



Direct Loan to the Reproductive Health Association of Cambodia

A private sector intervention to increase the sustainability of reproductive health services

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The Summa Foundation's Investment Profile Series

The papers in the Summa Foundation's Investment Profile Series highlight selected investments made by the Summa Foundation. These papers are based on the research, analysis and due diligence conducted in structuring and approving an investment. The Summa Foundation uses financing and technical assistance to achieve health impact through the private sector. The Investment Profile Series was developed to disseminate information on this new model for achieving health impact and to highlight key elements of the investment design.

Photo Credit

Photo on upper left corner: Adolescents excitedly crowding a stage in Phnom Penh, Cambodia (1999), at an event organized to educate youth about reproductive health. Photo by the Reproductive Health Association of Cambodia (RHAC); selected from the Johns Hopkins M/MC Photoshare at www.jhuccp.org/mmc.

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ACRONYMS

| | |
|--------|---|
| AIDS | Acquired Immune Deficiency Syndrome |
| CMS | Commercial Market Strategies Project |
| CSES | Cambodian Socio-Economic Survey |
| CYP | Couple Years of Protection |
| FHSP | Family Health and Spacing Project |
| FP | Family Planning |
| FPIA | Family Planning International Assistance |
| HDT | Health Development Team |
| HIV | Human Immunodeficiency Virus |
| HMO | Health Maintenance Organization |
| IEC | Information, Education, and Communication |
| NGO | Non-governmental Organization |
| PP1 | Phnom Penh 1 Clinic |
| PP2 | Phnom Penh 2 Clinic |
| RHAC | Reproductive Health Association of Cambodia |
| RTI | Reproductive Tract Infection |
| SEATS | Family Planning Service Expansion and Technical Support Project |
| STD | Sexually Transmitted Disease |
| STI | Sexually Transmitted Infection |
| Summa | Summa Foundation |
| UNICEF | United Nations' International Children's Education Fund |
| US | United States |
| USAID | United States Agency for International Development |

THE SUMMA FOUNDATION

The Summa Foundation is a not-for-profit investment fund created in 1992 with funding from USAID to provide financing and technical assistance to private and commercial organizations engaged in health activities in developing countries. Summa seeks to expand the role of the private sector in providing affordable health services and products, with particular emphasis on reproductive health and family planning.

The Summa Foundation is currently operating under the USAID funded Commercial Market Strategies Project. Summa is unique because of the variety of financing mechanisms at its disposal: direct loans, equity investments and microfinance programs. These different financing mechanisms enable Summa to reach a broad range of companies, organizations, and individuals working in the private and commercial health sector.

Commercial Companies

Summa makes direct loans and equity investments in commercial companies, such as private clinics, HMOs or insurance companies and health product distributors. The intent of these investments is to encourage companies to provide affordable and quality health products and services. Summa provides financing to commercial companies to expand their existing business or to initiate new business ventures.

Non-Governmental Organizations (NGOs)

Summa also makes direct loans to non-governmental organizations that are involved in health product distribution or service provision. The intent of these loans is to expand the NGO's activities and increase its income generating ability in order to improve sustainability and impact.

Microfinance Program

Summa also designs and finances revolving loan funds that provide small or micro loans to individual healthcare providers, such as midwives, doctors, and pharmacists. Revolving loan funds are established in partnership with a local financial institution. By working with local institutions, the microfinance program provides a mechanism for Summa to reach multiple borrowers with smaller loans. The intent of the microfinance program is to assist private providers to improve and expand their services.

Technical Assistance

Each of these financing mechanisms is complemented by technical assistance. The package of technical assistance that Summa can provide sets it apart from other investment funds. Technical assistance is provided in the areas of financial and institutional management and in health service delivery and family planning. Summa provides technical assistance to its borrowers and partners in order to maximize impact and ensure the success of its investments.

EXECUTIVE SUMMARY

Cambodia has experienced years of political turmoil that have significantly impaired its development, including its health care system. In 1975, the Khmer Rouge took control of Cambodia, installing a repressive regime that decimated the country and its educated class, including health professionals. By the end of the Khmer Rouge's reign, there were less than fifty western-trained doctors left in the entire country. Vietnam invaded Cambodia in 1978, toppling the Khmer Rouge. However, civil war continued until relatively recently. Over the past four or five years, Cambodia has achieved a degree of stability, which has led to some economic and social improvements. Despite this progress, Cambodia has some of the worst health indicators in Southeast Asia and continues to suffer from a shortage of adequately trained medical staff. Health care quality is tremendously uneven, while large portions of the population continue to use traditional health care or do not seek health care at all.

