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**Mobilizing the Resources of the
For-Profit Sector to Support
the Expansion of Family Planning
Services in the Developing World**

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This report is part of a series of PROFIT publications, which address various topics related to private sector family planning. The studies grow out of PROFIT subprojects 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.

PREFACE

This paper was commissioned by AID's Office of Population in order to obtain suggestions to assist in the planning of future AID for-profit sector activities. The suggestions represent the views of the authors and will not necessarily be incorporated in any future AID work.

The PROFIT Project is re-issuing this paper in its original form as concept material that influenced PROFIT's early design.

CONTENTS

PREFACE	i
ACRONYMS	v
1. INTRODUCTION	1
General Background	1
Defining the For-Profit Sector	1
Publicly Owned Business	3
Organized Labor	4
2. LESSONS LEARNED FROM AID FOR-PROFIT SECTOR EXPERIENCE	5
External Factors	5
Project Design	5
Market Segmentation	6
Demand Creation	6
Service Delivery	6
Leveraging Corporate Resources	7
Staffing/Management	7
Sustainability	7
3. GOALS AND OBJECTIVES OF FUTURE WORK IN THE FOR-PROFIT SECTOR	9
Goals	9
Objectives	9
Sequence of Work toward Objectives	11
Measures of Success	11
4. OVERALL STRATEGY OF FUTURE WORK IN THE FOR-PROFIT SECTOR	13
Areas of Concentration	13
Stages of Development	14
Use of a For-Profit Sector Approach	15
Brokering Service Provision	15
Country Selection	15
Leveraging For-Profit Sector Experience	16
5. Working with the Organized Employment Sector	19
Introduction	19

Market Segmentation	19
Company Selection	20
Demand Creation	21
Service Provision	22
Measures of Success	23
6. WORKING WITH SERVICE PROVIDERS	25
Introduction	25
Market Segmentation	25
Selection of Commercial Providers	26
Fulfilling the Demand Created for Family Planning	26
Further Expanding the Market of Service Providers	27
Measures of Success	30
7. WORKING TO LEVERAGE CORPORATE RESOURCES	31
Introduction	31
Market Segmentation	31
Selection Process	31
Project Interventions	32
Measures of Success	35

APPENDICES

Appendix A.

Working with Multinationals, by David Logan	39
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Appendix B.

Private Health Expenditures and Methods by Source in Selected Developing Countries	57
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ACRONYMS

AID	U.S. Agency for International Development
CA	Cooperating Agency
CEO	Chief executive officer
CSM	Contraceptive social marketing
CTO	Cognizant Technical Officer
Enterprise	Family Planning Enterprise Project
FPMT	Family Planning Management Training Project
HMO	Health maintenance organization
IEC	Information, education, and communication
ILO	International Labor Organization
IUD	Intrauterine device
JHU/PCS	Johns Hopkins University/Population Communication Services Project
KAP	Knowledge, attitudes, and practices
MIS	Management information system
NGO	Non-governmental agency
OPTIONS	Options for Population Policy Project
PVO	Private voluntary organization
S&T/POP	Bureau for Science and Technology, Office of Population, AID
SOMARC	Social Marketing for Change Project
TIPPS	Technical Information on Population for the Private Sector Project

Introduction

1.

General Background

Non-governmental family planning services provision is often referred to as “private sector” provision, an umbrella term that can cover the work of both the for-profit and the non-profit sectors. The term, however, ignores fundamental distinctions in the character and motivation of these two widely different groupings of organizations. This paper focuses on the *for-profit* sector and will refer to it as such throughout.

AID recognizes that the for-profit sector is a powerful, resilient, and growing force in the developing world, and that private business has many resources that can help to close an everwidening resource gap to fund a growing demand for family planning services. In addition, private business has established infrastructures and a wide range of skills that can be utilized to propagate and otherwise support family planning activities.

In recent years, AID generally has made it an increasing priority to create new alliances with private business to support the development process. Since the mid-1970s, contraceptive social marketing projects have worked with the for-profit sector to increase access to family planning. Nearly five years ago, the TIPPS and Enterprise projects were launched to experiment with new ways of broadening the contribution that business could make to achieving family planning goals.

Drawing upon the experience of for-profit projects undertaken by AID, this paper outlines a plan to enlist the varied resources of the for-profit sector to increase access to and transfer the costs of family planning services in the developing world. It is a major assumption of this paper that a new project will be the main focus of AID’s work in this area.

Defining the For-Profit Sector

All organizations within the for-profit sector share one common feature: they live and die in the marketplace, where the goods and services they offer are traded for a profit. Beyond that point, there are immense differences in the size, ownership, and purposes of individual businesses.

Private business is a network of highly specialized, tightly focused, cost and image conscious entities. Some are at the leading edge of economic and social development. Opportunities exist to work

with the local subsidiaries of major multinationals; indigenous large business (the government-owned Petroleo Brasileiro in Brazil, for example, is the world's 44th largest corporation); and small and medium-sized firms in every branch of the market economy. Because of the realities of this situation, working with private business requires a different approach than that used in working with government and voluntary agencies.

The major objective of this paper is to provide AID with a clear map of the for-profit sector to define the total market and show how it might be broken into manageable segments as the basis for project activity. Using a marketing approach, the paper has grouped corporate collaborators according to their possible motives for taking an active interest in family planning issues. This approach asks the questions, "Why would these organizations want to buy what we have to offer?" and "What will make an active involvement in family planning attractive to them?"

For-Profit Sector Motives for Providing Family Planning Services

This paper divides for-profit businesses into three broad categories (derived from the experience of TIPPS, Enterprise, and other AID projects), as follows:

Companies as Employers. Companies of all sizes, but particularly the larger ones, provide benefits to employees, and the provision of family planning services can be an important additional benefit. Companies as employers have been the main focus of the work of Enterprise and TIPPS.

Dominant Motives. As TIPPS has demonstrated, certain types of companies can realize significant cost savings by providing family planning services for employees, even when the full costs are met by the company. Enterprise has shown that many companies also are concerned about the health and welfare of their employees, even when no significant cost savings accrue.

Family Planning Service Providers. These organizations provide health and family planning services to the public on a commercial (for-profit) basis.

Dominant Motives. In this case, a company's dominant interest in family planning is that it could potentially increase its market, gain a competitive advantage, and boost profitability by supporting the expansion of family planning services. The work of SOMARC is well known in this field; TIPPS has been successful in promoting family planning among insurance companies; and Enterprise has developed some micro-businesses to sell family planning services that have established a small niche in the market.

Corporate Citizenship. The for-profit sector has the resources to make significant voluntary contributions to support the growth of family planning services as part of a country's all-round development—ranging from political lobbying to donations to the sponsorship of rock concerts and the promotion of educational activities.

Dominant Motives. Private business has a vested interest in the steady development of a country's economy. Population growth is a critical issue with a profound impact on the size and distribution of the market and the labor supply—matters of great importance to business. Furthermore, companies want good public relations; they want to be seen as socially responsible partners in overall development. Both TIPPS and Enterprise have had some limited experience in mobilizing corporate voluntary contributions in the cause of family planning. This experience has shown that the mix of self-interest and public interest motives varies from project to project. (See *Appendix A* for a discussion of working with multinational corporations.)

Publicly Owned Business

Worldwide there is a growing trend toward the privatization of state-owned business. Nevertheless, in many developing countries governments own and operate significant elements of the economy such as oil companies, airlines, phone companies, farms, and mines. Many of these businesses operate at a profit and some earn foreign currency. Those that do not still have strong incentives to realize cost savings and contribute to a country's all-round development. Both Enterprise and TIPPS have found themselves undertaking subprojects with government-owned and -operated enterprises that are comparable to their private sector counterparts.

While AID should focus primarily on private sector business as the leading edge of economic development in a country, it makes no sense to exclude work with comparable public sector entities. If a private mine can realize savings from a family planning project, so can a publicly owned one, and if a private TV station can highlight a family planning issue, why not a publicly owned one?

An argument against including public sector entities in the scope of a future project would say that the sought-after cost transfer from public to private sources does not take place. The real issue here, however, is that indigenous business entities rather than national family planning organizations and foreign donors are encouraged to take up the responsibility for funding programs. This allows the budgets of family planning organizations to be devoted to meeting the needs of those not covered by the organized employment sector or other programs. A plurality of funding sources for programs is created, and, for a small cost, publicly owned businesses can gain the same benefits that accrue to private business when it supports programs.

In conclusion, the wider the range of local resources devoted to promoting family planning in any society, the better, and the move to diversify sources of funding and supply can only help towards achieving local self-sufficiency. Furthermore, by including publicly owned business, the total market will be expanded, thereby creating the opportunity for AID to be more cost-efficient and effective when working in target countries. More potential acceptors will be reached by using exactly the same analysis and skills drawn from experience in the for-profit sector.

Organized Labor

Trade unions are established and growing in developing countries. With a clear interest in identifying and campaigning for new benefits for their members, they have a potentially important role to play in promoting family planning programs in the workplace.

Experience gathered to date indicates that individual unions have done little on their own to promote family planning as a benefit for their members either through general campaigning or through raising the issue as part of the formal collective bargaining process. Some have, however, given their support to the International Labor Organization's (ILO) initiatives in family planning by working collaboratively with employers and governments to promote family planning programs. With regard to initiating campaigns for family planning programs, unions are not well placed because they have many other urgent issues on their agendas and proposed new benefits could become just another bargaining chip in what are often highly confrontational circumstances.

These constraints notwithstanding, it would be desirable for trade unions to be brought into a broad consensus of support for family planning programs as they are developed. At some point in the future, unions' involvement might be encouraged in a way that will enable them to make:

- # a direct contribution to programs, such as ensuring that programs are effectively implemented
- # an indirect contribution, such as through their recognition of a family planning program as a benefit, thus contributing to its institutionalization within employment contracts.

Lessons Learned from AID For-Profit Sector Experience

2.

AID has a track record of work with the for-profit sector—in contraceptive social marketing (SOMARC), in working with both companies and service providers (TIPPS and Enterprise), in information, education, and communication—IEC— efforts (JHU/PCS), and in management training (FPMT). Lessons have been gleaned from work in all these areas, providing valuable insights for use in planning future projects. This paper draws on this experience in the development of the design, implementation, and management approaches that could be used in future AID-funded activities in the for-profit sector.

Lessons learned fall within the following categories:

External Factors

- # The success of a for-profit project can be significantly affected by external factors such as the existence of macroeconomic conditions favorable to private business, the host government's support for family planning, cultural and religious barriers, policies that facilitate program activities, and the lack of restrictive regulations, etc.

Project Design

- # Project conceptualization and development strategy (e.g., country selection, market segmentation, country program development) need to be given priority from the beginning of a project.
- # To incorporate family planning services into various for-profit settings, a significant amount of time and effort must be set aside for brokering, negotiating, and management consulting to various companies, service providers, as well as with those agencies which regulate them.
- # Evaluation and lesson learning need to play a prominent role in a project from the beginning.
- # If cost-effectiveness is not stressed in a project's design, there will be little incentive on the part of project managers to place a high priority on exercising wise economies in the management of resources.

