golden Cross, covering 2.5 million people, with a monthly billing of U.S. \$60 million. A number of governors in the northeast are negotiating with private sector groups, e.g. UNIMED, in order to encourage private sector management contracts to operate certain state-owned hospitals and medical facilities.

PROFIT will assist HMOs (notably UNIMED), in the form of a joint venture, to include family planning in the services they offer and reimburse (See Section IV). UNIMED's readiness to incorporate women's health and family planning services in its existing 16 hospitals and proposed 60 new hospitals (over the next eight years) indicates the potential for high impact on family planning services.

C. EMPLOYER PROVIDED SERVICES

Large-scale Brazilian employers generally provide employee healthcare coverage through an HMO, which does not necessarily include family planning coverage. The best-covered employees are likely to be those with the strongest unions such as the metal workers connected with the auto industry. Those employed in the informal sector are less fortunate, dependent upon the GOB for healthcare which again may not include family planning services. Other large-scale companies (BANESPA, CAMARGO CORREA, and COSIP) have chosen to selectively reimburse employees for the cost of vasectomies, which are not generally covered by insurance.

The Brazilian Constitution guarantees women approximately six months of paid maternity leave, creating an incentive for employers with a large female work force to invest in family planning provision. Alternatively, some employers have chosen instead to decrease the number of women on their workforce.

IV. POSSIBLE PRIVATE SECTOR INTERVENTIONS

Through assessment of the Brazilian environment, PROFIT has determined that, despite high contraceptive prevalence rates and high levels of private sector involvement, there are distinct areas where PROFIT can play an effective role. As discussed in sections II and III, Brazil is characterized by usage of a narrow mix of contraceptive products. Therefore, a primary PROFIT activity would be to encourage, through investment in a marketing and distribution joint venture, availability of IUD's and other contraceptive products. This activity would also help ensure the local supply of contraceptives in light of A.I.D.'s plan to discontinue family planning assistance in Brazil. PROFIT also identified an HMO (UNIMED) as a potentially effective vehicle to provide accessible family planning information and services, particularly to the 80% of the population not covered by private health care sources. While HMOs are active in Brazil, they do not necessarily provide family planning services and employers rarely insure such costs.

The interventions outlined below were identified by PROFIT as having the potential to be effective. Additional interventions may be identified and analyzed later in PROFIT's term.

A. SUMEDE COMMODITIES

Description

USAID has decided to phase out its population assistance to Brazil over the next seven years, ending in 2000. In the interim, USAID has established a number of objectives

that look to improve the quality of family planning programs in Brazil, ensure the sustainability of service delivery systems, and document the impact. PROFIT's role in the Phase-out Strategy is to develop new sustainable programs that will help provide affordable commodities to both the private and public sectors.

To meet its stated objectives, PROFIT is looking to organize a new joint venture "SUMEDE", which would initially import, market and distribute IUDs. Once established, SUMEDE would also look to encourage and support local manufacture of additional contraceptive products such as diaphragms, jellies and injectables, as well as imports of condoms.

The current proposal is for PROFIT to join with several Brazilian physicians, CEPARH (a local not-for-profit engaged in family planning services), and the South To South research organization, in starting SUMEDE Commodities. It is proposed that the project be based in Salvador, Bahia, given its proximity to a number of the sponsors, as well as the primary market it looks to service. As USAID has placed particular emphasis on the states of Ceara and Bahia, SUMEDE's location in Salvador will allow it to play a significant role in the commodities program. It is also expected, that as PROFIT's other activities will be concentrated in the northeast, the choice of Salvador, Brazil's third largest city, would be the most efficient and cost effective.

SUMEDE's basic role will be to purchase (either imports or locally sourced), warehouse and distribute contraceptives and related products. Concurrent with its primary role, SUMEDE would look to provide technical assistance and where appropriate, financial support, to local manufacturers of contraceptive products such as diaphragms. SUMEDE's overall objective will be to provide a wide selection of quality products at affordable prices. This will, in turn, tie-in with USAID's Phase-out Strategy as it pertains to commodities.

With capital to be provided by all the sponsors, SUMEDE's initial costs will consist of start-up expenses (incorporation, office equipment), working capital needed to import and market the first IUDs, and operating funds for salaries, office rental, communications, etc. A detailed analysis of SUMEDE's investment requirements is presently being prepared.