In Cambodia, the international community has focused most of its efforts on rebuilding the public health sector, which is typical in post conflict settings. While this effort has achieved significant results, the private sector also has an important role to play in rebuilding a country's health systems and contributing to positive health outcomes. In fact, it is estimated that most Cambodians obtain outpatient health services from the private sector.¹ In Cambodia, however, the private sector is not without problems. The private sector has grown quickly; is largely unregulated; and there is a huge variation in the quality of products and services provided.

Against this backdrop, it is important to consider the case of the Reproductive Health Association of Cambodia (RHAC), a private, not-for-profit, health service provider. The case of RHAC shows how a private sector initiative can achieve high quality and affordable health care, while paying attention to sustainability, which is frequently overlooked in public sector interventions. As Cambodia transitions from disaster to development, there is a need not only to address the low health outcomes of today but also to create sustainable institutions that will care for the health needs of the future.

RHAC stands out as a high quality provider of affordable reproductive and other health services. RHAC was created with USAID funding in 1994 and began operating as a local NGO in 1997. RHAC is Cambodia's largest, private, reproductive health provider, offering clinical reproductive health care, health outreach, adolescent and workplace-based programs and training. Though active in only five of Cambodia's 23 provinces, RHAC's 1999 family planning coverage was roughly one third of the Ministry of Health's and it provided commodities equivalent to about 30% of those provided through the public sector.²

In addition to providing high quality care, RHAC is also innovative in its approach to sustainability. RHAC asked the Summa Foundation to design an intervention to increase its long-term sustainability. The Summa Foundation responded by designing a package of financing and technical assistance, which will increase RHAC's institutional equity and cost recovery, and expand services over time. Specifically, Summa provided a direct loan to RHAC to purchase its headquarters and main clinic in Phnom Penh, the PP1 clinic. Summa will also be providing technical assistance in assessing RHAC's operations and making recommendations to improve sustainability.

This Investment Profile will outline the background behind the Summa intervention; discuss the project design in detail; and examine the expected health outcomes as a result of this intervention. The Investment Profile will demonstrate that financing and technical assistance can be an important strategy in working with the private sector to increase sustainability and improve public health outcomes even in a post conflict setting.

COUNTRY BACKGROUND

Political Situation

Cambodia is situated in Southeast Asia and has a population of approximately 12.2 million. It is one of the poorest countries in Southeast Asia, ranked 121st out of 162 countries on the United Nations Development Program's 2001 Human Development Index.³

Cambodia's developmental difficulties have largely been due to violent political turmoil that has shrouded the nation for the last thirty years. In 1975, the Khmer Rouge gained control of Cambodia, ending five years of conflict. However, their repressive regime caused massive social displacement that left over one million dead and decimated the professional and educated classes, including health professionals. Neighboring Vietnam invaded in 1978, forcing the Khmer Rouge out of power. Civil war continued for another 13 years. The Vietnamese left in 1989, followed by a decade of continuing political instability. In 1991 a shaky peace agreement was reached and elections in 1993 resulted in a coalition government between two co-Prime Ministers. A second election held in 1997 gave power to the Cambodian People's Party. Its leader, Hun Sen, is the current and sole Prime Minister. Over the past decade, the Khmer Rouge's power has diminished and the group is no longer considered a threat. Though still fractionalized, Cambodia has achieved a degree of peace and stability over the past four years.