Market Segmentation

- # It is essential that private sector programs
 - P carefully “map” the for-profit sector and segment it into different areas of activity
 - P learn the for-profit sector’s motives, methods, and styles of operation.

- # The development of different strategies and activities is necessary for each distinctive segment of the total market.

Demand Creation

- # The success of working with the for-profit sector requires a business-like style that mirrors the operating style and procedures of private business.
- # Private sector partners can be most successfully approached from a business perspective: a project should make financial sense for them to participate. In this regard, the cost-benefit analysis has proven to be an effective tool.
- # Senior company managers are often just as impressed by the prospect of potential health benefits to their employees as they are by demonstrated cost savings.
- # Initiating and maintaining employee-based family planning programs requires participation at all corporate levels (CEOs, managers, medical staff, etc.), and different approaches are required for different groups and various levels of decisionmakers.
- # Knowledge, attitudes, and practices (KAP) surveys are an integral and essential part of demand creation, and, independently, have persuaded CEOs and managers of the advantages of providing family planning services.

Service Delivery

- # Once a company has been convinced to provide family planning services for its employees, it is imperative that the resources and skills necessary for the swift implementation of service delivery and other project activities are available.
- # Private service providers (for-profit and not-for-profit) often require extensive technical support to develop and implement family planning activities.
- # Private service providers often need help in the organization and management structure of their organizations.

Leveraging Corporate Resources

- # The for-profit entertainment and consumer product sectors can be convinced to cover some of the cost of promoting family planning messages. The key is to find just the right mix of self-interest and public interest motives on which to base approaches to this sector.

Staffing/Management

- # Project staff with a blend of for-profit and public sector experience need to be in key management positions and should constitute a major portion of a project's staff.
- # The ability of staff to be flexible and to make rapid site decisions is critical to effective working relations and project success.
- # Because of the constant monitoring and technical assistance required to support for-profit family planning activities, the presence of in-country or regional advisors/representatives is vital to the success of many programs.

Sustainability

- # For-profit sector programs do not first and foremost address the needs of the poorest members of a country's population. What working with the for-profit sector does do, however, is help institutionalize self-sustaining programs, which can then free resources for areas of highest need.
- # Private sector participants can often co-finance a project, paying for training, marketing, materials or sharing other costs, thus helping to reach self-sufficiency.
- # Contraceptive social marketing (CSM) projects that use an existing commercial infrastructure are more efficient and increase chances for sustainability.

Goals and Objectives of Future Work in the For-Profit Sector

3.

Goals

The primary goal of AID's efforts in the for-profit sector should be to achieve the greatest for-profit sector contribution to the support of and funding for family planning services in developing countries. AID must also strive to transfer to host countries the concepts, technologies, and experience necessary to mobilize the for-profit sector in support of family planning.

In addition, each intervention should in itself be cost efficient in relation to the returns achieved. AID should promote creative, and, in many cases, sustainable subprojects with the potential to expand the level of for-profit sector involvement in family planning. In addition, efforts should be made to achieve quantitative resource and service delivery gains.

Objectives

There are a number of complex, interrelated objectives in mobilizing the for-profit sector. It is helpful to group them under three headings:

Policy/Behavior Change Objective

Following on the experience of both Enterprise and TIPPS, it is clear that no real progress can be made in for-profit sector family planning activities unless, by argument and example, policy/attitudinal changes can be brought about that create a commitment to action by the following groups:

- P Private and, when appropriate, publicly owned enterprises
- P Private voluntary organizations that can work in a service delivery or other capacity to promote family planning among businesses
- P Governments and their agencies in order to create the conditions that will permit and encourage for-profit sector family planning activities.

This third group is especially important because, while public sector activities in family planning are well understood and structures exist to give them support, this is not the case with the for-profit sector, whose role is ill-defined and seldom integrated into a national family planning strategy.

It is critical that the for-profit sector's role be understood by both government and non-profit agencies. This kind of development has already begun in Zimbabwe, where the Zimbabwe National Family Planning Council has created a private sector committee to coordinate its work with the work of TIPPS, Enterprise, and SOMARC.

Financial Objective

A second prime objective is to enlist new resources from for-profit and comparable public sector entities for the support of family planning services. Specifically, efforts should be made to:

- P Transfer the costs of service provision from the budgets of publicly funded family planning agencies to private companies and publicly owned equivalents
- P Ensure that most programs are constructed so as to be financially sustainable in the medium to long term
- P Capitalize upon successes to leverage the involvement of similar companies.

Service Delivery Objectives

Tangible improvements in the provision of family planning services are a high priority, specifically:

- P Increased public awareness and acceptance
- P Increased access
- P Better quality of services
- P Increased contraceptive prevalence.

The TIPPS and Enterprise experience illustrates that the first three of these service delivery objectives can be achieved; whether increased contraceptive prevalence could result is debatable, but it seems unlikely in the short term. This is essentially an unknown because of a lack of basic information about the size and potential of the for-profit sector as a "market" for family planning. Neither Enterprise nor TIPPS fully mapped out the total potential private sector contribution in any given country.

What is also clear from the Enterprise and TIPPS experience is that it takes time to realize an impact in terms of family planning services. It comes at the end of a long series of developmental steps that begin with trying to influence policy and include facilitating implementation, service delivery, and monitoring.

Sequence of Work toward Objectives

The logical sequence of activities aimed toward achieving these objectives would normally be as follows:

- # First, work to change policies and/or behavior
- # Once policy has been changed in favor of family planning, begin efforts to convince companies to invest in family planning services
- # As soon as companies have begun providing family planning services, work toward achieving service delivery objectives.

Measures of Success

It is important to identify which measures of success relate to which activities, based on their relationship to the three overall objectives presented above. Some subprojects, for example, will be successful in terms of policy, finance, and service delivery objectives; others will only be able to leverage significant resources in cash or air time, and consequently will not have a measurable impact on access and service delivery.

Considering the scope of these types of activities, it is almost a given that some activities will fail. It should be understood, however, that even those subprojects that are failures can provide valuable knowledge about how to work with the for-profit sector. By the same token, lessons about what does work will also accumulate. This experiential knowledge must continually be incorporated into the decision-making process.

Overall Strategy of Future Work in the For-Profit Sector

4.

Areas of Concentration

As stated above, the for-profit sector can be segmented into three target groups, each with its own interests, motivations, and potential for contributing to the provision of family planning services. Building upon this description of these target groups, the areas of concentration for future AID work in the for-profit sector should be the following:

Organized Employment Sector

With the groundwork already laid by Enterprise and TIPPS, work in this area ought to result in what the for-profit sector refers to as “cash cows.” These are enterprises that give high rates of return with little developmental work and ones in which operating overheads are consistently low.

Service Providers

Work with service providers has a great deal of potential, and continued efforts should be made to explore opportunities with insurance companies, health maintenance organizations (HMOs), medical personnel (through their associations), and micro-business initiatives.

Corporate Resources

Work to leverage corporate resources will be of a completely pioneering nature. It will involve the classic venture capitalist approach to program development, i.e., investment of relatively small sums of money on a speculative basis to explore a market’s potential. Work in this area should be judged by the returns on investment it brings to family planning. For every dollar spent, there should be three or four corporate dollars, or the dollar equivalent of time and non-cash resources, invested in family planning-related activities.

In-depth discussions of work in each of these areas of concentration are contained in later chapters of this paper. At this point, however, it is important to emphasize that while different in focus and content, all three areas of concentration are linked by the common aim of mobilizing the resources of the for-profit sector. Thus it would make sense for AID to design a project with a comprehensive approach to the business community as a whole. It is also clear that work in each of these areas could be done with a high degree of independence. This could be handled with distinctive projects or parts of the work in each area pursued by different existing AID projects. These possibilities are open to AID as it sets strategies for future work with the for-profit sector. If work in each area is pursued separately, however, it is essential that work

in all areas of concentration be closely coordinated and mutually supportive: nothing would alienate for-profit companies more quickly than uncoordinated and competitive bids for their involvement.

Stages of Development

In working in each of these areas of concentration, it should be kept in mind that two critical elements must be linked: the creation of *demand* for family planning programs and the *supply* of technical assistance, as needed, to further the implementation of service delivery and other related activities.

Broadly speaking, work in each of the areas of concentration should progress through three stages of development:

Market Segmentation

This entails a careful analysis of the total market to determine the kinds of companies it includes in order to develop a comprehensive profile.

Demand Creation or “Selling” the Idea

Frequently involving a cost-benefit analysis, this centers on selling the idea of family planning to companies and negotiating an agreement with them to commit their own resources. This also entails leveraging activities and resources to obtain the additional involvement of new companies, agencies, or resources. A continuing process throughout this stage includes the development, refinement, and testing of critical tools such as cost-benefit analyses, surveys, presentations, and networks of contacts.

Facilitation of Project Implementation

Project interventions will vary depending on the target group concerned, e.g., developing service delivery through a clinic-based program in a factory (organized employment sector), or negotiating a major donation or the creation of a new marketing strategy (corporate resources). Once a “sale” is made, AID must share with the company the burden of putting the service or activity into effect.

In the organized employment sector programs, these stages of development should be less time-consuming because the work done by TIPPS and Enterprise has already laid the groundwork for getting activities quickly started. On the other hand, in the other two areas of concentration, activities such as business analyses and the development of ideas, operational tools, and marketing skills will take longer because less prior work has been done. Considerable front-end research and brainstorming work is essential, and activities in these areas of concentration should not be undertaken without a clear development plan.

Use of a For-Profit Sector Approach

Future AID-funded for-profit sector activities should strive to show the for-profit sector that savings can be realized, that markets and profits can be expanded, and that public relations benefits will accrue—all primary motives of for-profit sector involvement. To achieve this, it will be necessary to adopt an aggressive for-profit sector approach in order to:

- # Market family planning services/activities (create a demand)
- # Function as a broker between companies (consumers) and service providers (producers)
- # Transfer skills to service providers
- # Leverage project experience to enlist other companies and service providers.

Any future work in this sector should also measure performance and respond to success and failure with the same “bottom line” attitude typical of a private company.

Brokering Service Provision

Companies (and other types of organizations within the organized employment sector) know little about family planning services provision and where to find it. Consequently, brokering between companies and service delivery providers is essential. The process of matching companies with the most appropriate service providers and providing follow-through to implementation can be very time-consuming and should, therefore, be considered a major activity. Brokering these relationships entails explaining options and alternative methods for delivery to company management; contacting potential providers and counseling them on how to approach, price, and negotiate service delivery; as well as negotiating with regulating agencies.

Country Selection

Important characteristics used to select countries for AID-funded activities in the for-profit sector should include the following:

- # ***A Commitment to Family Planning***
Countries should be firmly committed to family planning: companies will be reluctant to take a high-profile position on family planning in countries in which there is ambivalence or even hostility toward family planning. Generally, these will also be countries that already have a fairly high contraceptive

prevalence rate, which comprehensive public sector support fostered in the first place, and that are in the consolidation (with modern method prevalence of 35 percent to 44 percent) and mature (with prevalence of 45 percent or higher) stages of family planning development.¹

A Secure For-Profit Sector

The for-profit sector should have confidence in its future so that it can appreciate the long-term investment that family planning represents. It should be operating without excessive government interference. TIPPS projects in Zimbabwe and Peru were adversely affected by the intervention of the local socialist governments in the for-profit private insurance sector, which as a consequence lost the incentive to become involved in the provision of family planning services.

