# PROFIT

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

**Promoting Financial Investments and Transfers**

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## PROJECT PERFORMED FOR

# U.S. Agency for International Development *(Office of Population)*

Deloitte & Touche

Deloitte Touche Tohmatsu International

In association with

Boston University Center for International Health  Multinational Strategies, Inc.  Development Associates, Inc.  Family Health International

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# COUNTRY ASSESSMENT:

# MEXICO, 1992

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September 30, 1992

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

Dear Dr. Adams:

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

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

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

Very truly yours,

Donald R. Nicholson II
PROFIT Project Director

cc: Ms. Bonnie Osegueda, USAID/Mexico

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**PROFIT COUNTRY ASSESSMENT - MEXICO, 1992**

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# I. INTRODUCTION

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

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

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

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

Members of the PROFIT team, Albert Angulo, Cassandra Pulley Robinson and Robert Bonardi conducted four trips to Mexico between March and August 1992. A number of potential areas for involvement were identified and discussed in the trip reports of March, April and August. They are also outlined in Section IV of this report.

The remainder of this document is structured as follows:

Section II - provides an overview of the country's demographics and a profile of the family planning environment. Elements of the macroeconomic, social and political environment which are relevant to PROFIT are identified for brief discussion.

Section III - examines the areas of Innovative Investment, Private Health Care Providers and Employer-provided Family Planning, the mandated areas of PROFIT operation, within the context of the country.

Section IV - describes the potential interventions identified in each country, outlines the relationship to PROFIT objectives, and examines the potential benefits of the activity.

## II. COUNTRY BACKGROUND

Mexico has an area of more than 760,000 square miles making it the third largest country in Latin America and the thirteenth largest in the world. Mexico's population, currently at 87.7 million, has nearly doubled in the last thirty years from 44 million in 1965.

The Government of Mexico (GOM) first acknowledged the negative impact of its rapid population growth on the country's economic and social welfare in 1974 with the reversal of its pro-natalist population policy. The Population Law of 1974 initiated a group of policies to regulate population growth and promote family planning education and service provision. Now 62% of Mexico's family planning is provided by the GOM, which makes the full range of contraceptive methods available to Mexican citizens free of charge. Since the introduction of the Population Law, the fertility rate has been cut from 6.7 children per couple in the early seventies to 3.2 in 1990. The contraceptive prevalence rate (CPR) jumped from 13% in 1973 to 52.7% in 1987 according to the 1987 Demographic Health Survey (DHS). Government support for the expansion of family planning services and education is manifest in the ambitious demographic target of 1% population growth rate by the year 2000 set forth in the current administration's Population Program.

Despite the GOM's firm commitment to family planning, the unmet need for commodities and services is 24% in urban areas and 58% in rural areas among married women who desired no more children (DHS 1987). The USAID/Mexico Population Strategy attributes this to a shortage of supplies and services. Of all the Latin American countries, Mexico has the widest gap in contraceptive prevalence between the rural and urban populations, with the CPR at 59% in the urban areas and an average of 33% in rural areas. Some states have CPRs as low as 15% and have been designated by the MOH as priority areas. Shortage of the appropriate method, misinformation, traditional male resistance, and the scattered nature of the population are all contributing factors to the poor CPR in rural areas.

Knowledge of contraceptive methods is widespread, with approximately 90% awareness of the pill, IUD, and injectable among the Mexican population (DHS 1987). The significant potential for growth of family planning services and the well-developed nature of Mexico's private sector create a favorable environment for the involvement of the A.I.D.-funded PROFIT project.

Specific factors which have had an overall effect on family planning prospects, and the potential for PROFIT's involvement in Mexico are:

- Government Health Care Policy and Commitment to Family Planning. The GOM has a strong tradition of social welfare support and has established an extensive state-funded social services system which places a high priority on health care provision. Every level of health care services is provided through the Bureau of Health (SSA), the Social Security Institute (IMSS), and the Government Employees Social Security and Services Institute (ISSTE) network of clinics and hospitals. Mexico's public health care system

supports an extensive infrastructure for the provision of family planning commodities, services and education.

However, since 1987, many government programs have experienced severe budget cuts as a result of the GOM's drastic program of fiscal retrenchment, which has helped reduce the public deficit from over 15% of GDP in 1987 to 4% in 1991. Family planning programming has not been included in these cuts, rather it has received an increase in allotments annually.