Cambodia's economy has also improved. The economy expanded throughout the first part of the 1990's but slowed in 1997-1998 due to the Asian economic crisis and civil unrest. In 1999, however, there was progress on economic reforms and the economy grew by 4%.⁴ The economy is primarily agricultural (43%) followed by services (37%) and industry (20%).⁵ Despite this progress, Cambodia still has a long way to go. Most of Cambodia's population lack adequate education and productive skills, and about one-third of its population is estimated to live in absolute poverty.⁶

Health in Cambodia

Health conditions in Cambodia are extremely poor. Mortality is relatively high, with an average life expectancy at birth of only 54 years (compared to 68 years in both the Philippines and Vietnam).⁷ Concurrently, Cambodia's population is growing more rapidly than most of its neighbors at a rate of 2.7% per annum⁸, reflecting a relatively high fertility rate (4.1 children born/women).⁹ Contraceptive use is low, with only 16% of married women using a modern method.¹⁰ HIV/AIDS poses a serious threat, with Cambodia having the highest prevalence among Asian countries (2.40%).¹¹ The 2000 HIV Sentinel Surveillance Report estimated that there were 170,000 HIV positive persons in 1999.¹²

The health of women in Cambodia reflects the overall poor health conditions within the country. Cambodia has the second highest estimated maternal mortality ratio in Asia (900 per 100,000 live births).¹³ In general, it appears that women give birth under precarious conditions. For example, only a third of pregnant women in 1998 received antenatal care from a trained provider, while only 10% of women delivered a baby in a medical facility.¹⁴ Most births occur at home and are attended by a traditional birth attendant.¹⁵

Children's health is closely related to the health of their mothers. Correspondingly, the under-five mortality rate is higher than that of all other Southeast Asian countries (except Laos) at 115 per 1000 live births.¹⁶ 56% of children are stunted and 18% of babies are born with low birth

weight.¹⁷ Service utilization is very low for key child health indicators. For example, only 39% of children 12-23 months received all their vaccinations in 1998, while only 31% of children with acute respiratory infections were taken to a health provider.¹⁸

Box 1: Health Statistics in Cambodia

| | |
|--|---|
| Population (1997) | 12.2m ^a |
| Population growth rate | 2.7% |
| Total fertility rate ^b | 4.1 children born/woman |
| Contraceptive prevalence rate ^b | 16% all married women/modern methods |
| Adolescent fertility rate | 14 births per 1,000 children ages 15-19 |
| Maternal mortality rate | 900 deaths/per 100,000 live births |
| Infant mortality rate | 89 deaths/per 1000 live births 1998 |
| Life expectancy | 54 years total population |

Source:

World Bank 1999 except as noted

^a The World Factbook 2000, CIA

^b Cambodia Ministry of Health (c1999)

The Cambodian Healthcare System

The Cambodian health care system was largely destroyed during the Khmer Rouge's regime. The Khmer Rouge believed that Cambodians should use only traditional medicines, rationalizing the destruction of the modern healthcare system. They eliminated doctors with western education. As a result, fewer than 50 western-trained doctors survived the Khmer Rouge era. From 1980 onwards, the Vietnamese tried to resurrect the previous public health system, but many health workers were trained hastily in accelerated courses, leading to serious compromises in quality. Also, the quality of services depended entirely on assistance from socialist countries, with only a few international organizations (such as UNICEF) active during this period. Following the end of the Vietnamese occupation, Western donors began to reform the health system by strengthening the Ministry of Health's capacity (1989-1993) and, subsequently, healthcare at the district level (1994-1998). Though the situation is improving there are still a significant number of constraints to the public health system. It is under financed and, as a result, government health workers are poorly paid and work limited hours. Lack of financial transparency also prevents the public health system from reaching its potential. Overall, the most pervasive problem of the Cambodian healthcare system is poor quality, whether in the underdeveloped public sector or in the growing, but unregulated, private sector.

The Private Sector's Role

A weak public health sector and a lack of regulations has spurred the growth of private sector health care in Cambodia. In fact, most Cambodians obtain their outpatient health services from the private sector. The 1997 Cambodian Socio-Economic Survey (CSES 1997) indicates that only one in five Cambodians (22%) consults a public provider.¹⁹ About one-third consult a private provider and another 15% treat themselves. Almost one-third (31%) do not obtain any treatment.

In Cambodia, standards, controls, and licensing are not adequately enforced and as a result there is a huge variation in the quality of products and services that are provided by the private health sector.²⁰ At times this can result in a potentially dangerous health environment for the consumer. The private sector comprises a diverse group of providers, including traditional providers,

pharmacies and drug vendors, doctors, medical assistants, nurses, midwives, and non-governmental organizations.