Relationship to PROFIT Objectives

The SUMEDE Commodities project meets a number of PROFIT's objectives, foremost being that it is designed to be a sustainable private sector initiative to broaden the availability of affordable contraceptive commodities in a priority area of Brazil. It is also intended to assist local manufacture and supply of contraceptive products, as well as assisting and supporting the introduction of new ones. The fact that the project will play a meaningful role in USAID's Phase-out Strategy for Brazil, may be added as a further objective.

Aspects to Examine

- Detailed analysis of the projected market for IUDs and other products is critical.
- Also critical is preparation and analysis of financial projections, with particular attention on the lead time necessary to reach break-even.
- Marketing plan designed to reach public and private sectors and effective use of cooperating agencies (CAs) and other organizations providing IEC.
- Need to document relationship with proposed suppliers and sources of know-how, especially in the case of injectables. In the case of condoms, SUMEDE should look to joint venture with an international manufacturer for the purpose of developing a brand(s) for Brazil.

Expected Impact

As SUMEDE will begin marketing with IUDs, the initial impact will be modest, given the overall market in Brazil. However, as IUDs gain market share and other products are introduced, SUMEDE's importance as a supplier will grow. Key to SUMEDE's eventual impact will be the project's ability to become a meaningful supplier of contraceptive products to a wide array of physicians, clinics, service delivery facilities and the public sector. The ultimate objective, capable of providing maximum impact, will be for SUMEDE to succeed in bridging the gap between USAID's current commodity donations, and the future needs of the public sector for affordable products. By doing this, not only will the project have demonstrated its capacity to survive as a commercial venture, but it will be capable of channeling part of its resources back in support of the public sector, thus being capable of cross-subsidization.

B. UNIMED CLINICS

Description

UNIMED, a private cooperative providing health care insurance to seven million Brazilians, is interested in developing a Maternal & Child Health/Family Planning (MCH/FP) program in two specific cities in the northeast of Brazil. The proposal calls for PROFIT to joint venture with UNIMED in acquiring two self-standing medical facilities in Aracaju and Maceio. These facilities would be incorporated into UNIMED's structure, thereby expanding coverage to include family planning related services. UNIMED would be responsible for the operation of the facilities, which would in turn be available to all UNIMED affiliated physicians in each city.

As a cooperative, UNIMED is owned by its membership, which includes fifty thousand physicians, or one third of Brazil's medical practitioners. The cooperative is divided into national, regional, and local chapters/units, and while the proposal is sanctioned by the National Confederation, the proposed joint ventures would be with the local units in Aracaju and Maceio.

The terms of each proposal call for UNIMED and PROFIT to incorporate a joint undertaking to be owned 51:49% respectively, for the purpose of acquiring the medical facilities. In Aracaju (population 490,000), capital of the state of Sergipe, it is proposed that the joint venture acquire a self-standing "diagnostic clinic," which would be transformed to include the MCH/FP unit. Total cost of the project is \$460,000, of which PROFIT's share would be \$225,000.

In Maceio (population 628,000), capital of Alagoas state, the proposal is to acquire the "Clinica de Fraturas", an existing, self-standing facility, providing a range of medical services. As opposed to Aracaju, where it is proposed to only acquire the physical facility (i.e. fixed assets), in Maceio, it is contemplated that the joint venture acquire the "Clinica de Fraturas", as a business, for a total price of \$1,500,000, of which PROFIT's share would be \$735,000. The clinic would be adapted to include an MCH/FP unit, serviced by UNIMED's 159 OB/GYN members in the city. The joint venture agreement calls for PROFIT's return on investment to be used for the expansion of MCH/FP units at UNIMED health posts in the interior of the states of Alagoas and Sergipe.

UNIMED will be responsible for the daily management of both facilities, and the required marketing, training and technical assistance. PROFIT would provide specific family planning technical assistance, besides maintaining an evaluation program.