The GOM's commitment to family planning will be further tested in the next five years as A.I.D., the GOM's primary source of contraceptives, implements a complete phaseout of funds for contraceptive commodities. A.I.D. and the GOM have just signed a Memorandum of Understanding in which the GOM will significantly increase its contribution to public sector family planning service delivery. A.I.D. will provide matching funds for the next two years but will subsequently decrease assistance annually. Full phase-out is expected by 1998. Although the GOM has not officially called upon the private sector to assume increased responsibility for service delivery and commodity supply, the loss of one of its major funding sources will create a substantial service and resource gap.

- Investment Climate. For the past five years, the GOM has been unyielding in its efforts to create an economic and regulatory environment that is conducive to private investment. Under current President Carlos Salinas de Gortari's privatization program, more than two thirds of state enterprises have been opened to private investment, including several banks. Liberalization of the banking sector in 1988 enabled banks to set their own interest rates and reserve requirements were cut from 90% to 30%. Although the availability of credit increased, the cost of financing remains high with interest rates currently at 17%. Tax reform has cut the maximum corporate and personal tax rates and brought the direct tax burden down to 39%, a level comparable with developed countries. Non-resident corporations and individual taxpayers are only taxed on locally-sourced income and the corporate income tax of 35% is charged only once, at the corporate level.

  Reform of the laws regulating foreign investment has opened many industrial sectors to 100% foreign ownership. Up to 49% foreign participation is allowed in automobile manufacturing, telecommunication services, mineral extraction, and fishing. However, full protection of much of the agriculture, energy, and financial services sectors continues. The expected passage of the North American Free Trade Agreement (NAFTA) will most likely remove or phase out, many of the remaining barriers to investment.

  Due to world-wide recession, Mexico recently has experienced a break in the sustained economic growth and the steady inflow of capital of the last five years. The government has not altered its course of fiscal austerity and economic liberalization which, from

1987-1992, increased economic growth from .1% to 3% of the GDP and reduced the three digit inflation to between 11-12% this year. The Salinas administration's dedication to inflation reduction and stable growth of the economy, as well as removal of barriers to trade and investment, creates a positive environment for PROFIT's involvement.

## III. SCENARIO FOR PROFIT INVOLVEMENT

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

### A. INNOVATIVE INVESTMENTS

Local Production of Contraceptives.

Of the Mexican population currently practicing family planning, approximately half are using traditional methods and half are using modern methods. Of those using modern methods, approximately 20% use male or female sterilization, 11% use the IUD, and 14.5% use temporary methods such as pills, condoms and injectables. Most modern contraceptive devices are produced locally by locally-owned businesses and subsidiaries of, or joint ventures with, multinational pharmaceutical companies. According to a 1990 UNFPA (United Nations Fund for Population Activities) report, contraceptives, with the exception of condoms, were produced in sufficient quantity to meet 1990 demand (Table 1) and have the production capacity to meet demand through the year 2000. Since 1990, local manufacturing of condoms has ceased; condoms are now imported in bulk for testing, lubrication and packaging.

TABLE 1
Contraceptive Production in Mexico, 1990-2000

| METHOD | PRODUCTION AS % OF DEMAND IN 1990 | TYPE OF PRODUCER |
|---|---|---|
| Oral contraceptives | 125% | Multinational, Private Local |
| Intrauterine devices | 74% | Private local |
| Condom | Less than 10% | Private local (manual dipping) Local screening, packaging |
| Injectables | 250% | Private local, Multinational |

The 1987 DHS showed prevalence of monthly injectable use at 2% but a study by the Program for Appropriate Technology in Health (PATH) found the market for monthly injectables growing at 10% a year. Relative to other contraceptives, injectables have the highest production as a percentage of demand. The vast majority of injectables are sold over the counter by pharmacies even though a prescription is legally required. The growing popularity of injectables among Mexican women and its broad availability appears to provide an attractive opportunity for PROFIT's involvement in distribution and marketing.