RHAC's Unique Position

Within Cambodia's challenging health environment, the Reproductive Health Association of Cambodia (RHAC) stands out. Many consider RHAC to be Cambodia's leading reproductive health NGO with a reputation for quality, safety, and affordability. RHAC is the largest, private, reproductive health provider in Cambodia, with six clinics and community outreach programs in six locations (with over 500 volunteer health workers). RHAC's clinical services target women, men, and adolescents. RHAC also conducts workplace based reproductive health programs, training in reproductive health for other providers, and IEC and market research. Though active in only five of Cambodia's 23 provinces, RHAC's 1999 family planning coverage was roughly one third of the Ministry of Health's and it provided commodities equivalent to about 30% of those provided through the public sector.²¹ Overall, in 2001 RHAC saw a total of nearly 308,000 family planning clients, of which 36,064 were new.²² RHAC's work is not only limited to family planning. RHAC is establishing itself as a leader in dual protection, integrating HIV/AIDS and STI prevention and education into its programs, while also providing antenatal and postnatal care at its clinics.

PROJECT BACKGROUND

RHAC Overview

The Reproductive Health Association of Cambodia (RHAC) is the largest, private, reproductive health provider in Cambodia. Many view it as the country's leading reproductive health NGO. Summa believes that RHAC has a very important role to play in the development of the health sector in Cambodia and that it sets an example within the private sector for high quality service delivery and effective public/private sector training.

RHAC was established at a time when there were no other major institutions providing quality reproductive health services and information and at a time when Cambodian health indicators required immediate attention. The organization grew out of the USAID-funded Family Health and Spacing Project (FHSP), which was managed by FPIA in New York from 1994 to 1997. With USAID encouragement, RHAC registered in 1996 as an indigenous, not-for-profit organization managed and staffed by Cambodians. In 1997 RHAC took over management of FPIA's activities in Cambodia. Current RHAC employees are among the first Cambodians who were involved in family planning and reproductive health in their country. RHAC was also the first organization that helped provincial health departments to establish family planning clinics and outreach programs. Presently, RHAC offers a range of programs, including clinic-based services, health outreach, an adolescent reproductive health program, a workplace-based reproductive health program, training in reproductive health, and IEC and market research. These programs are described in more detail below.

Clinical Services

RHAC currently has six clinics – two in Phnom Penh (PP1 and PP2) and one each in Kampong Chan, Battambang, Sihanoukville and Takeo. The headquarters is located at the Phnom Penh Clinic 1 (PP1), which also happens to be the largest of the six clinics. Staff view the Phnom Penh Clinic 1 (PP1) as the heart of RHAC's activities. PP1 not only serves as a model for the other clinics, but also provides clinical training to both RHAC and non-RHAC personnel. The clinic is located in central Phnom Penh and generates 55% of RHAC's user fee income. The Phnom Penh Clinic 2 (PP2) lies in less affluent southeastern Phnom Penh and serves a poorer clientele. The Kampong Cham clinic is located in Cambodia's second largest city, while the Battambang Clinic serves Cambodia's third largest city. The Battambang Clinic is recognized as the highest quality service provider in its area. The Sihanoukville clinic sits on the Cambodian coast, where there is a thriving sex industry due to an influx of tourists and workers. Correspondingly, Sihanoukville has a higher rate of STDs and HIV/AIDS. The Takeo clinic was established in December 2001 and is run by two midwives.

The objectives of the RHAC clinics are to provide high quality, reproductive health care and information to women, men and adolescents. RHAC clinics provide family planning, diagnosis and treatment of reproductive tract infections and sexually transmitted diseases, ante and postnatal care, HIV/AIDS counseling, basic laboratory tests, and treatment of other minor gynecological problems. All RHAC clinics have separate examination rooms for women, men, and adolescents. Most have separate waiting rooms for adolescents. Printed educational materials

and audio-visual aids are used to provide health education to waiting clients. In 2001, the six RHAC clinics had a total of 79,676 client visits, of which 5,295 were new family planning clients and 12,107 were family planning acceptors. They also saw a total of 45,915 RTI/STD cases and had 12,077 ante natal care cases.²³