The Existence of Potential Service Providers

There should be health care service providers, including family planning private voluntary organizations (PVOs), that are capable of expanding into the area of quality family planning services provision.

It is important that AID focus on eight to ten countries that fit the above criteria. This would enhance the prospects for mobilizing as full a range of for-profit sector contributions as possible. In addition, in an effort to learn more about working with the for-profit sector in different settings, a future project might want to consider working on a limited basis in a few countries with established market economies but with lower prevalence rates. These might include countries in various stages of family planning development, such as Nigeria, which is in the emergent stage (prevalence less than 8 percent); Pakistan, which is in the launch stage (prevalence of 8 percent to 15 percent); or the Philippines, which is in the growth stage (prevalence of 16 percent to 34 percent).

Leveraging For-Profit Sector Experience

As AID gains more experience in working with the for-profit sector, efforts should be made to disseminate the results of project activities to different audiences, e.g., other donors, Cooperating Agencies (CAs), PVOs, non-governmental organizations (NGOs), and governments. Dissemination activities that should be carried out include the following:

Regional Conferences

Regional conferences should present the results of activities to for-profit sector companies and policymakers. Funding for these conferences should be solicited from for-profit sector organizations. Their investment in the conferences would demonstrate the for-profit sector's commitment to family planning (and may also serve as a measure of success).

¹This typology is taken from "Moving into the Twenty-First Century: Principles for the Nineties." Family Planning Services Division, Office of Population, AID. April 1989.

Business Leaders Conference

An international conference should be held in New York to present the results to business leaders. The purpose of this activity would be to interest them in work with for-profit sector family planning efforts.

Donor Conference

A conference similar to that of business leaders should be held with donors, and the possibility of a joint donor-business conference should be considered.

Trading Modules

Training modules for service providers should be developed. The modules should focus on business communication, cost analysis, survey development and analysis, and computer presentations. The modules would serve as guides for service providers who are interested in initiating and implementing family planning activities on their own.

Publications

Occasional papers focusing on lessons learned and the results of special studies should be produced. The audience should be governments, donors, private companies, and CAs. In addition, sophisticated, well-designed brochures describing the importance of family planning in terms of cost savings and health benefits should be developed for for-profit sector companies in less developed countries. Efforts should also be made to have press and media coverage.

Working with the Organized Employment Sector

5.

Introduction

Enterprise and TIPPS have demonstrated that family planning programs in the organized employment sector can be established successfully and have good prospects for financial sustainability. Work in this area should continue and expand to new and different types of businesses including publicly owned ones. The companies included in this area should primarily be those that already provide some health benefits for their employees.

Market Segmentation

The totality of the population in employment should be mapped to enable appropriate targeting so that the maximum impact can be realized in terms of achieving objectives. This process will also create a marketing map for a country so that progress in market penetration can be charted and fast-growing segments distinguished from slow-growing ones, and the areas in which new interventions or “products” need to be developed can be identified. The long-term aim of any future project should be to completely saturate as many segments of the total market as possible with family planning provision.

In each country with proposed activity, the total national market should be segmented as follows:

Company Classification

- P Companies should be classified using “standard industrial classifications” (SICs), such as, agriculture, construction, transportation, manufacturing, wholesale, retail, and financial services.
- P Distinctions should be made related to work force size, type of employees (i.e., white- or blue-collar), and gender of the employees.
- P Organizations should be classified according to types of ownership:
 - Private companies, indigenously owned, and multinationals
 - Governments and parastatals
 - Cooperatives
 - Self-employed workers (through their associations)

- P Companies should be sorted according to whether they do or do not provide health benefit programs. This is a critical distinction because a company providing no benefits will, of course, not accrue savings from introducing family planning services.
- P Potential for company/sector employment growth should be assessed. Agriculture and mining, for example, tend to be reducing their demand for labor, whereas communications, manufacturing, and tourism are, generally speaking, increasing it.

Ability to Pay for Family Planning Services

The general information about the distribution of people in employment in a country needs to be cross-correlated with the capacity of companies to fund family planning services. TIPPS and Enterprise have shown that companies can be classified into three “tiers” based on a willingness or ability to pay for all or a portion of family planning services:

- P **Tier 1:** This tier includes companies able and willing to pay for family planning services without any outside subsidy (The TIPPS model).
- P **Tier 2:** This tier includes companies willing to provide family planning services but unable to cover initial start-up costs (The Enterprise model).
- P **Tier 3:** This tier includes companies or associations of companies that are willing to provide family planning services but are unable to pay for all or a large part of initial start-up and recurrent costs. (The employees of such companies should be referred to the public sector.)

It is impossible to tell from the experience of Enterprise and TIPPS, however, just how large each tier of companies might be in any given country. As a consequence, there is no estimate as to what percentage of the total market each tier represents.

Company Selection

Using the results of the mapping discussed above, the companies targeted to participate in future AID-funded for-profit sector activities should be chosen according to a systematic plan. Priority should be given to well-established companies with the potential to:

- # reach the greatest number of people
- # leverage their experience with family planning to convince other companies to offer these services to their employees.

Selection should also be based on a company’s ability to pay for family planning services. Any future project should emphasize those companies that are able to fund family planning programs without a subsidy. Consideration should also be given to companies needing initial start-up costs but which can

cover the cost of services once they are underway. These projects should be carefully monitored (as should projects already started by TIPPS and Enterprise).

Demand Creation

Stage 1: Demand Creation with Target Companies

Demand creation, in the context of work in this area, refers to finding ways to convince carefully chosen companies to include family planning services as a benefit to employees.

Demand creation with companies should use tools such as cost-benefit analyses and KAP surveys to demonstrate the cost savings and health benefits. Unlike the TIPPS project, which took a year to complete these analyses, the methodology used should be refined and simplified so that the period is shortened to approximately three months. The results of these analyses should be presented first to the highest levels of management, and then to middle management, along with an action plan for implementation of family planning services. As TIPPS experience has shown, it is critical to convince CEOs, boards of directors, and operational management staff of the merits of family planning programs.

Variations on and alternatives to the cost-benefit analysis might include the following:

- P Hypothetical examples of program costs and the resulting health benefits (such examples have been successfully used to convince companies by both Enterprise and TIPPS)
- P The development of new tools to find ways to reduce the time needed to create demand. One possibility would be to develop a publication which reports the results of analyses carried out in similar companies.

Stage 2: Demand Creation through Dissemination Activities

Once the key companies have initiated their own activities² and are convinced of the cost savings and health benefits of family planning, these examples should be presented to other business leaders at conferences, luncheons, or workshops to “unlock” their interest in the issue. The objective of these activities should be to convince new companies to initiate family planning services based on the successful case examples of similar local companies.

Both the Enterprise and TIPPS projects have demonstrated that the use of prominent business leaders to act as spokespersons for these activities can be very effective. For example, TIPPS conducted dissemination activities at workshops and luncheons in Peru, Zaire, Zimbabwe, Bolivia,

²Or even before—TIPPS was able to convince some companies to provide family planning services based solely on another company’s decision to offer the services.

Brazil, Indonesia, and Nigeria. These meetings resulted in a number of companies requesting technical assistance to initiate family planning services.

Other approaches that have been used include the following. In the Philippines, the Population Center Foundation found it adequate to introduce managers to the idea of industry-based family planning services by giving them a small, attractively designed pamphlet that summarized the savings realized by a local garment manufacturing firm providing family planning services for its employees. In India, TIPPS, in collaboration with IMPACT, has developed a publication that presents the success of the Tata Steel Family Welfare Program. The publication will be distributed to other Indian firms and elsewhere in the for-profit sector around the world.

Service Provision

The Brokering Process

As stated above, brokering the right match between a company's needs and a service provider is a complex, time-consuming task and, as such, requires a major effort.

As soon as a demand for family planning services has been created, suppliers must be ready to provide those services. The options for providing family planning services to for-private sector companies should be explored from the beginning of activities in a country, and service providers should be identified, e.g., PVOs, hospitals, clinics, medical groups, etc. that might be interested in providing services.

Service Provision Scenarios

Different scenarios for assisting private companies should be developed depending on the tier:

P Tier 1: Services in this tier will be paid for, in full, by the company. Assistance should be provided to company officials to help them identify the most appropriate mechanism for providing these services. This might include developing in-house clinics, payment plans for sending employees to private service providers, or contracting with a local service delivery provider (a PVO) that markets its services. For example, in Peru the TIPPS project identified two small PVOs willing to provide services to the Milpo Mining Company on a commercial basis. Milpo then contracted with the PVOs to carry out IEC work, staff training, and program monitoring.

P Tier 2: To initiate services within this tier, a subsidy may be needed to cover start-up costs. To identify which companies should receive subsidies and at what level, there must be a clearly articulated set of criteria based on a business analysis and factors such as whether a good prospect of sustainability exists once AID support ends.

Subsidies should be provided in two ways:

- Directly to the service provider supplying the family planning services for IEC, training, etc.

- Directly to the company. There can be no objection to the principle of giving small grants to companies that would incur some expenses to promote the private/public good in the form of family planning; this type of thing is done all the time in the form of tax breaks and development grants. The challenge would be to negotiate a good deal in terms of the amount of the subsidy given and the balance of public benefit which accrues.
- P Tier 3:** There will be a number of companies that are unable to pay for initial start-up or recurring costs. These companies should not receive subsidies, but arrangements could be made for the public sector to provide services.

In addition, Enterprise and TIPPS experience has shown that there are some difficulties that could arise during this process, which should be kept in mind when choosing among various schemes of service provision:

- Private providers may be too expensive.
- There can be difficulties with ensuring a reliable, adequate supply of commodities.
- Many non-profit service providers may lack the management, administrative, and marketing capabilities to deal with private business.
- Some PVOs may be reluctant to charge for services.
- Subsidies by national governments and international donors can sometimes stifle local entrepreneurial family planning initiatives.

Measures of Success

When looking at programs in the organized employment sector, overall impact should be assessed throughout the implementation of activities, using different measures of success. Below are three categories of indicators that might be used (note that these categories are based on the overall objectives described in *Chapter 3*):

Policy/Behavior Indicators

- P** The degree to which the program affects policy decisions at the country as well as the company level.
- P** The sustainability of family planning programs and factors such as their inclusion in contracts of employment, which would imply institutionalization.
- P** The degree to which family planning activities are stimulated in other companies based on dissemination activities.

Financial Indicators

P The amount of cash and management time invested in family planning activities provided by private companies.

Service Delivery Indicators

P The number of new acceptors of family planning

P The number of transfers of acceptors from public clinics and community-based programs

P An increase in the use of more reliable methods.

Working with Service Providers

6.

Introduction

The second important area of emphasis for future work should be private for-profit health care and family planning providers, as well as those PVOs interested in selling some of their services for a profit. The overall objectives in this area should be to:

- # fill the service provision needs created through work with programs in the organized employment sector
- # encourage and assist other potential providers to incorporate family planning products and services into their existing health care channels.