The three leading injectables on the Mexican market all use the same high dose formulation of estrogen and progesterone which has raised concern with safety. A lower dose monthly injectable called cyclofem has been researched and clinically tested by the World Health Organization and now is registered with PATH. Aplicaciones Farmaceuticas (AF), the second largest producer of monthly injectables in Mexico, has been licensed to produce cyclofem. AF is currently preparing for production and planning for product roll-out in early 1993 coinciding with government approval of the cyclofem formulation. This will be the first injectable that the GOM has authorized for distribution in GOM health care facilities.

Pills and IUDs are also produced locally. According to the UNFPA, excess capacity exists to produce both. As of 1990, Mexico's IUD production did not meet demand and pill production exceeded demand by 25%. Distribution of pills is expected now to increase now that the GOM has recently approved the formulation contained in Microgynon, a Schering product and Nordette, a Wyeth product, for over the counter sales. Though the distribution of pills had not been carefully monitored because they were commonly sold by pharmacists without prescription, the increase in the number of sales points will likely have a favorable impact on distribution.

The majority of condoms in Mexico are imported in bulk and then tested and packaged locally by Mexican companies or subsidiaries and joint ventures of multinational companies. A number of other companies just import finished products. Thirty brands of condoms are currently available on the Mexican market and their primary distribution points are pharmacies and supermarkets. Condom users represent about 6% of Mexican couples and 3.5% of couples use condoms for family planning.

Sanofi, a French pharmaceutical company, is distributing Norplant in Mexico and introduced it free through the public sector. Commercial product roll out occurred in three cities but the response was limited. SOMARC, an A.I.D.-funded contraceptive social marketing project, is about to embark on a project in Veracruz offering Norplant at a lower price in order to achieve higher sales volume. The current environment offers limited opportunities for local production, marketing, and/or distribution of NORPLANT in the commercial sector.

**Trade Barriers and Regulatory Reform.**
An import tax of 15% is currently imposed on condoms. The tax is scheduled to be reduced this year and eventually phased out under the provisions of NAFTA. Other imported raw materials such as the chemicals for oral contraceptives, implants and injectables may also be affected by NAFTA.

**Financial Transfer Mechanisms.**
Mexico has a well established debt conversion program which, since its initiation, has converted approximately $2.6 billion in external debt. Although no official debt-for-development scheme exists, several ad hoc transactions have been conducted. Mexico's increasing economic viability and shrinking public-sector debt have boosted sovereign debt prices, making swaps less profitable than at the start-up of the program. A non governmental organization can currently purchase $100 of external debt for about $85 and receive the equivalent of $100 in Mexican pesos from the GOM, creating a premium of 17.6%. As foreign currency is freely exchanged in Mexico, no opportunities exist to purchase corporate blocked funds.

## B. PRIVATE HEALTH CARE PROVIDERS

According to the 1987 DHS, a preference exists for clinical methods among those women using family planning methods, with almost 19% opting for voluntary sterilization and 10.5% using IUDs. Due to the costly nature of these procedures, the vast majority of acceptors prefer to go to public health care facilities where services are offered free-of-charge.

Temporary methods including pills, injectables, vaginal methods, and condoms constitute less than 20% of total usage. The bulk of distribution is through private sector channels. The largest suppliers of contraceptives in the private sector are the pharmacies, which provide about 22% of total private distribution. Pharmacies in Mexico dispense almost every kind of medicine without prescription including oral contraceptives, even when a prescription might be required by law. Diagnoses are often made on the spot by the pharmacist. They also offer injections with disposable syringe and charge a small injection fee.

Private doctors, the second largest providers, account for 14.3% of the private sector contraceptive distribution. A PAHO study conducted in 1985 showed that 36% of the doctors are in private practice and 56% are employed by the Social Security Institute and other government agencies serving the uninsured population. It is common for doctors to work part time in government-run clinics and also maintain a private practice.

The majority of the Mexico's health care needs are served by the GOM facilities with only about 10% of the population having access to insurance coverage. The GOM's almost-comprehensive coverage, primarily catastrophic, has had the effect of limiting the

development of managed health care. More recently, the GOM is finding it more difficult to sustain the same level of coverage and to meet the need for higher quality services. Privatization of GOM-provided health care remains a long-range scenario, but there may be growing opportunities for the private sector in performing contracted health services.