Health Development Teams

RHAC operates an outreach program through Health Development Teams (HDTs). The HDT program provides reproductive health and HIV/AIDS education and non-clinical family planning services through a network of approximately 500 volunteers in rural districts. The HDT teams operate in Phnom Penh, Svay Rieng, Takeo, Kampong Speu, Sihanoukville and Battambang provinces. When necessary, HDT workers refer clients to RHAC clinics. RHAC established the HDT program in order to cost-effectively extend their services to poorer, more rural populations. In 2001, the HDT program made 295,701 family planning visits.²⁴

Training in Reproductive Health

At its PP1 site, RHAC provides reproductive health training. Training participants typically include RHAC and non-RHAC employees. RHAC participants may include RHAC staff as well as HDT workers, while non-RHAC participants come from both the public and the private sectors. Participant needs determine the content of training courses. Courses have covered clinical services, community health services, community health education and counseling, program management, and other issues, such as gender equity and reproductive rights. In 2001, RHAC conducted 88 training days for 611 participants.²⁵

IEC and Market Research

RHAC conducts IEC and market research in order to generate demand for its services, strengthen the quality of its care, and increase the cost effectiveness of its operations. RHAC produces promotional and educational materials. For example, its range of materials in 2001 included 130,000 leaflets on birth spacing methods, 40,000 leaflets on condoms, and television slots that aired in Battambang.²⁶ At the same time, RHAC implements a continuous quality improvement system and conducts market research on both its products/services and its clientele. Last year, RHAC carried out qualitative research in order to examine the current socio-economic profile of its clientele.

RHAC's Sustainability

Not only has RHAC been successful in providing high quality and affordable health care, it is concerned with building a sustainable institution, which can continue to provide this care into the future. While RHAC is not yet sustainable, its management has been proactive in taking steps that will assist it on the road to sustainability. As a first step, RHAC built a reputation for quality services and a loyal customer base. As a further step in its institutional development, RHAC assembled a highly competent management team, capable of providing it with operational and strategic direction. In an effort to improve financial sustainability, RHAC began building program income reserves, which can be used in case of a funding shortfall or to invest in the organization. RHAC also made significant progress in diversifying its funding base in order to reduce dependency on a single donor. In order to improve cost recovery and financial sustainability,

RHAC asked the Summa Foundation to design an intervention. The Summa Foundation uses financing and technical assistance as innovative tools to improve the sustainability of NGOs. RHAC requested a loan from Summa to purchase their main clinic and headquarters, PP1, and technical assistance to maximize the impact of the loan on sustainability.

PROJECT OBJECTIVE AND DESIGN

Summa Assessment

When Summa receives a loan request it conducts due diligence and a thorough assessment of the potential borrower. In the case of RHAC, Summa examined the following:

- Market
- Competition
- Suppliers
- Company Premises
- Management
- Credit History
- Financial Position
- Risks
- Health Impact

Through this analysis, Summa determined that RHAC was eligible for a loan. Eligibility for a Summa loan is based on a number of factors, including borrower contribution, credit-worthiness, ability to repay, and the projected health and development impact of the loan and borrower.

Borrower Contribution

Summa requires that its borrowers make a contribution to the project and business. By putting their own funds and assets into the project, the borrower is demonstrating commitment and risk-sharing. RHAC demonstrated their commitment to the project by using some of their cash reserves as a down payment on the purchase of the PP1 Clinic. In fact, RHAC contributed 40% of the total cost of the project.

Credit-worthiness

In assessing credit-worthiness, Summa examines a number of factors. Previous credit history can be an important indicator of credit-worthiness. Like most NGO's, however, RHAC did not have a track record in borrowing. This is frequently a factor in why banks are reluctant to lend to NGOs. Instead of credit history, Summa paid more attention to the character and capacity of RHAC management. RHAC's managers were competent, well-qualified, and demonstrated a real commitment and vision for growing RHAC into the future. They also demonstrated an understanding of the obligations that a loan entails and a commitment to repay.

Ability to Repay

In addition to examining commitment to repay, Summa did a thorough assessment of RHAC's ability to repay. Summa examined the historical, financial performance of the organization and progress towards sustainability and made future cashflow projections based on observations of RHAC's market, the risks facing the organization and country, competition, management capacity and previous record of growth. These cashflow projections demonstrated that RHAC had the ability to repay the loan. In addition, Summa requires collateral as a secondary source of repayment, which is frequently a problem for many NGOs that are requesting loans. Over time, RHAC had built up enough assets to adequately secure the loan. This will be discussed in more detail below.