To the degree that the for-profit sector is enlisted in the provision of family planning services, the burden will be shifted from the public health care infrastructure to private sector networks, increasing access, reducing foreign donor dependence, and, at the same time, helping to institutionalize the concept and use of family planning. As *Appendix B* shows, the current role of for-profit providers of family planning services in the developing world is already extensive in many countries.

One of the critical elements of work with service providers will be the transfer of the skills and management tools needed by these providers to be able to create their own market for family planning programs.

Market Segmentation

Although Enterprise and TIPPS, as well as SOMARC, have each worked with different commercial providers, a major drawback associated with this area of concentration is that little has been done to map out its overall size and depth. As a result, it is difficult to know what its potential contribution to the provision of for-profit sector family planning services might be. Therefore, the market in each selected country should be segmented into six distinct categories, namely:

- # ***Private voluntary organizations***: PVOs that provide family planning services³
- # ***Fixed-facility service providers***: private hospitals, clinics, and health centers
- # ***Medical personnel***: physicians, nurses, midwives, paramedics, traditional birth attendants
- # ***Health Plan Providers***: group health plans, insurance companies, pension plans, and private associations
- # ***New micro-business initiatives***: small businesses set up to fulfill a specific unmet demand for family planning
- # ***Contraceptive manufacturers, distributors, and retailers.***⁴

Selection of Commercial Providers

Once country selection has taken place, identifying opportunities for working with specific commercial providers should be carried out as part of the market segmentation and country assessment process. Selection should be based on a number of factors:

- # The provider's potential for creating or expanding the market for its family planning services
- # Whether the provider has any influence in larger networks or associations, e.g., HMO associations, medical associations, hospital networks
- # The provider's potential for long-term sustainability and institutionalization of the family planning services
- # Whether the provider is willing to accept an initial period of financial risk.

³PVOs that are interested in charging fees for their services should be included. Just as it makes no sense to exclude publicly owned business, so it makes no sense to exclude PVO activity that is "commercial" or profitmaking. The profits PVOs generate in these activities can be used to subsidize other activities targeted at the poor.

⁴Although contraceptive manufacturers, distributors, and retailers have been categorized with commercial providers in the past (Enterprise Project Paper), they are not discussed in this paper, although the potential range of activities with these groups is immense. AID has several activities underway with these groups, e.g., SOMARC. In Brazil, for example, the private market provides 85 percent of all contraceptives. In other countries, the rate is also high.

Fulfilling the Demand Created for Family Planning

A variety of service provision options should be explored to respond to the demand creation activities carried out within the programs in the organized employment sector. In order to achieve the most appropriate match between companies and service providers, service providers interested in “selling” family planning services under a variety of different circumstances should be identified during the period in which company selection is taking place.

Based on the market segmentation process described above, there are basically three categories that might be best suited for providing these services:

- # private voluntary organizations
- # private fixed-facility service providers
- # individual (or groups of) medical personnel.

All of the above have experience in family planning service delivery and could benefit from the acquisition of marketing skills. Future work with these providers should focus on two activities:

- # Assisting providers to tailor a program that could provide services to a company or several companies and brokering this relationship
- # Assisting these institutions to gain the expertise needed to market their services (such as training, IEC, other technical services) to private companies. This would include providing staff in these institutions with training in the following:
 - P business communication
 - P cost analysis
 - P survey development and analysis
 - P computer presentations.

Further Expanding the Market of Service Providers

In addition to developing this link between the organized employment sector and family planning service providers, various ways of further expanding the potential of the above-named categories of health care providers should be explored. A range of different strategies could be used because each business is fundamentally different in character. For example, the approach used for working with insurance companies to provide family planning as part of their overall benefit package will differ greatly from the

approach used to initiate a family planning program within a hospital or clinic seeking to make provision for its existing client base. There are, however, some broad generalizations that can be made with regard to the strategies and methodologies that might be used for each category. Below is a summary of some of these approaches.

Health Plan Providers

Organizations such as insurance companies and HMOs offer health benefit plans to private companies for a profit. Efforts should be made to convince them to include family planning as an additional benefit in their overall health package. Arguments used would include:

- P It will help reduce the high costs often associated with pre- and post-natal care.
- P It will provide an additional benefit that makes the overall health package more attractive when compared to other health care plans.

The approach to health plan providers should be flexible in order to assure responsiveness to the needs of the organization. In general, it would include the following:

- P Reviewing their existing health benefit plans
- P Determining what the overall impact would be if family planning services were added as an additional benefit in terms of cost savings, increased marketability of overall package, etc.
- P Identifying the appropriate mechanism for providing family planning services once an organization has been convinced to update its benefit plans.

Below are two examples of approaches used by TIPPS. In Zimbabwe, TIPPS carried out a cost-benefit analysis of CIMAS, a leading insurance company which provides services to 160,000 members. After reviewing the results, CIMAS agreed to add family planning services to its benefit package. As part of the arrangement, CIMAS would purchase services from the Zimbabwe National Family Planning Council at a negotiated price. This project has the potential to have a major impact on both CIMAS and the entire insurance industry in Zimbabwe.

In Brazil, TIPPS worked with the association of HMOs, ABRAMGE. As part of this effort, a retrospective cost-benefit analysis was carried out on a Brazilian HMO (PROMEDICA) that had been providing family planning services for seven years. The information from the analysis is being used to develop a model HMO family planning program that could be implemented in other ABRAMGE HMOs throughout the country. The impact of this project has the potential to be great, since HMOs are a significant component of the health care system (ABRAMGE alone has 160 member HMOs with 12 million individual members).

Fixed-Facility Service Providers

Private hospitals, clinics, and health centers should be given assistance to develop the tools necessary to effectively market family planning services. The emphasis should be on encouraging

these service providers to stimulate demand among their existing client base as well as the wider population. Assistance should include:

- P Reviewing an organization's capability for providing preventive health and family planning services
- P Helping the organization to develop a marketing plan and mechanism for demonstrating to individuals and community groups as well as for-profit sector companies, the health and financial benefits associated with providing family planning services
- P Providing the facility with the skills and tools needed to market family planning services. This might include teaching the organization how to carry out cost-benefit analyses and presentations for a range of audiences. One outcome would be profits from service and commodity sales to new customers; another aim might be to convert these customers into advocates for family planning.

There are very few examples of a fixed-facility provider being influenced by an AID for-profit sector project to include family planning in its mainstream of provision. This field requires considerable research and pioneering work. One example of such an intervention is the following.

In Peru, TIPPS worked with the Medic S.A. clinic in Lima to persuade the Vitalicia Insurance Company to provide family planning coverage in its policy, with the clinic providing the services to those covered under the Vitalicia scheme. Having established the concept for the insurance scheme, the clinic then marketed the service to its existing client base. New acceptors were found from among clients seeking medical help for other matters. The family planning unit in the clinic then had two "markets" in which to operate and is considering creating a third by advertising its family planning services separately from the clinic's other services, thereby directly attracting members of the public interested in family planning.

Medical Personnel

Private doctors, midwives, nurses, and traditional birth attendants may well find that they will realize financial and other benefits from expanding their practices to include family planning counselling and commodity sales. Because approaching these medical personnel individually would be too time-consuming and expensive, it would be advisable to work through medical associations and other umbrella organizations to reach large segments of this group.

In Ghana, Enterprise provided family planning and related business skills training to approximately 180 private midwives (many of whom own their own small maternity institutions). This training helped them to improve their overall management skills—marketing, accounts recordkeeping, costing and pricing, technical aspects relating to family planning, etc.— and to provide family planning as one of the services they offer.

CSM programs have also provided similar training to medical personnel. For example, in Indonesia, where the CSM program was developed in close collaboration with the Ministry of Health, refresher training has been provided to physicians, nurses, and midwives. Likewise, in Bangladesh and Sri Lanka, CSM programs are training medical and traditional Ayurvedic practitioners to sell oral contraceptives and condoms. In Egypt, the CSM program sells intrauterine devices (IUD) to physicians and provides training in IUD insertion at the five program sites.

New Micro-Business Initiatives

Enterprise has learned that it is possible to create new micro-businesses in various countries. These micro-businesses have found a niche in the market and have demonstrated the capacity to survive and grow. Most have been created under the umbrella of a PVO, but a few are freestanding commercial ventures. The potential scale of their overall contribution to providing access to family planning, however, is difficult to assess.

In Mexico, the Enterprise Project has helped give unemployed physicians an opportunity to establish themselves as family planning service providers by offering them training and subsidies. This activity is administered and partly funded through MEXFAM (Mexican Family Planning Foundation). As hoped, after a two-year contract, most of the 20 doctors are now self-sufficient and providing family planning services. Another project in Mexico (PROTA), with Enterprise support, is obtaining IUDs at no charge from the Mexican government and other donors; the project then sells the IUDs at low cost to private physicians in return for their charging minimal fees for insertion.

Measures of Success

When looking at private commercial providers, overall impact should be assessed throughout the implementation of activities, using the following measures of success:

Policy/Behavior Indicators

- P The degree to which commercial providers are convinced to provide family planning services
- P The sustainability of family planning activities provided by commercial service providers
- P The degree to which project activities motivate other service providers to include family planning services.

Financial Indicators

- P The amount of investment transferred from the public sector to the private sector and the resources invested in this activity by the organization.

Service Delivery Indicators

- P The number of new acceptors and transfers of acceptors from public to private service providers
- P The ability of the commercial providers to sustain the demand creation activities and the provision of services upon completion of the country activities
- P The ability of the service providers to ensure high quality of services, e.g., informed choice, clean conditions, etc., and offer more permanent forms of contraception.

Working to Leverage Corporate Resources

7.

Introduction

The for-profit sector offers a wide range of corporate resources that could be mobilized in support of expanding access to family planning in the developing world. Some of these have been enlisted to a degree by SOMARC and the Johns Hopkins University/Population Communication Services Project (JHU/PCS), but not in any significant way by Enterprise, TIPPS, or FPMT.

Market Segmentation

The process of segmenting the market in this area of concentration involves identifying opportunities provided by the for-profit sector. There are several types of resources that the for-profit sector can use; the most immediately obvious are the following:

- # Political and public advocacy for family planning development
- # Commercial sponsorship of concerts, events, and educational programs promoting family planning
- # Media product placing, e.g., having family planning as an issue included in an editorial or within a story line on a television program such as a soap opera
- # Cash and in-kind donations of all types
- # Donation of “blocked” funds by multinationals
- # Arrangement of debt swaps.

Selection Process

Finding and exploiting attractive targets of opportunity will be a critical part of any overall success in this area. At least one major activity in each segment of this market should be supported in order to learn what is possible. Many of these activities will be of a pioneering nature for the field of population. An objective of work in this area should be to find out what potential benefits could be gained from any one or combination of these initiatives. The effort involved should be related to the expected returns. An entrepreneurial approach is essential.

Project Interventions

As with the other areas of concentration, the types of interventions will vary considerably. Initiative and flexibility will be required in tailoring the activities to each opportunity.

Political and Public Advocacy

It is important that future work focus on this area because:

- P Corporations can have immense influence on political and social issues.
- P Corporations of all types have a good understanding of demographics; they use this understanding to predict business growth and assess labor supply. Corporations and their unions are natural allies in the development of positive public and political attitudes to balanced population growth.