Mexico has a large number of non-governmental organizations (NGOs) active in the promotion of family planning. Most NGOs rely on outside donor assistance for operating funds. MEXFAM (Fundacion Mexicana para la Planeacion Familiar), the International Planned Parenthood Federation affiliate, is active in service provision and IEC programs in 27 states. FEMAP (Federacion Mexicana de Asociaciones Privadas de Salud y Desarrollo) is an associated group of 40 affiliates located throughout Mexico. They reach both the urban and rural populations with family planning service provision as well as AIDS and drug use education programs, sanitation and environmental projects, and entrepreneurial promotion.

Both FEMAP and MEXFAM have been involved in programs to expand family planning and basic health care service delivery through the establishment of private clinics in rural and peri-urban, underserved areas. Through these Medicos Comunitarios, or Community Doctors programs, doctors are recruited, trained in family planning and administrative procedures, and placed in existing or new facilities. In both cases, the NGO provides the necessary equipment and guarantees a monthly income in the start-up phase of between one and two years. After this point, they are expected to be self-sufficient. Between 1986 and 1990, the A.I.D-funded Family Planning Enterprise project provided funding and technical assistance to MEXFAM'S program and achieved remarkable results in family planning acceptance increase and placement of doctors. Difficulties arose in attaining financial sustainability due to the low-income level of the patients.

The GOM is now looking to the private sector to finance and provide basic public sector responsibilities such as water treatment, electrification, and the transportation infrastructure through lease backs, temporary concessions and creative financing. The potential exists for the GOM to contract out some of Mexico's health care and family planning services to the private sector and these Community Doctors programs could contribute to the increasing need for an alternative supply and service system. The GOM has begun discussions with FEMAP about the possibility of referring clients to the FEMAP clinics for services.

## C. EMPLOYER-PROVIDED SERVICES

The IMSS provides cost-free health care to about 40% of the work force through government subsidies and employer/employee withholding. All federal employees are covered through a similar program with the ISSSTE. Both of these agencies provide

family planning services, with the IMSS providing about two-thirds of public sector services and ISSSTE less than 1%.

Although GOM budget allocations for the Ministry of Health have been increasing, funding for the IMSS has declined. Consequently, the GOM is asking employers to shoulder a still larger part of the burden for IMSS services. Companies currently contribute up to 35% of wage costs for social security, vacation premiums, bonuses and other requisite fringe benefits, 13.3% of which goes to current health care costs and old-age pensions. The growing cost to employers for IMSS services and the agency's comprehensive coverage of workers in the formal economy makes employers less inclined to provide additional services to their employees.

Whereas the IMSS facilities are reportedly high quality relative to other GOM services, visits to the IMSS clinics are often impractical to workers due to long waits, inconvenient hours, and inaccessibility in the outlying areas. As a result, the A.I.D.-funded Family Planning Enterprise project began a series of projects in 1987 to provide family planning services through large employers in Mexico. The Enterprise Project provided services either directly to the company or through FEMAP's service delivery program. Although the Project increased family planning acceptance and registered some measure of success in cost recovery, there has been little replication of the projects and very few were sustainable. The following factors impeded the sustainability and replicability of the projects:

- Employers understood the cost-benefits associated with family planning provision but were not willing to bear all the risk for start-up.

- The programs were, for the most part, not financially sustainable and most did not continue past the life of the project. There was no replication beyond the Enterprise subprojects.

Because the GOM provides family planning services to the population free of charge and because employers pay the government to offer these services, it is not likely that additional services can be provided on a self-sustaining basis. Therefore, PROFIT's involvement in the area of employer-provided services offers limited potential.

## IV. POSSIBLE PRIVATE SECTOR INTERVENTIONS

Through the assessment of the Mexican environment as outlined in Sections II and III, *PROFIT has determined that working with private providers and investment in local manufacturing and distribution of contraceptives offer the best opportunities for involvement.* Though GOM facilities provide over two thirds of family planning services in Mexico, the substantial shortfall in service and commodities in the rural and peri-urban

areas creates an opportunity for private sector involvement. *A.I.D.'s eventual phase-out, and the agreement signed with the GOM to expand the public health care infrastructure into the underserved areas, will generate pressure on funds for family planning and underscore the need for public and private sector cooperation.* NGOs like FEMAP, who are experienced in family planning service delivery and familiar with issues of sustainability, are potential partners for cooperation.

