Fostering Healthy Businesses: Delivering Innovations in Maternal and Child Health

A report to be issued by:

Task Force on Sustainable Business Models in Health

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Prepared by Rabin Martin
TASK FORCE

Naveen Rao, MD
Lead, *Merck for Mothers*

Frederik Kristensen, MD
Senior Advisor, Norwegian Agency for Development Cooperation

Iain Barton, MD
CEO, RTT Health Sciences

Stefan Germann
Director, Partnerships, Innovation & Accountability, Global Health and WASH Team, World Vision International

Bright Simons
Founder and President, mPedigree Network

Narayan Sundararajan
Chief Technology Officer, Grameen-Intel Social Business Limited; & Program Manager, Intel World Ahead Program

Wendy Taylor
Senior Advisor, Innovative Finance and Public-Private Partnerships, USAID

Norad
BUILDING HEALTHY BUSINESSES TO REACH MDGs 4 & 5

**Issue**
The world is not on pace to meet MDGs 4 & 5
- 350,000 maternal deaths and 3.5 million infants deaths each year
- Deaths concentrated in LMICs
- Both MDG 4 and 5 remain out of sight

**Path to progress**
No one sector can tackle issue alone
- Need new models of collaboration among NGOs, governments and business
- MCH care must remain high-quality, low-cost, accessible and SUSTAINABLE
- Sustainability = donor-independence

**Mobilizing the private sector**
Private care can supplement public health system and lead to sustainability
- Private care sought by 50% of Africa, 66% of Latin America and 80% of South Asia
- Private health system = physicians, nurses, midwives, private clinics, hospitals, pharmacies, health shops
- Health businesses offer: community reach, consumer trust, innovation, solvent model of donor-independence

**Our mandate**
How to build and support private health systems to deliver MCH care?
- Tasked with: landscaping field of MCH business models, identifying needs for scale-up/sustainability, making recommendations for IWG, businesses and government

Norad
**REFERENCE GROUP**

Through an extensive consultation process, we met with and gleaned valuable insights from:

<table>
<thead>
<tr>
<th>NAME</th>
<th>POSITION</th>
<th>ORGANIZATION</th>
<th>TYPE OF ORGANIZATION</th>
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<tbody>
<tr>
<td>Sam Agutu</td>
<td>Founder and Chief Executive Officer</td>
<td>Changamka MicroHealth</td>
<td>Private business</td>
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<tr>
<td>Pedro Arboleda</td>
<td>Partner</td>
<td>Monitor Group</td>
<td>Consulting firm</td>
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<tr>
<td>David Aylward</td>
<td>Senior Advisor, Global Health and Technology</td>
<td>Ashoka</td>
<td>NGO</td>
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<tr>
<td>Stephanie Bridges</td>
<td>Senior Associate, Health Portfolio</td>
<td>Acumen Fund</td>
<td>Investment fund</td>
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<tr>
<td>Barbara Bulc</td>
<td>Consultant, Strategic Partnerships</td>
<td>PMNCH</td>
<td>Global partnership</td>
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<tr>
<td>Bob Collymore</td>
<td>Chief Executive Officer</td>
<td>Safaricom</td>
<td>Private business</td>
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<tr>
<td>Ernest Darkoh</td>
<td>Founding Partner</td>
<td>BroadReach Healthcare</td>
<td>Private business</td>
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<tr>
<td>Marguerite Farrell</td>
<td>Health Development Officer</td>
<td>USAID</td>
<td>Development agency</td>
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<tr>
<td>Martin Fisher</td>
<td>Founder and Chief Executive Officer</td>
<td>Kickstart</td>
<td>Private business</td>
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<tr>
<td>Maureen Harrington</td>
<td>Director and Head, International Development Group</td>
<td>Standard Bank</td>
<td>Financial institution</td>
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<tr>
<td>Claudia Jay-Harner</td>
<td>Senior Program Officer</td>
<td>PATH</td>
<td>NGO</td>
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<tr>
<td>Beth Jenkins</td>
<td>Research Fellow, CSR Initiative, Kennedy School of Government</td>
<td>Harvard University</td>
<td>Academic institution</td>
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<tr>
<td>Renee Kaplan</td>
<td>Chief Strategy Officer</td>
<td>Skoll Foundation</td>
<td>Investment fund</td>
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<tr>
<td>Michael Kubzansky</td>
<td>Global Head, Inclusive Markets Initiative</td>
<td>Monitor Group</td>
<td>Consulting firm</td>
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<tr>
<td>Tore Laerdal</td>
<td>Managing Director</td>
<td>Laerdal Global Health</td>
<td>Private business</td>
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<tr>
<td>Patricia Mechael</td>
<td>Executive Director</td>
<td>mHealth Alliance</td>
<td>NGO</td>
</tr>
<tr>
<td>Mario Merialdi</td>
<td>Coordinator, Department of Reproductive Health &amp; Research</td>
<td>World Health Organization</td>
<td>UN agency</td>
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<tr>
<td>Judy Njogu</td>
<td>Business Development Manager</td>
<td>Safaricom</td>
<td>Private business</td>
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<tr>
<td>Barbara O’Hanlon</td>
<td>Owner</td>
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<tr>
<td>Kyle Peterson</td>
<td>Managing Director</td>
<td>FSG</td>
<td>Consulting firm</td>
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<tr>
<td>Alexander Preker</td>
<td>Head, Health Industry and Investment Policy</td>
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<td>Financial institution</td>
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<tr>
<td>Steve Rabin</td>
<td>Chairman</td>
<td>Rabin Martin</td>
<td>Consulting firm</td>
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<tr>
<td>Sandhya Rao</td>
<td>Senior Private Sector Technical Advisor</td>
<td>USAID</td>
<td>Development agency</td>
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<tr>
<td>Jacqueline Sherris</td>
<td>Vice President, Global Programs</td>
<td>PATH</td>
<td>NGO</td>
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<tr>
<td>Kari Stoever</td>
<td>Operating Advisor</td>
<td>Pegasus Capital</td>
<td>Private equity firm</td>
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<tr>
<td>Prashant Yadav</td>
<td>Senior Research Fellow and Director, Healthcare Research Initiative</td>
<td>University of Michigan</td>
<td>Academic institution</td>
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We also consulted with a number of businesses directly, all of which set out to deliver or facilitate care for women and children in low- and middle-income countries:

**Case studies featured in the report**

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<tr>
<th>Changamka</th>
<th>Life Spring Hospitals</th>
<th>LivingGoods</th>
<th>Click Diagnostics</th>
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<tr>
<td>Ziqitza</td>
<td>Inppares</td>
<td>Greenstar Social Marketing</td>
<td>E Health Point</td>
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**Other models assessed and consulted**

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<tr>
<th>Medicines360</th>
<th>Vaatsalya</th>
<th>Jacaranda Health</th>
<th>Well-Family Midwife Clinic</th>
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<td>Embrace</td>
<td>MAMA</td>
<td>World Health Partners</td>
<td>Drishtee</td>
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<td>EPSS</td>
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The most striking – albeit obvious – finding is that businesses striving to reach people at the bottom of the pyramid face the same constraints and opportunities as any other businesses, whatever the income of their customer base.

Our recommendations aim at practical responses to the core challenges of gaining access to working capital and help with basic organizational and managerial issues.
OTHER FINDINGS

Demand

- Identifying an unmet need is not enough unless that need can be converted into a commercial demand for a product or service.
- **LifeSpring Hospitals**, an expanding chain of low-cost maternity hospitals serving low-income women and newborns in India, achieved this goal by basing its business model on the tenet that “pregnancy is not a disease” and treating women with dignity and respect.

Reaching the BOP

- To reach the poor, solutions that place additional resources in the hands of individuals so that they can exercise choice can help to expand access significantly.
- **Greenstar Social Marketing** is an NGO in Pakistan that works through the private sector to provide family planning and reproductive health services, using a voucher system aimed at low-income women.

Partnering

- Leveraging existing private sector channels – and combining complementary capabilities – can help businesses to expand their reach and impact.
- **Changamka MicroHealth** (Kenya) provides microinsurance products that enable low-income people to save money for doctor visits, medicines and other health needs. Changamka partners across technology platforms, insurance, mobile financing, distribution centers and a network of hospitals and clinics, using these linkages to improve coverage of its market.