Health and Development Impact

During a loan assessment, Summa also determines if a potential borrower is producing positive public health and development outcomes and whether it will continue doing so during the loan term. A borrower must satisfy Summa's health objectives in order to be eligible for a loan. The assessment revealed that RHAC is providing a very valuable public health service to its community and that a loan to RHAC will support this. The potential health impact of the loan will be discussed below.

Objective of Summa Intervention

After conducting an assessment of RHAC, Summa recommended the approval of a package of financing and technical assistance to improve RHAC's sustainability. Specifically, Summa approved a direct loan of \$150,000 with a 42 month term to RHAC. The main objective of the loan was to help RHAC purchase its headquarters and main clinic in Phnom Penh (PP1). The Summa loan increases RHAC's sustainability through:

- Improved institutional stability
- Improved cost recovery
- Increased equity

The Summa loan to RHAC was a significant step towards improving institutional stability. Prior to the loan, RHAC did not own any property and leased all its clinics. The landlord of the PP1 Clinic had indicated that he wanted to sell the clinic site to either RHAC or to another buyer. If RHAC had lost this clinic, it would have negatively impacted its client base and cut its user fee income in half. In addition, PP1 serves as a model clinic to the broader public health community. The loss of the PP1 clinic would have been a huge setback to RHAC's institutional stability.

The Summa loan to RHAC is also assisting it to improve cost recovery. Purchasing the PP1 Clinic has enabled RHAC to make property renovations and expand the number of examination rooms. This will eventually increase the number of patients it can see each day, increasing user fee income. In addition, now that RHAC owns the PP1 Clinic, it will be able to reduce its operating costs because it no longer has to pay rent for the facility.

Finally, clinic ownership will increase RHAC's institutional equity, which will enable RHAC to leverage additional financing in the future and improve its institutional stability. Overall, the Summa loan will strengthen RHAC's capacity to provide quality family planning, reproductive health, and maternal/child health services into the future.

Loan Structure

Loan Use

The Summa Foundation approved a \$150,000 loan to RHAC to purchase its headquarters and main clinic in Phnom Penh (PP1). RHAC used \$140,000 from the Summa loan to purchase the clinic, while contributing \$100,000 from its own reserves as a down payment. RHAC used the remaining \$10,000 from the Summa loan as working capital, primarily for legal and other fees associated with the property transfer.

Box 2: Summary of Loan Use

| | |
|-----------------------------|---|
| Amount Requested from Summa | \$140,000 for Clinic \$10,000 for Working Capital \$150,000 Total Loan Request |
| RHAC's Contribution | \$100,000 for Clinic \$250,000 Total Project Cost (excluding TA) |

Maturity

Summa and RHAC agreed to a loan term of 3.5 years, considered a reasonable amount of time for RHAC to pay back its loan based on its projected cashflow.

Source of Repayment

RHAC's primary source of repayment for the loan comes from user fee income and from RHAC's USAID funds that were originally budgeted for rent. RHAC received USAID approval to use the money allotted for rent from its USAID Agreement to make payments on the Summa loan.

Collateral

Summa requires that its loans be fully collateralized in order to mitigate some of the project and country risk. Summa usually considers property, equipment, other assets, cash reserves and guarantees to secure a loan. RHAC is using some of its cash reserves to collateralize the loan. After the loan was approved and closed, RHAC transferred the reserves to Summa. Summa is investing these reserves for RHAC in a US money management firm, resulting in a win-win situation for both Summa and RHAC. The use of the cash reserves as collateral greatly increased Summa's confidence in making the loan. If RHAC defaults on the loan, Summa reserves the right to drawn down on these funds. If the loan is fully repaid, Summa will return the reserves with interest to RHAC. Additionally, this arrangement gives RHAC experience in investing money in a more stable economy. The reserves will be safer than if they remain in a Cambodian bank.

