

Social Franchising of Health and Reproductive Health: Concept paper to the Ford Foundation

1. Context

Vietnam is an international success story in the areas of health and reproductive health. There are, however, a few disquieting features. Prevalence of RTIs and STIs is high—two community-based studies have indicated prevalence between 33 and 66%. Experts estimate infertility levels to be over 10%. Family planning has either plateaued or is in decline with the growth primarily coming from traditional methods which are prone to high levels of failure. Induced abortions are at a historical high with one estimate of 1.4 million annually. HIV has not yet manifested in the general population which, going by experiences in other countries, it generally does.

With half of the population less than 24 years of age and 81% of HIV infections sexually transmitted, it is no surprise that the rate of infection among age 20-29 increased from 15% in 1993 to 62% in 2002. Teenagers account for 8.3%. These perhaps serve as the markers for incidence of STIs and RTIs too.

Vietnam's dependence on donors is high. Most bilateral donors have decided to phase out commodity supplies. USAID and KfW, two major donors in family planning, for instance, intend to completely phase out in the next three years. Implants will be the first to go—no supplies beyond this year.

If not handled well, the impact of this on commodities and services security can be devastating, specially for the poor. Women and youth are particularly vulnerable. There is need for creating viable alternatives which will enable policy makers to leverage resources available within Vietnam so that the transition can be achieved with adequate safety nets. Developing an operational framework that leverages the vast private sector resources and sustains their interest by reconciling their need for profits with the need to deliver services at significantly lower prices is the key challenge. DKT Vietnam feels it can operationalize such a model, and help the policy makers gain useful skills and insights. This model will use economies of scale and targeted subsidies to create safety nets for the poor.

How vast is the private sector? General impressions about a well-entrenched public sector in Vietnam cloud the scale of the private sector. An IMF-sponsored study in 2005 estimated that “private out-of-pocket spending may represent as much as 80 per cent of total spending on health care in Vietnam”. It is no surprise therefore that huge differentials exist in morbidity rates: more than twice as high in the poorest quintile of the population than in the richest. And poor women are the most vulnerable.

DKT International is the largest social marketing program in Vietnam, currently working in all provinces of the country and delivering condoms and oral contraceptives through pharmacies, massage parlors, karaoke bars and other. Last year the program sold 52.3 million condoms and 3.1 million cycles of oral contraceptives at subsidized prices thereby averting 428,000 unwanted pregnancies at an estimated

cost of \$7.8 each. (In comparison, it costs an average \$35 for USAID to avert one unwanted pregnancy.) The program also averted 19,000 primary and 32,000 secondary HIV/AIDS infections.

2. Objective

Create a scalable model in the private sector which will use already existing resources in Vietnam to supplement public sector's delivery of health and reproductive health services to poorer segments

3. Outputs and activities

DKT International will develop a clinical franchise which will consist of a network of private clinicians who will provide a range of health and reproductive services at prices substantially below the commercial sector. DKT will set up its own clinic in Hanoi which will define the benchmarks of the franchise—quality of care norms, management systems, records, follow-up, prices—and will offer it to entrepreneurial clinicians who can become franchisees.

DKT's primary role will be to administer a management structure that will focus not on creation of the network but on sustaining its impact. DKT will use internationally accepted benchmarks tailored to local needs to provide affordable, accessible services to the community with special attention to the poor. The organization will train clinicians and their support staff in technical, managerial and financial aspects, and use modern information technology to link the clinics with higher centers. A strong advertising and communication campaign will create the requisite brand equity and caseloads so the franchisees find it economically viable to join the network despite offering services at prices which are significantly below prevailing market prices. DKT's own clinic in Hanoi will serve as a training center.

DKT will access the best practices in the world by collaborating with reputed organizations. One such is PATH, the Seattle-based NGO which pioneers development of diagnostic tests for use in low-resource settings. The program will also establish referral links by collaborating with national NGOs such as the Red Cross, VINAFFPA and women's union. Clients living in any part of the project area will be counseled and referred to the clinic for services. Each referral will earn the referee a commission.

The project will be implemented over three years and a franchise covering the northern provinces will be developed. Harvard University's Department of Economics or UC-Berkeley's School of Public Health, which have been interested in franchising, have expressed their interest in collaboration. Their primary role will be to develop monitoring and evaluation components to help policy makers.

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