Relationship to PROFIT Objectives

The UNIMED clinics would meet PROFIT's objectives by developing a sustainable FP program with the private sector in the northeast of Brazil. The proposal is replicable both within the UNIMED confederation, as well as by other private sector health insurance groups (including HMOs) in Brazil. Once established and proven in Brazil, the concept can be adapted to other country situations, where private health care coverage is provided along similar lines.

Given PROFIT's timeframe, the UNIMED proposal allows for a fast start, in that the facilities will be acquired and be ready to operate within sixty days in either case.

Aspects to Examine

As it is proposed that the joint venture acquire fixed assets and an ongoing business, proper analysis/appraisal of the facilities and financial/fiscal state of the business will have to be done. In this respect a purchase audit would be done of the "Clinica de Fraturas" in Maceio, and an independent appraisal of the real estate in Aracaju.

Further analysis and understanding of the individual MCH/FP units are required, especially in terms of the UNIMED insurance coverage to be provided. It would also be necessary to agree on the goals and targets for the MCH/FP units, as well as monitoring and evaluation systems that meet PROFIT's requirements.

As in any joint venture, proper protection for minority rights, adequate representation, and provision for divestment must be legally documented according to Brazilian Law.

Anticipated Training Needs

The PROFIT/UNIMED team have two objectives in expanding family planning services. The first is to provide health plan members with a wide variety of contraceptive choices. Brazilian contraceptive users now rely overwhelmingly on only two methods: oral contraceptives and female sterilization. In many cases the larger selection of methods may turn the non-user into a user (ie: a young woman who is not eligible for the pill due to health reasons, but not ready for sterilization).

The second objective is to provide high quality family planning services. In this way, the interests of the client will be served and, consequently, family planning will eventually become accepted as a routine and necessary part of basic health care. To achieve quality in a service, training of personnel is of paramount importance. The clinical and non-clinical UNIMED staff members need to be trained in the multimethod approach to family planning service delivery. This would include not only how the methods work, but also the importance of client counselling and informed consent.

The training needs of UNIMED units at Maceio and Aracaju will be extensive due to:

- new subject matters
- need to cover various facets of family planning

PROFIT will work with other CAs for the training components of this effort, relying on their years of experience in this field. Among the CAs to be contacted for potential involvement will be Development Associates, JHPIEGO, Pathfinder, IPPF and AVSC.

Expected Impact

PROFIT expects the projects' impact to be considerable, despite the relatively small size of the two cities involved. As part of UNIMED, the fourth largest HMO of its kind in the world, the proposed joint ventures will have national impact in Brazil, a country of 150 million people, and where 33 million individuals are covered by some form of private health care insurance.

Within the states of Alagoas and Sergipe, the projects are expected to have widespread impact in terms of expanding FP services as well as an improvement in the quality of service delivery. It is also expected that there will be an expansion in the offer and delivery of method mix, broadening of selection, and introduction of new contraceptive methods.

The proposed agreement to reinvest earnings in the expansion of FP services in the interior of the states, should also contribute to a sustainable growth of FP facilities.

BRAZIL ASSESSMENT ACRONYMS

AVSC	Association for Voluntary Surgical Contraception
AZKO	Dutch pharmaceutical multinational
BANESPA	Brazilian enterprise
BEMFEM	Brazilian member of the International Planned Parenthood Federation
CA	Cooperating Agency
CAMARGO CORREA	Brazilian enterprise
COSIP	Brazilian enterprise
COSMI	Brazilian federal-level family planning coordinating agency
CPR	Contraceptive Prevalence Rate
DHS	Demographic Health Survey
FP	Family Planning
GOB	Government of Brazil
HMO	Health Maintenance Organization
ICM	Brazilian internal circulation tax
INAL	Leading Brazilian condom manufacturer
INAMPS	National Welfare System of Brazil
IPI	Brazilian Value-Added Tax
IPPF	International Planned Parenthood Federation
IUD	Intrauterine Device
MCH/FP	Maternal & Child Health/Family Planning
NGO	Non-Governmental Organization
PAISM	Women's Health Care Program
PROFIT	A.I.D.-funded Promoting Financial Investments and Transfers Project
SEMINA	Brazilian diaphragm manufacturer
SUMEDE	Proposed PROFIT joint venture
SUS	Sistema Unico de Saude
UNIMED	Brazilian HMO
USAID	U.S. Agency for International Development