*Mexico has enterprises that produce a diverse range of contraceptive methods except in the area of condoms.* Current demand for condoms does not warrant investment in local production but supports the need for increased distribution. The USAID/Mexico Population Strategy calls for the expanded distribution of temporary methods including condoms through "pervasive", "cost-effective", and "largely self-sustainable" systems and that the "commercial sector may meet these criteria". Grupo Profam, Mexico's leading condom distributor has the necessary experience in the marketplace.

As mentioned earlier, *the growing market for injectables is a potential area of involvement for PROFIT* and working with Cyclofem affords the opportunity to introduce a new, lower dose product. PROFIT will explore ways in which it can assist Aplicaciones Farmaceuticas (AF), the company licensed for production, marketing and distribution of cyclofem. PROFIT's involvement will be considered after review of AF's marketing plan.

*Employer-based opportunities appear to be limited given GOM's comprehensive coverage of large employers*, but Prosuperación Familiar Neolonesa (PSFN), the FEMAP affiliate in Monterrey, currently has a program which provides family planning services to several large employers. PROFIT will examine the possibility of assisting in the expansion of their program.

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

## A. GRUPO PROFAM

**Description**

PROFAMILIA, S.A. de C.V. or Grupo Profam, Mexico's largest condom distributor, is trying to expand its distribution of condoms throughout Mexico. The company, which began operations as an A.I.D.-funded social marketing program, has been involved in the importation, testing, lubrication and/or distribution of condoms since 1979. PROFAMILIA's product line includes four condoms varying in price, features, and packaging. PROFAMILIA also packages a soft gelatin capsule vaginal suppository individually and with a condom. Before the end of 1992, PROFAMILIA plans to

introduce two new condom brands, one targeting the low-priced market and one for the erotic market.

Currently, condoms are primarily sold by pharmacies and very large self service stores. PROFAMILIA sells directly through wholesalers and distributors. PROFAMILIA proposes to establish a separate sales force to introduce condoms to large and medium-sized self service food stores in order to expand the total number of outlets now selling condoms.

PROFIT and PROFAMILIA will share the costs for the increased production, operation, management, marketing and administrative costs for this project. PROFAMILIA will recruit, train, and provide transportation for the sales personnel and hire additional staff for administrative and marketing assistance. PROFIT will assist in the identification of an appropriate outside investor to provide permanent capital and also in the identification of new markets. PROFAMILIA has already been approached by private sector investors, both local and foreign. PROFIT will structure its involvement depending on the outcome of these discussions.

The total cost of the project will be approximately $690,000 and PROFIT's share will be approximately $250,000. The terms of the proposal call for an up-front investment in the form of preferred shares. PROFIT would have one seat with non-voting minority rights on a five person board of directors.

**Relationship to PROFIT Objectives**

The PROFAMILIA project fulfills PROFIT's objective of conducting innovative investments in the local distribution and marketing of contraceptive products. Increased distribution channels will broaden the availability and reach additional condom users. The growth in sales and successful extension of PROFAMILIA's market will encourage the distributors of over 30 brands of condoms in Mexico to replicate his program. With existing facilities, experienced staff and already extensive knowledge of the current market, PROFAMILIA is well-positioned for immediate start-up.

**Expected Impact**

PROFAMILIA proposes to target 10,000 of the estimated 100,000 large and medium-sized food stores throughout Mexico in the first year and increase to 15,000 new stores in year two. The number of distribution points is projected to increase by 10% annually thereafter. We expect this expanded distribution network will result in the increased availability, knowledge and awareness of condoms throughout the country. The USAID/Mexico Population Strategy for 1992 cites limited availability as the one of the major contributing factors to low utilization of non-clinical family planning methods in rural areas. By targeting stores in every A.I.D and GOM priority state and city, this project seeks to address the unmet need and increase the contraceptive choices for Mexico's rural and peri-urban population.

## B. FEMAP COMMUNITY DOCTORS PROGRAM

**Description**

FEMAP is a private, non-profit institution which is active in the provision, education and promotion of family planning to Mexico's indigent population. FEMAP's emphasis on community organization and involvement in health care and family planning has been very effective in reaching the underserved rural and peri-urban areas.