Future AID-funded activities in the for-profit sector might draw on the OPTIONS project to:

- P Inform corporate leaders of the challenge of population issues in their country
- P Encourage active involvement in the debate about population issues.

TIPPS has identified and worked successfully with a group of private employers in Peru (APROPO). These corporate leaders, precisely because they do understand the relationship between population growth, economic growth, and general development, have formed a group to advocate wider access to family planning in Peru. Although they may meet with opposition, they are willing to add their considerable prestige and influence to the debate.

Commercial Sponsorships

Commercial sponsorships might include corporations providing funds to support social, cultural, educational, or sporting activities. Corporations agree to fund these kinds of events because such sponsorship can enhance their public image and can promote sales. A surprising number of corporations are willing to sponsor these events or campaigns. Usually the activities fit closely with their market profile, but not always. The attractiveness of the sponsorship opportunity depends on

the audience, the issue, and how the activity is set up. Corporations are masters at identifying and targeting audiences, such as the young, and supporting events that speak directly to them. Examples of sponsorships include the following.

In the Philippines, JHU/PCS's "Young People's Project" produced two commercial recordings with videos that promoted the message of sexual responsibility. Approximately \$1,370,000 of in-kind support was provided by private groups and commercial enterprises to promote the two songs. This amount was considerable compared to the small investment made by the project.

In Mexico, JHU/PCS, in collaboration with a large, commercial comic book firm, Novedades Editorias, is developing comic books that contain family planning messages. Comic books reach not only the youth in Latin America, but also a large segment of semi-literate adults. These comic books will be produced and distributed through commercial firms at no expense to JHU/PCS, and the production costs will be repaid from the profits. By doing this, both a social message and commercial goals are promoted, with a private sector firm covering most of the cost of the project.

The Media

"Product placing" in films, soap operas, radio shows, and written material is now a common advertising practice. As part of this strategy, a product is integrated into the "reality" that the media creates in its stories so that the audience identifies the product as a natural part of certain situations and lifestyles.

Family planning has proven to be a perfect product/issue for soap operas, which center on the everyday lives of people. An example of this can be found in Brazil, where a popular evening television soap opera highlights small, affluent, consumer-oriented families, draws a distinction between sexuality and procreation, and very rarely features couples with lots of children.

A public relations strategy for family planning should be developed and opinion leaders who work with the media should be educated on the importance of the issue to society as well as to the individual. These opinion leaders should then be encouraged to include references to family planning in their media presentations. In principle, this strategy should work well for both publicly and privately operated media in the developing world.

Donations

It may be possible to convince companies to provide cash or in-kind donations to family planning on the grounds that these are charitable, tax-deductible contributions. Donations can be provided in a number of forms:

P Cash: Both the Benquet Company in the Philippines and the Rio Tinto Zinc Corporation in Zimbabwe maintain large corporate foundations. Other companies make gifts to community projects from corporate budgets (e.g., in Brazil, IBM gives \$500,000 per year). It would be a mistake, however, to assume that because a company benefits from a service, it would

automatically want to make a donation; it may be well disposed to do so, but would not see the gift as an obligation.

- P *Equipment:*** Corporations often donate high-quality desks, typewriters, and other equipment they need to dispose of as they re-equip their businesses.
- P *Services:*** Companies are also willing to donate services such as printing and transportation to non-profits. These services could come from within a country or internationally when multinationals are involved.
- P *Products:*** Health and pharmaceutical companies are among the many that are willing to donate a wide range of current and unwanted products to PVOs in both the U.S. and abroad. They may also be willing to give PVOs discounts on merchandise. The Pharmaceutical Manufacturers Association recently supplied a drug distribution project with PVOs in Gambia, and Eli Lilly each year donates \$2.5 million worth of products to PVOs mainly working in Africa.
- P *Staff time:*** Many companies in the U.S. and Europe have been willing to lend executives and finance managers to PVOs to help them strengthen and better manage their organizations; for example, in Brazil, IBM has been training the professional management of the country's non-profits. One of the best assets a PVO can have is a long-term relationship with a corporation willing to share its business expertise with the PVO's managers on a regular basis. This practice is probably not widespread in developing countries but could be developed, especially with those multinationals that have this type of policy in the U.S. and Europe.

Neither TIPPS, Enterprise, nor FPMT has really addressed the issue of fund-raising for family planning from corporate or indeed any other sources. Future AID-funded efforts with expertise and links to the for-profit sector would be able to stimulate corporate interest. It is also worth noting that a corporate donation is not just the cash or other resources that are made available; it is a tangible sign of the corporation's willingness to publicly support family planning.

Blocked Funds

U.S. and other multinationals represent a special funding opportunity to help family planning because they often have large amounts of "blocked funds" in developing countries. The International Monetary Fund has identified 40 countries in which multinationals face this problem. In Zimbabwe, for example, it is estimated that there is approximately \$350 million worth of profits held in special bank accounts earning a mere 5 percent taxable interest a year. These funds are a wasting asset for a company, and one way of disposing of them is to donate them to a charitable cause in the host country and claim a charitable deduction in the company's home country. If the company does not have a surplus of foreign tax credits, then the "donative option" could be an attractive possibility. It is estimated that there are up to \$200 billion in this category, \$19 billion in Nigeria alone.

Several large donations have taken place in Nigeria and Zimbabwe. It appears that the Zimbabwe National Family Planning Council, for example, could be an eligible recipient. Such donations are complicated but not impossible to arrange. The attractive aspect of these blocked funds is that the sums involved are usually very large (because of the administrative time and effort needed to set them up, it is generally not cost-efficient to engage in the process for less than a donation of \$100,000). Also, since the sums are so large, they make ideal prospects for creating endowments to support long-term family planning projects or organizations.

Debt Swaps

A variation of the blocked fund model of donation is for U.S.-based non-profits to acquire, by gift or purchase, less developed country debt on the secondary market and then to redeem it on behalf of a project in the debtor country at full value in local currency. (Bolivian debt, for example, is 11 cents on the dollar, and Philippine government debt about 50 cents on the dollar.) Few of these charitable “debt swaps” have been done; of these, most have been in the field of conservation. They do represent, however, an opportunity for alert PVOs to benefit from the desire of private sector business to reduce its debt and achieve some good public relations in a host country.

Enterprise began a review of these issues but, after discussions with AID, shelved further exploration. Debt swaps are worth further review as a potential source of funding, especially since the debt crisis has eased somewhat, and it is estimated that \$1.3 trillion of debt will have to be reduced rapidly over the next few years. The sums involved are such that one major breakthrough could have a major impact and set an important precedent for family planning funding.

Measures of Success

It would not seem possible to judge the impact of initiatives in this area of concentration according to service delivery criteria. It would be possible, however, to measure each different intervention by the different type of resources; that is, the time and effort spent to gain a contribution should be offset by significant contributions to family planning. Each activity would have its own objectives and measures of success, and the impact of an investment would be judged by its returns. On the other hand, these activities would be experimental and would require risks and some investments in initiatives that might fail to achieve contributions to family planning.

APPENDICES

APPENDIX A. WORKING WITH MULTINATIONALS, by David Logan

1. Introduction

Within the for-profit business world the multinational corporations are important and distinct organizations. Mobilizing their resources to support population policies in the developing world represents a challenge and an opportunity and as such warrants careful further study. This appendix maps out the terrain which such a study should explore much more fully. It also provides a broad overview of the potential role multinationals could play in family planning.

2. The Multinationals and Global Demographics

Multinational companies are not ignorant of global demographics—population growth is after all market growth. A knowledge of national and international population trends by size, age structure, location, and income forms the basis of marketing and much of corporate strategic planning. Companies are also interested in the labor supply and, as TIPPS and Enterprise have shown, in keeping their work force healthy and happy.

Furthermore, multinationals also have a strong vested interest in stable economic development in the developing world. It underlies the future of their own business development. They know that there is a direct correlation between economic growth, population growth, and a rise in the standard of living. They are well aware of the political consequences of the failure to maintain and increase a developing country's standard of living. There has been very little multinational, corporate activism, however, on the issue of population and access to contraception. This then is the challenge.

3. Family Planning as a Corporate Issue

It is worth noting that the environment has emerged as a high profile issue for multinational concern and activity. A recent Conference Board survey showed that 86 percent of 300 OECD (Organization for Economic Cooperation and Development) country business leaders saw it as the critical external issue for the 1990s—the most prominent issue in the survey. There are several reasons for this:

- # Many companies have a direct interest in the environment. Their industrial processes and business practices have adverse impacts on the environment and they feel a direct responsibility to resolve them.
- # The impact of environmental degradation is immediate and obvious and potentially very damaging in the short term.
- # The public uniformly disapproves of environmental degradation and judges harshly any corporation that causes it.
- # The environment is an issue unequivocally in the public domain and the public has a global perspective on it. The public is concerned about Chernobyl, acid rain, ozone depletion, and loss of the rainforest because these problems affect the entire globe.

As a result, multinational corporations have moved quickly to address these issues both individually and collaboratively with each other, governments, and non-profits.

Despite being the other side of the coin to environmental issues, population and family planning in particular are issues that evoke various responses:

- # Corporations do not feel they have direct responsibility to see things put right. They do not cause population growth so they perceive no link between it and their individual social and economic strategies. A number of business leaders have even advocated greater population growth in the developed world as important to economic growth.
- # There is an adversarial public debate about population policy, and corporations rarely volunteer to take a stand on controversial issues. This is especially the case in foreign country political environments.
- # Family planning is to some extent seen as an issue of personal choice rather than a key public policy issue with global impacts.
- # The adverse impacts of a lack of access to reliable family planning in developing countries are not easily discernible to corporations and their shareholders in the developed world.

4. Why Work with Multinationals?

Multinationals represent an opportunity for family planning advocates to recruit powerful allies. A greater effort to enlist multinationals in the campaign for greater access to family planning in the developing world is necessary because:

- # They have great wealth. IBM's annual sales of \$59 billion are ten times the GNP of Ethiopia and equal to that of Turkey (see *Table A-1*). The stock market value of Nippon Telegraph and Telephone is equal to the entire Latin American debt; multinationals control great wealth in the developing world.
- # They have great influence with national governments and international agencies. They are recognized as a major force in shaping our global society and are listened to accordingly.
- # They can operate globally and locally at the same time. They can create and implement policies across national boundaries like no other international institution.
- # They are critically important agencies in shaping human values and aspirations worldwide. They are seen as embodying the technologies and attitudes of the future.
- # Within many less developed countries, they are the leading-edge businesses that generally set standards for business practices and social policy.
- # The answers to the rapid expansion of family planning provision will not come from government and voluntary sources alone. They do not have the resources and the growing for-profit sector must be increasingly brought in to play a role in solving the problem. A new alliance needs to be forged.

In connection with this last point, the role of the for-profit health care and pharmaceutical companies needs to be examined as a special case because they have a direct interest in expanding their market in the developing world.