Local Context

- By tapping into existing social networks and leveraging local knowledge and resources, health businesses can accelerate their growth.
- **Living Goods** in Uganda provides franchises to local community health promoters who sell affordable health products focused on prevention, treatment, consumer goods and pro-poor innovations to low-income families.
OTHER FINDINGS

Scaling Up

• Governments are critical as customers and as essential partners to create enabling policy and regulatory environments.
• Ziqitza Health Care Limited (India) operates emergency medical response services through telephone response lines and partnerships with ambulances. By contracting with government for their services, Ziqitza was able to scale from 10 to more than 800 ambulances serving a population of nearly 650,000 people.

Technology

• Breaking the quality perception barrier is critical to gain acceptance of mhealth and telemedicine solutions to improve maternal, newborn and child health.
• Click Diagnostics (Bangladesh, Botswana), a global mhealth organization that addresses the shortage of trained health professionals by offering a range of medical and patient management services via mobile technology, has addressed this concern by demonstrating to consumers that they can link them to a broader network of health providers and information.

Measuring Impact

• Building M&E into their models enables businesses to ensure the quality and impact of their products and services.
• RedPlan Salud (Peru), a network of midwives who serve lower-income, able-to-pay clients with family planning and reproductive health services, has found that a strong M&E framework stimulates support from government and investors.

Doing Business

• Social enterprises struggle with the same operational challenges as any other businesses.
• Healthpoint Services Global, which provides clean water, medicines and health care services through its network of eHealthPoint kiosks, finds that improving their talent management, financing options and competitive strength are keys to success.
Our recommendations fall into three general categories:

**Enabling Environment for Health Businesses**
- Governments need to engage businesses more proactively in their effort to improve maternal and child health outcomes.
- They must look to forge strategic public-private partnerships, implement commerce-friendly policies and enact regulatory measures and registration requirements to weed out substandard businesses.

**Incentives to Reach the Poor**
- Governments should support businesses with performance-based incentives, voucher programs, conditional cash transfers, subsidies and insurance.
- Similarly, businesses should test out cross subsidies, no-frills models and medical savings programs to attract and retain a diverse customer base to ensure sustainability.

**New Financing Schemes**
- Traditional financing for maternal and child health has typically been driven by donors.
- We must determine how to channel resources in a way that spurs entrepreneurial activity and achieves desired health outcomes on a broad scale, such as financial cooperatives, social venture capital funds, local development banks, working capital loan programs and other novel investment mechanisms.
RECOMMENDATIONS

**Public**
- Improved business and health regulations
- Additional government financing
- Accreditation program
- Social marketing pilot campaign*

**Public-Private**
- Social business incubation*
- MCH investment fund*
- Working capital loan program*
- Country-level health business forum*
- Mobile micro-insurance or savings scheme*
- MCH transaction platform*

**Private**
- Regional business council engagement*
- Financial cooperatives
- Social impact market*

*Areas of potential future exploration for the IWG
**NEXT STEPS**

**Launch report**

We plan to issue our report later this spring and/or this summer. Potential launch platforms include:

- Pacific Health Summit | 12 – 14 June | London, UK
- Child Health Summit | 14 – 15 June | Washington, DC
- SHOPS Private Sector Working Group Meeting | 20 July | Washington, DC
- United Nations General Assembly | 24 – 27 September | New York, NY

**Develop collaborations to implement recommendations**

With the help of the IWG and its members, we propose to take action on some of our recommendations, specifically by exploring efforts such as an MCH investment fund, a working capital loan program, country-level business forums and an MCH transaction platform.

We have already begun to engage with UNDP and PAHO about SS-GATE, which we view as a valuable platform to bring both public and private partners together to generate immediate support for health-oriented SMEs in low- and middle-income countries. We will also link our work with the *Private Enterprise, Public Health* guide spearheaded by PMNCH, which is an important tool for identifying opportunities in MCH for companies.

**Catalyze investment**

We hope to work closely with Craig Courtney and the rest of the IWG to identify appropriate financing mechanisms and to engage investors to support maternal and child health-oriented businesses, with an eye towards both social and financial returns.