Technical Assistance

In order to improve the overall impact of the loan and to contribute to sustainability, Summa agreed to provide technical assistance to RHAC. The technical assistance will include an assessment of RHAC's progress towards sustainability by reviewing operations, financial management, marketing plan, and strategic framework. Summa will make recommendations to improve operations and sustainability. Each recommendation will include concrete action steps and resource requirements.

Health Outcomes During the Loan Term

Summa expects the loan will assist RHAC in achieving improved health outcomes during the loan term. Currently, the PP1 clinic operates at full capacity, with clients frequently experiencing substantial waiting room delays. RHAC does not believe that it can further increase the volume of clients at PP1 without making an investment in renovating the space. RHAC had been reluctant to invest money in the building prior to ownership. Since purchasing the clinic, RHAC has initiated

construction of three additional examination rooms. RHAC hopes to be able to complete this renovation by 2003. Management believes that this will reduce the current client waiting time as well as increase the number of clients served. Currently an exam room serves an average of 18 visits per day. There are presently 6 examination rooms at PP1 for an average of 110 visits per day. To be conservative, RHAC is assuming that each new room will serve an average of 15 clients per day, increasing the total number of clients per day by 45. RHAC does not think it will have a problem attracting these additional clients in the future because of current excess demand.

Table 1 gives a summary of services provided by the PP1 clinic in 2001. By improving RHAC's sustainability and by enabling RHAC to open additional examination rooms in the PP1 clinic, Summa expects to see an increase in the number of clients served and number of commodities sold by RHAC over the loan term.

Table 1: Summary of Services Statistics at RHAC's PP1 Clinic, 2001

| Services | January-December, 2001 |
|------------------------|-------------------------------|
| New FP Clients | 2,301 |
| Total FP Clients | 5,777 |
| Ante & Post Natal Care | 5,968 |
| RTI/STD Cases | 24,999 |
| Male Cases | 2,471 |
| Total Visits | 35,127 |
| Total CYPs | 5,779 |

Source: Annual Report on USAID Activities, RHAC 2001

PROJECT MONITORING

As part of the design of a loan package, the Summa Foundation develops a monitoring plan to track the success of the loan in meeting its objectives. Specifically, Summa is tracking the following indicators for the loan to RHAC:

- Repayment of the loan
- RHAC's overall financial performance
- Health outcomes

Repayment of the Loan

In order to monitor the financial performance of the loan, Summa tracks the completeness and timeliness of principal and interest repayments.

RHAC's Overall Financial Performance

Summa requires RHAC to provide semi-annual financial statements and an annual audited financial statement. Summa reviews these statements to determine RHAC's overall financial condition and to track the impact of the loan on RHAC's sustainability. Specifically, Summa tracks changes in net revenue and RHAC's cost recovery.

Health Outcomes

By improving RHAC's sustainability and by enabling RHAC to open additional examination rooms in the PP1 clinic, Summa expects to see an increase in the number of clients served and number of commodities sold by RHAC. Accordingly, Summa tracks the service/commodity statistics for the PP1 clinic. While the loan and technical assistance to RHAC is likely to impact the overall performance of the organization, Summa believes that the most direct impact will be seen at the PP1 clinic.

CONCLUSION

In a post conflict setting, sustainability is frequently overlooked in health programming despite the fact that sustainable health institutions are a building block for any long-term health system. The private sector has an important role to play in creating sustainable health institutions and should be considered in post conflict health program design. The Reproductive Health Association of Cambodia is a good example of a private sector initiative that is achieving positive public health outcomes in a post conflict setting, while paying attention to sustainability.

While RHAC is not yet sustainable, its management is playing a proactive role in improving the sustainability of the organization. RHAC requested assistance from the Summa Foundation in improving sustainability. The Summa Foundation, a not-for-profit, investment fund, works with NGOs in the health sector to improve sustainability through a package of financing and technical assistance. In the case of RHAC, Summa designed an intervention, which included a loan to purchase RHAC's main clinic and headquarters. The objective of this loan is to increase RHAC's institutional stability; improve cost recovery; and increase institutional equity. To maximize the impact of the loan, Summa will also provide RHAC with technical assistance to further increase sustainability. The use of financing and technical assistance can be an important strategy in working with the private sector to increase sustainability and improve public health outcomes in a post conflict setting.

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ENDNOTES

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