5. Problems in Working with the Multinationals

There is a whole range of tactical problems to overcome before the active interest of the multinational companies can be mobilized:

- # They need to be brought on board at the headquarters, regional, and country levels; and these levels often need different approaches.
- # Each host country is a separate profit center with its own performance issues and cultural sensitivities.
- # Multinationals are not homogeneous entities that respond to orders from the top, particularly today with increasingly "flat" management structures, so finding the right pressure points takes time.
- # AID and its cooperating agencies need the right style and contacts to be effective in gaining entry to multinational networks.

- # There are immense competing pressures for the attention of the multinational companies from “good causes,” and family planning is just starting.

A proper strategy needs to be developed that supports AID’s Office of Population objectives and complements the work of its cooperating agencies. That strategy then needs to be operative at the headquarters, regional, and local levels simultaneously. It must also be coordinated effectively. Nothing will alienate the corporate community more than ill-timed, ill-judged approaches that do not represent the focused pursuit of a clear goal.

6. Who is Who in the Global Economy

The Overview

- # In 1956, 40 out of 50 of the world’s largest companies were headquartered in the U.S. Today it is 20 out of 50 and the trend is to even greater plurality of ownership (see *Table A-2*). Of the world’s largest banks, the top 10 are Japanese and 21 of the largest 50 are headquartered in Japan.
- # Many of the more developed countries, as well as being hosts to multinationals, operate multinational companies of their own (see *Table A-3*).
- # Today’s global economy is fundamentally different from an international economy. It is a much more integrated and interdependent system of economic relationships than ever before.
- # There is a critical distinction between trade and direct investment overseas. The ownership of plants overseas is a critical trigger to greater involvement in host community issues because it expresses a more permanent commitment to the country (unlike a trading relationship, which can change quickly).

Clearly, any strategy to work with the multinationals has to be multinational in scope. It cannot be restricted to U.S. multinationals alone. They do, however, represent a good starting point because:

- # AID has easy access to them.
- # They own 40 percent of the world’s direct investment overseas.
- # They have good standards of social responsibility.
- # Increasingly, they feel accountable for their actions overseas to a U.S. public and U.S.–based special interest groups.

Any future project must make extensive links with the European and Canadian multinationals since they are major investors in the developing world and have long-standing colonial connections—especially in Africa and Asia.

U.S. Multinationals

The U.S. is still the world's largest trading nation. Since the end of the Second World War, it has been responsible for setting the standards in international business practice. Even today, it is the leader in the globalization of business.

- # The overseas trading activities of U.S. corporations are immense. Many draw 30 to 50 percent of their revenues from overseas (see ***Table A-1***).
- # However, U.S. overseas business activities are concentrated in the developed world (approximately 75 percent). Latin America is the main focus of LDC investment (see ***Figure A-1***).
- # U.S. business has very little investment in the Indian sub-continent and Africa. Its presence in many developing countries is declining because of debt and other business problems. Trade with Africa has declined by about 80 percent in dollar terms since 1980 (although a lot of that figure is accounted for by a decline in the volume and price of oil imports).
- # Overall, the growth of U.S. investment in developing countries has stalled. Most new investment is coming from local funds, very little from companies in the U.S. itself. For many companies overseas, however, business as a whole is growing at twice the rate of the domestic market but again it tends to be with the developed world.

7. End Note

Multinationals do not have unblemished reputations in the field of development and they are the focus of a great debate. However, the 1980s have also seen a trend around the world towards the creation of new economic opportunities for the private sector. Governments of all political complexions have privatized state businesses and deregulated companies. Even the centrally planned economies are embracing a new economic pluralism and creating new joint ventures with Western corporations. The private sector is benefiting from this trend, but governments and the public have an expectation that business will reciprocate and behave in a socially responsible manner. As Milton Moskowitz says in his book, *The Global Market Place*:

From one end of the world to the other, the welcome mat is out for foreign investors, whether it is the state of Tennessee trying to cajole Japanese automakers, or the People's Republic of China welcoming a baby food plant from R. J. Reynolds. Not too many years ago...countries such as Mexico and India served notice on foreign companies that they could no longer have 100 percent owned subsidiaries in their territories. These restrictions are being lifted— and there is fierce competition now to attract foreign investment. Big companies...are not hated the way they were 10 or 15 years ago...

The good news for internationally-minded companies is that the welcome sign is out for them—all over the world. But the welcome does not mean that they have carte blanche to do what they used to do—maximize their profits at the expense of people.

As new business opportunities open up for U.S. and foreign companies overseas, they need to safeguard their long-term relationships with host communities by being good corporate citizens and active community players investing in the balanced development of their host communities in the developing world.

Table A-1
THE 100 LARGEST U.S. MULTINATIONALS
(U.S. companies ranked by their foreign sales)

1986 Rank	Company	Foreign Revenue (millions)	Total Revenue (millions)	Foreign Revenue as percent of total
1	Exxon	\$50,337	\$69,888	72.0
2	Mobil	27,388	46,025	59.5
3	IBM	25,888	51,250	50.5
4	Ford Motor	19,926	62,716	31.8
5	General Motors	19,837	102,814	19.3
6	Texaco	15,494	31,613	49.0
7	Citicorp	10,940	23,496	46.6
8	E. I. du Pont de Nemours	9,955	26,907	37.0
9	Dow Chemical	5,948	11,113	53.5
10	Chevron	5,605	24,352	23.0
11	Bank America	4,659	12,483	37.3
12	Philip Morris	4,573	20,681	22.1
13	Procter & Gamble	4,490	15,439	29.1
14	R.J.R. Nabisco	4,488	15,978	28.1
15	Chase Manhattan	4,356	9,460	46.0
16	ITT	4,180	17,437	24.0
17	Eastman Kodak	4,152	11,550	35.9
18	Coca-Cola	4,019	8,669	46.4
19	Xerox	3,996	13,046	30.6
20	Amoco	3,931	18,478	21.3
21	General Electric	3,821	36,725	10.4
22	United Technologies	3,810	15,669	24.5
23	J. P. Morgan	3,654	6,672	54.8
24	Goodyear	3,450	9,103	37.9
25	Hewlett-Packard	3,290	7,102	46.3
26	American Express	3,234	14,652	22.1

Table A-1 THE 100 LARGEST U.S. MULTINATIONALS (U.S. companies ranked by their foreign sales)				
1986 Rank	Company	Foreign Revenue (millions)	Total Revenue (millions)	Foreign Revenue as percent of total
27	Minnesota Mining & Manufacturing	3,219	8,602	37.4
28	Unisys	\$3,188	\$7,432	42.9
29	Tenneco	3,128	14,529	21.5
30	Digital Equipment	3,118	7,590	41.1
31	Johnson & Johnson	3,031	7,003	43.3
32	American International Group	2,998	8,876	33.8
33	Sears, Roebuck	2,914	44,281	6.6
34	CPC International	2,869	4,549	63.1
35	Colgate-Palmolive	2,699	4,985	54.1
36	F. W. Woolworth	2,696	6,501	41.5
37	Manufacturers Hanover	2,610	7,794	33.5
38	NCR	2,486	4,882	50.9
39	Allied-Signal	2,470	11,794	20.9
40	Kraft	2,464	8,742	28.2
41	Bankers Trust New York	2,447	4,923	49.7
42	American Brands	2,384	6,221	38.3
43	K-Mart	2,365	25,350	9.3
44	Motorola	2,250	7,508	30.0
45	Monsanto	2,241	6,879	32.6
46	Atlantic Richfield	2,226	14,487	15.4
47	GTE	2,135	15,112	14.1
48	Chrysler	2,097	22,586	9.3
49	Pan Am Corp.	2,050	3,039	67.5
50	Merck	2,024	4,129	49.0
51	Pfizer	1,993	4,476	44.5

Table A-1
THE 100 LARGEST U.S. MULTINATIONALS
(U.S. companies ranked by their foreign sales)

1986 Rank	Company	Foreign Revenue (millions)	Total Revenue (millions)	Foreign Revenue as percent of total
52	Sara Lee	1,913	7,938	24.1
53	Caterpillar	1,866	7,321	25.5
54	Cigna	1,859	17,064	10.9
55	Phillips Petroleum	\$1,833	\$9,786	18.7
56	Union Carbide	1,788	6,343	28.2
57	Gillette	1,717	2,818	60.9
58	Chemical New York	1,611	5,488	29.4
59	H. J. Heinz	1,601	4,366	36.7
60	Sun Co.	1,588	9,376	16.9
61	TRW	1,529	6,036	25.3
62	Occidental Petroleum	1,516	16,029	9.5
63	Unocal	1,506	7,744	19.4
64	Texas Instruments	1,486	4,974	29.9
65	W. R. Grace	1,472	3,726	39.5
66	Allegis	1,410	9,196	15.3
67	Warner-Lambert	1,356	3,103	43.7
68	Bristol-Myers	1,337	4,836	27.6
69	SmithKline Beckman	1,306	3,745	34.9
70	Eli Lilly	1,292	3,720	34.7
71	Dresser Industries	1,287	3,661	35.2
72	American Cyanamid	1,280	3,816	33.5
73	Deere	1,247	3,516	35.5
74	American Home Products	1,245	4,927	25.3
75	Security Pacific	1,237	5,977	20.7
76	PepsiCo.	1,226	9,291	13.2
77	Kimberly-Clark	1,209	4,303	28.1

Table A-1 THE 100 LARGEST U.S. MULTINATIONALS (U.S. companies ranked by their foreign sales)				
1986 Rank	Company	Foreign Revenue (millions)	Total Revenue (millions)	Foreign Revenue as percent of total
78	PPG Industries	1,195	4,687	25.5
79	Hercules	1,182	3,245	36.4
80	Rockwell International	1,181	12,296	9.6
81	Abbott Laboratories	1,175	3,808	30.9
82	American Standard	\$ 1,173	\$3,075	38.1
83	Honeywell	1,165	5,378	21.7
84	McDonald's	1,164	4,240	27.5
85	Aluminum Company of America	1,146	5,315	21.6
86	First Chicago	1,131	4,001	28.3
87	Scott Paper	1,107	3,890	28.5
88	Baxter Travenol	1,091	5,543	19.7
89	TransWorld Airlines	1,082	3,145	34.4
90	Continental Corporation	1,078	6,002	18.0
91	Quaker Oats	1,075	3,671	29.3
92	Kellogg	1,072	3,341	32.1
93	Bank of Boston	1,065	3,540	30.1
94	Firestone	1,048	3,501	29.9
95	Halliburton	1,045	3,527	29.6
96	Avon Products	1,028	2,883	35.7
97	Merrill Lynch	1,017	9,475	10.7
98	Control Data	1,013	3,347	30.3
99	Henley Group	988	3,172	31.1
100	Schering-Plough	983	2,399	41.0