FEMAP's Community Medical Units (CMU) program, established in 1990, recruits, trains, and houses doctors for service in rural areas. The doctors are granted loans to cover start-up costs and are trained to offer a range of health care, child survival and family planning services on a fee-for-service basis. The target time for loan payback is one year. In each area, patients are actively recruited by a network of outreach workers who refer patients for a percentage of the consultation cost. The program has already established 50 clinics and in Ciudad Juarez. The project has been able to recover 65% of the loans granted to nine doctors for set-up.

FEMAP is calling for financial and technical assistance in the expansion of income-generating services for 21 clinics. The type of expansion will vary depending on the needs of each community but all clinics will benefit from the establishment or improvement of facilities and the purchase of equipment which allow for new types of service provision. The inclusion of laboratory testing, pharmaceuticals provision, and maternity and emergency care will broaden the range of fee-generating services the CMUs can offer, in turn increasing the potential for self-sufficiency.

PROFIT believes the CMU program can be structured and operated as an income generating enterprise for FEMAP and that the best arrangement would be to establish a for-profit joint venture between FEMAP and PROFIT. FEMAP would be the majority shareholder with 51% ownership. The PROFIT investment will be leveraged through the purchase of Mexican debt on the secondary market. The debt swap will be jointly facilitated by the A.I.D.-funded Debt for Development Coalition. A revolving credit fund will be set-up to offer low-interest, recoverable loans to the doctors for the equipment and renovation. PROFIT will offer further assistance in administrative, financial and information systems management as well as in marketing of their new services.

As mentioned earlier, the GOM has discussed with FEMAP, the possibility of transferring some of the responsibility for service delivery to FEMAP clinics in selected rural and peri-urban areas. PROFIT will provide additional technical assistance in the development of FEMAP's CMU program as a model for privatization of public health and family planning services.

**Relationship to PROFIT Objectives**

The FEMAP project satisfies a number of PROFIT objectives with the most significant being the expansion of family planning services and information about reproductive health to Mexico's most underserved population. This project promotes the development of a viable alternative supply and service delivery system through the private sector. This project also employs an innovative financial transfer mechanism to leverage funds for investment in family planning.

**Aspects to Examine**

Studies must be conducted to determine the market for the new services to be offered. The terms and conditions of the revolving credit fund must be established. Criteria for the selection of appropriate doctors and CMUs eligible for the expansion program must be designed. Finally a manager to oversee the project and help develop the model for privatization must be chosen.

**Expected Impact**

The purchase of debt for investment in a family planning project will generate a gain on investment of about 18% and set a new precedent for Mexico's debt swap program of financial leveraging for family planning. Expansion of the CMUs' services creates the potential for shifting some of the burden for family planning service provision from the public to the private sector with special emphasis on A.I.D. and GOM priority areas. The addition of income generating services and increase in operating efficiency enhances the CMUs' sustainability and opportunities for replication. The doctors' diversified training and improved facilities will enable them to offer a broader range of contraceptive methods, particularly clinical methods like sterilization and IUD insertion.

## MEXICO ASSESSMENT
## ACRONYMS

| | |
|---|---|
| AF | Aplicaciones Farmaceuticas, second largest producer of monthly injectables in Mexico |
| AIDS | Acquired Immune Deficiency Syndrome |
| CMU | Community Medical Units |
| CPR | Contraceptive Prevalence Rate |
| DHS | Demographic Health Survey |
| FEMAP | Federacion Mexicana de Asociaciones Privadas de Salud y Desarrollo |
| FP | Family Planning |
| GDP | Gross Domestic Product |
| GOM | Government of Mexico |
| IMSS | Mexican Social Security Institute |
| ISSTE | Mexican Government Employees Social Security and Services Institute |
| IUD | Intrauterine Device |
| MEXFAM | Fundacion Mexicana para la Planeacion Familiar |
| NAFTA | North American Free Trade Agreement |
| NGO | Non-Governmental Organization |
| PAHO | Pan American Health Organization |
| PATH | Program for Appropriate Technology in Health |
| PROFAMILIA | Also called Grupo Profam, Mexico's largest condom distributor |
| PROFIT | A.I.D.-funded Promoting Financial Investments and Transfers Project |
| PSFN | Prosuperacion Familiar Neolonesa, FEMAP affiliate |
| SOMARC | A.I.D.-funded contraceptive social marketing project |
| SSA | The Mexican Bureau of Health |
| USAID | U.S. Agency for International Development |