Source: Forbes, July 27, 1987

Table A-2
WORLD'S FIFTY BIGGEST
INDUSTRIAL CORPORATIONS, 1987

Rank	Company	Headquarters	Sales
1	General Motors	Detroit	\$102.8
2	Exxon	New York	69.8
3	Royal Dutch/Shell Group	The Hague/London	64.8
4	Ford Motor	Dearborn, Michigan	62.7
5	International Business Machines	Armonk, New York	51.2
6	Mobil	New York	44.8
7	British Petroleum	London	39.8
8	General Electric	Fairfield, Connecticut	35.2
9	American Telegraph & Telephone	New York	34.1
10	Texaco	White Plains, New York	31.6
11	IRI	Rome	31.5
12	Toyota Motor	Toyota City, Japan	31.5
13	Daimler-Benz	Stuttgart	30.1
14	E. I. du Pont de Nemours	Wilmington, Delaware	27.1
15	Matsushita Electric Industrial	Osaka	26.4
16	Unilever	Rotterdam/London	25.1
17	Chevron	San Francisco	24.3
18	Volkswagen	Wolfsburg, Germany	24.3
19	Hitachi	Tokyo	22.6
20	ENI	Rome	22.5
21	Chrysler	Highland Park, Michigan	22.5
22	Philips Gloeilampenfabrieken	Eindhoven, Netherlands	22.4
23	Nestlé	Vevey, Switzerland	21.1
24	Philip Morris	New York	20.6
25	Siemens	Munich	20.3
26	Nissan Motor	Yokohama	20.1
27	Fiat	Turin	19.6

Table A-2
WORLD'S FIFTY BIGGEST
INDUSTRIAL CORPORATIONS, 1987

Rank	Company	Headquarters	Sales
28	Bayer	Leverkusen, Germany	18.7
29	BASF	Ludwigshafen, Germany	18.6
30	Amoco	Chicago	18.2
31	Renault	Paris	17.6
32	Hoechst	Frankfurt	17.5
33	Elf Aquitaine	Paris	17.2
34	RJR Nabisco	Atlanta	16.9
35	Samsung	Seoul	16.5
36	Boeing	Seattle	16.3
37	Mitsubishi Heavy Industries	Tokyo	15.9
38	United Technologies	Hartford, Connecticut	15.6
39	Procter & Gamble	Cincinnati	15.4
40	Occidental Petroleum	Los Angeles	15.3
41	Peugeot	Paris	15.1
42	Toshiba	Tokyo	15.0
43	Imperial Chemical Industries	London	14.8
44	Petrobrás (Petróleo Brasileiro)	Rio de Janeiro	14.7
45	Atlantic Richfield	Los Angeles	14.5
46	Tenneco	Houston	14.5
47	USX	Pittsburgh	14.0
48	Kuwait Petroleum	Safat, Kuwait	13.9
49	Total Cie Française des Pétroles	Paris	13.8
50	Thyssen	Duisberg, Germany	13.8

Source: Fortune, August 3, 1987. Copyright © 1987 by Time, Inc. All rights reserved.

Table A-3 ATLAS OF WORLD'S LEADING COMPANIES (Largest company in 96 countries)		
Country	Largest Company	Sales
Argentina	Yacimiento Petrofileros (oil, state-owned)	\$4.2 billion
Australia	Broken Hill Proprietary (steel, mining, oil)	6 billion
Austria	Voest-Alpine (iron and steel, state-owned)	7 billion
Bahrain	Bahrain National Oil Company (oil, state-owned)	1.6 billion
Bangladesh	Bangladesh Jute Mills (state-owned)	480 million
Belgium	Petrofina (oil)	10 billion
Benin	Sonocap (oil, state-owned)	90 million
Bermuda	Bank of N. T. Butterfield & Son (banking)	182 million
Bolivia	Comibol (mining)	80 million
Botswana	Botswana Meat Commission (cattle farming, state-owned)	109 million
Brazil	Petrobras (oil, state-owned)	14.7 billion
Britain	Shell (Anglo-Dutch, oil) British Petroleum (oil)	65 billion 40 billion
Burkina Faso	Sofitex (textiles, agribusiness, 65 percent state-owned)	54 million
Burundi	Burundi Coffee (coffee grower, state-owned)	100 million
Cameroon	S.A. des Brasseries (brewery, 75 percent foreign-owned)	260 million
Canada	Canadian Pacific (railway, steel, oil and gas, paper, real estate)	11 billion
Central African Republic	Centrafricaine des Petroles (oil, 75 percent state-owned)	58 million
Chad	Cotonchad (cotton, 75 percent state-owned)	111 million
Chile	CODELCO-Chile (mining, state-owned)	1.6 billion
Colombia	Empresa Colombiana de Petrol (oil, state-owned)	1.5 billion
Congo	Hydro Congo (oil)	180 million
Cyprus	Joannou & Paroskvaides (engineering and construction)	627 million
Denmark	FDB/Brugsen (retailer and food processor, a cooperative)	2.6 billion
Dominican Republic	Compania Dominicana de Aviacion (state-owned airline)	65 million
Ecuador	CEPE (oil, state-owned)	1.5 billion

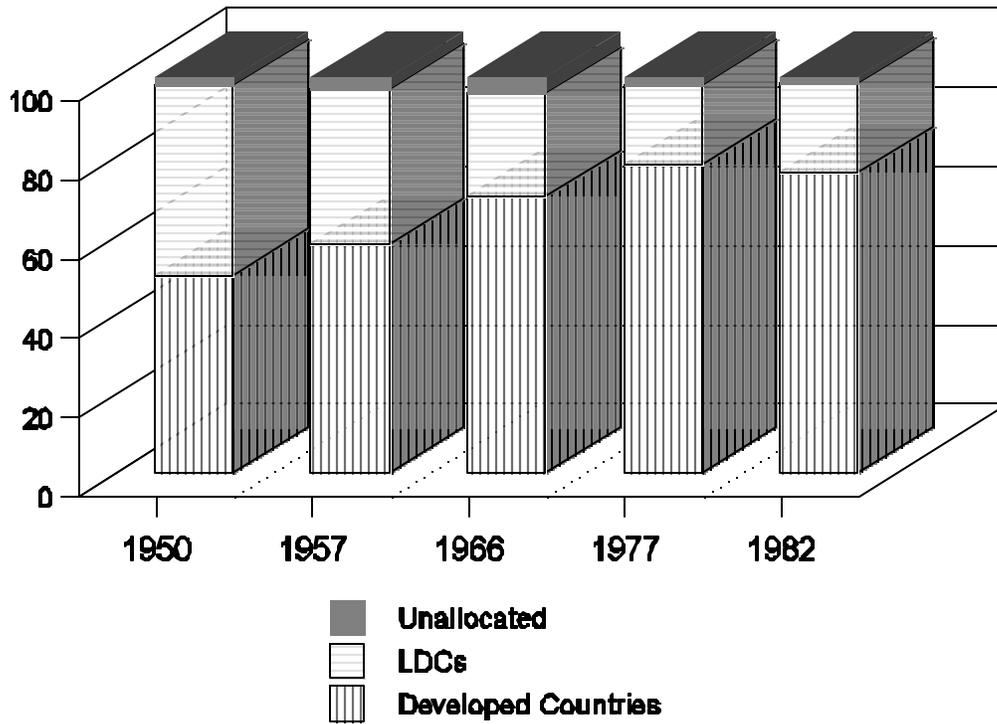
Table A-3 ATLAS OF WORLD'S LEADING COMPANIES (Largest company in 96 countries)		
Country	Largest Company	Sales
Egypt	Suez Canal Company (Canal operator)	950 million
El Salvador	Banco de Comercio (state-owned bank)	19.3 million
Ethiopia	National Textiles (textiles, state-owned)	162 million
Finland	Neste (oil and chemicals, state-owned)	5 billion
France	Compagnie Générale d'Électricité (telecommunications)	21.6 billion
Ghana	United African Company & Lever Brothers (Unilever)	109 million
Greece	Motor Oil (Hellas) Corinth Refineries (oil)	693 million
Guatemala	Instituto Nacional de Electricite (utility)	86 million
Honduras	Commercial e Inversiones Glaxia (food, personal care products)	62 million
Hong Kong	Jardine, Matheson (trading company)	1.3 billion
Iceland	Samband Is. Samvinnufelaga (food processor, retailer, cooperative)	377 million
India	Indian Oil (oil, state-owned)	8 billion
Indonesia	Pertamina (oil, state-owned)	11.8 billion
Iran	National Iranian Oil (oil, state-owned)	15 billion
Iraq	Iraq National Oil Company (oil, state-owned)	10 billion
Ireland	Jefferson Smurfit (paper)	1.5 billion
Israel	Koor Industries (metals, electrical equipment)	2.1 billion
Italy	Instituto per la Ricostruzione Industriale (holding company, state-owned)	37.6 billion
Japan	Toyota (automobiles)	42 billion
Jordan	Jordan Petroleum Refinery (oil, state-owned)	683 million
Kenya	East Africa Breweries	279 million
Korea	Samsung (conglomerate)	16 billion
Kuwait	Kuwait Petroleum (oil, state-owned)	14 billion
Liberia	Bong Mining	126 million
Libya	Libyan National Oil (oil, state-owned)	8 billion

Table A-3 ATLAS OF WORLD'S LEADING COMPANIES (Largest company in 96 countries)		
Country	Largest Company	Sales
Luxembourg	ARBED (steel, 25 percent owned by Belgium's Société Générale)	1.3 billion
Malaysia	Petronas (oil, state-owned)	4.4 billion
Mali	Sidi Boubacar Bally (export-import house)	22 million
Mauritius	BAT Industries (tobacco)	18 million
Mexico	PEMEX (oil, state-owned)	10 billion
Morocco	Marocaine de l'Industrie du Raffinage (oil, state-owned)	930 million
Mozambique	E.E. Medimoc (drugs, state-owned)	18 million
Nepal	Royal Nepal Airlines (state-owned)	32 million
Netherlands	Shell (Anglo-Dutch, oil) Philips (Electronics)	65 billion 27 billion
Netherland Antilles	Schlumberger (oil field services)	4.5 billion
New Zealand	Fletcher Challenge (agribusiness, building materials)	2.1 billion
Niger	Cominak (mining)	157 million
Nigeria	Nigerian National Petroleum (oil, state-owned)	11 billion
Norway	Norsk Hydro (oil, state-owned)	7.3 billion
Oman	Petroleum Development Oman (oil, state-owned)	4.1 billion
Pakistan	Pakistan State Oil (oil, state-owned)	1 billion
Panama	Syntex (drugs)	1 billion
Peru	Electralima (utility, state-owned)	203 million
Philippines	Philippine National Oil (oil, state-owned)	1 billion
Portugal	Petroleos de Portugal (oil, state-owned)	1.5 billion
Qatar	Mannai (trading, construction)	200 million
Rwanda	Rwandex (trading company)	91 million
Saudi Arabia	Aramco (oil, state-owned)	42 billion
Senegal	Ste. Africaine de Raffinage (oil)	345 million
Singapore	Singapore Airlines (airline, state-owned)	1.6 billion

Table A-3 ATLAS OF WORLD'S LEADING COMPANIES (Largest company in 96 countries)		
Country	Largest Company	Sales
South Africa	Anglo-American (mining)	13 billion (assets)
Spain	EMPETROL (oil company, state-owned)	3 billion
Sri Lanka	Ceylon Petroleum (state-owned)	540 million
Sweden	Volvo (automobiles)	12.3 billion
Switzerland	Nestlé (food)	25 billion
Syria	General Consumption Organization (food)	509 million
Taiwan	Chinese Petroleum (state-owned)	5.2 billion
Tanzania	National Textile Corp. (state-owned)	620 million
Thailand	Esso Standard (Exxon)	1 billion
Togo	Sonacom (trading company, state-owned)	53 million
Tunisia	Tunisia Electric & Gas (utility)	252 million
Turkey	Koc (conglomerate)	3.6 billion
Uganda	Uganda Electricity Board (utility)	39 million
United States	General Motors (automobiles)	102 billion
Uruguay	ANCAP (oil, state-owned)	356 million
Venezuela	Petroleos de Venezuela (oil, state-owned)	9.2 billion
West Germany	Daimler-Benz (automobiles)	30 billion
Yugoslavia	Energoinvest (conglomerate)	3.8 billion
Zaire	GECAMINES (mining, state-owned)	872 million
Zambia	Zambia Industrial & Mining (state-owned)	2.1 billion
Zimbabwe	Zimbabwe Mineral Marketing Corporation (minerals)	379 million

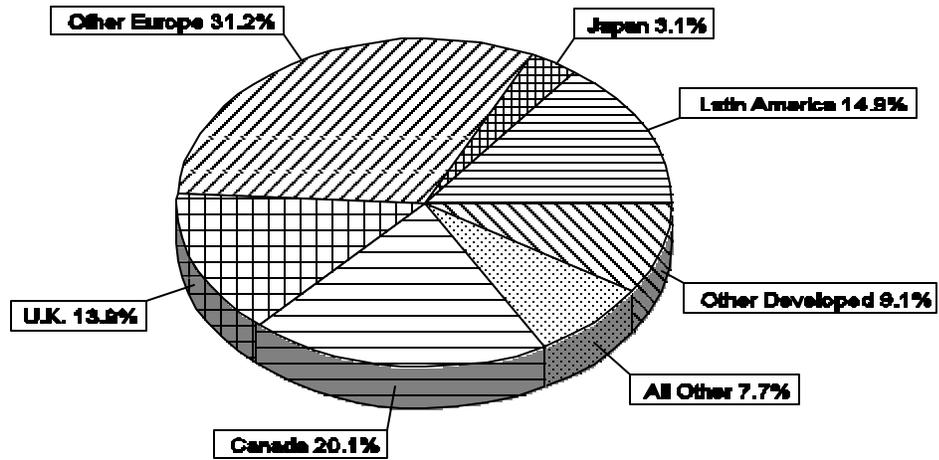
Sources: Company reports. *Business Week, Forbes, Fortune, South.*

Figure A-1
Distribution of Stock of USDIA by Region,
Selected Years, 1950–1982



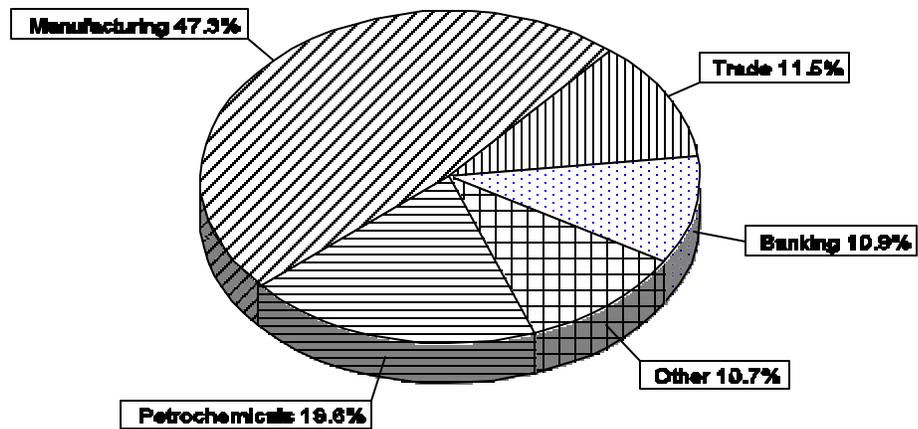
Source: USDOC. BEA.

Figure A-2
DISTRIBUTION OF USDIA BY COUNTRY/REGION. 1982.



TOTAL STOCK = \$221.3 billion

Figure A-3
DISTRIBUTION OF USDIA IN LATIN AMERICA BY INDUSTRY. 1982.



TOTAL STOCK = \$33.0 billion

PRIVATE HEALTH EXPENDITURES AND METHODS BY**APPENDIX B.****SOURCE IN SELECTED DEVELOPING COUNTRIES**

Table B-1 provides a summary of private health expenditures as a proportion of total health expenditures in selected countries. Note that the private sector expenditures for 19 out of the 41 developing countries listed are over half of the overall health expenditure for these countries.

Table B-1					
Private Health Expenditures as a Proportion of Total Health Expenditures					
in Selected Developing Countries¹					
Country		Percent	Country		Percent
DEVELOPING COUNTRIES					
ASIA			LATIN AMERICA		
Afghanistan	1976	88	Argentina	n.d.	69
Bangladesh	1976	87	Bolivia	n.d.	14
China	1981	32	Colombia	1978	33
India	1970	84	Ecuador	n.d.	45
Indonesia	1982/83	62	Haiti	1980	65
Korea, South	1975	87	Honduras	1970	63
Pakistan	1982	58 ²	Jamaica	1981	40
Philippines	1985	74	Mexico	1976	31
Sri Lanka	1982	45	Paraguay	n.d.	22
Thailand	1979	31	Peru	1984	40
			Uruguay	n.d.	66
			Venezuela	1976	58
NEAR EAST			AFRICA		
Jordan	1982	41	Botswana	1978	48
Syria	n.d.	76	Ethiopia	n.d.	54

Table B-1					
Private Health Expenditures as a Proportion of Total Health Expenditures in Selected Developing Countries¹					
Country		Percent	Country		Percent
Tunisia	n.d.	27	Ghana	1970	73
			Kenya	n.d.	52 ²
			Lesotho	1979/80	12
			Malawi	1980/81	23
			Mali	1976	54
			Rwanda	1977	37
			Senegal	1981	39
			Sudan	1979	41
			Swaziland	n.d.	50
			Upper Volta	1982	19
			Tanzania	n.d.	23
			Togo	1979	31
			Zambia 1981		50
			Zimbabwe	1980/81	21
INDUSTRIALIZED COUNTRIES, 1983					
Australia		34	Japan		25
Austria		38	Netherlands		21
Belgium		8	Norway		11
Canada		26	Spain		18
Denmark		15	Sweden		8
France		29	Switzerland		8 ³
Germany		20	United Kingdom		12
Italy		16	United States		58

Table B-1
Private Health Expenditures as a Proportion of Total Health Expenditures
in Selected Developing Countries¹

Country	Percent	Country	Percent
<p><i>Source:</i> De Ferranti (1985); Poullier (1986); Akin (1987); Ischock (1986).</p> <p>¹Except as noted, "private" includes, in principle, expenditures on health services by 1) individuals, excluding regular contributions to government schemes (e.g., payroll deductions for social security); 2) employers on behalf of their employees; 3) private voluntary organizations (e.g., mission hospitals); and 4) private practitioners—all taken net of government subsidies and other transfers (e.g., items 2), 3), and 4) should be net of fees collected). In practice, however, many figures are crude approximations. "Total" health expenditure encompasses all private, public, and quasi-public (hence government insurance schemes) outlays—again in net terms. Because sources use different definitions of "private," data for some countries are not directly comparable.</p> <p>²Percentage of recurrent costs only.</p> <p>³1982 data.</p> <p><i>Note:</i> n.d. indicates no data available and are the most recently available figures as reported in Akin (1987).</p>			

Table B-2 provides a summary of contraceptive methods among current users for selected countries. This table illustrates that 20 out of the 32 countries listed receive over a quarter of the contraceptive methods from private sector sources. Four of these countries—Bolivia, Brazil, Mexico, and Paraguay—receive over three-fourths of their contraceptives from private sources.

Table B-2						
Contraceptive Methods by Source Among Current Users for Selected Countries						
Country and Year	Contraceptive Prevalence Nationwide	Government (Percent)	Commercial¹ (Percent)	NGO (Percent)	Other² (Percent)	
AFRICA						
Kenya	1984	17	58.3	8.4	32.2	1.1
Liberia	1986	6	31.1	18.3	48.2	2.3
Senegal	1986	12	45.0	50.0	—	5.0
Zaire	1984		64.1	28.7	3.6	3.5
Zimbabwe	1984	38	42.8	9.2	46.2	2.0
ASIA						
Bangladesh	1985	25				
Korea	1985	70	58.0 ³	42.0 ³		
Nepal	1981 ^{4,5}	15	73.9	2.7	20.4	2.9
Pakistan	1985	9	66.8	26.5	—	6.7
Sri Lanka	1987	55	84.4	7.9	2.9	4.8
Thailand	1984 ⁵	65	78.0	19.7	0.7	1.6
LATIN AMERICA						
Barbados	1985	37	34.4	33.6	21.6	10.4
Belize	1985	37	38.0	30.0	—	30.0 ⁶
Bolivia	1983	26	7.0	93.0	—	—
Brazil	1986	65	15.0 ⁷	85.0 ⁷		
Colombia	1986 ⁵	68	34.0	43.6	21.6 ⁸	1.1
Costa Rica	1985	68	68.0	21.5	22.1	1.4
Dominican Republic	1986	46	44.0	44.0	4.0	4.0

Table B-2 Contraceptive Methods by Source Among Current Users for Selected Countries						
Country and Year		Contraceptive Prevalence Nationwide	Government (Percent)	Commercial¹ (Percent)	NGO (Percent)	Other² (Percent)
Ecuador	1987	40	37.4	39.2	15.4	6.5
El Salvador	1987	46	49.7	38.1	—	12.2
Guatemala	1983	25	31.8	16.1	30.3	11.7
Haiti	1983	7 ⁹	32.9	67.1	—	—
Honduras	1984	35	27.9	22.0	32.9	2.4
Jamaica	1983	51	66.9	30.2	—	2.9
Mexico	1978	48 ¹⁰	15.8	77.4	0.0	6.4
Panama	1979	63	65.9	23.4	—	10.7
Paraguay	n.d.	36	—	100.0	—	—
Peru	1986	41	56.0	33.0	—	11.0
NEAR EAST						
Egypt	1984 ⁵	30	30.0	69.4	1.3	1.1
Lebanon	1984	53	1.2	40.0	58.8	—
Morocco	1984 ⁵	26	58.4	40.0	—	1.6
Tunisia	1983	41	77.7	21.4	—	0.8
<p><i>Source:</i> Lewis and Kenney (1988) based on Contraceptive Prevalence Surveys and Demographic and Health Surveys.</p> <p>¹Includes private physicians, hospitals, pharmacies, and any other private, non-NGO.</p> <p>²Unspecified source, may encompass NGOs when private nonprofits are not a category, and may include commercial where it is not a separate category.</p> <p>³Source allocation data are for 1979.</p> <p>⁴Based on nonusers as well as users.</p> <p>⁵Includes currently married women only.</p> <p>⁶Thirty percent uncertain as to source of contraceptives.</p> <p>⁷Source allocation data are for 1983.</p> <p>⁸Profamilia only.</p> <p>⁹Only 40 percent of users use modern contraceptive methods.</p> <p>¹⁰Prevalence data is from 1982.</p>						