TOWARDS AN ANALYTICAL FRAMEWORK FOR SUSTAINABILITY OF FAMILY PLANNING AND HEALTH SERVICES IN BANGLADESH

by

Karen Foreit
Linda Lacey

Fieldwork
August 18 - September 14, 1991

OPTIONS II
THE FUTURES GROUP
ONE THOMAS CIRCLE
SUITE 600
WASHINGTON, D.C. 20005-5608
202 775-9680

for Population Policy
SUMMARY OF THE SCOPE OF WORK

Using A.I.D. documents on sustainability, the OPTIONS II team:

* developed a framework to incorporate sustainability issues into the Project Paper Amendment: Family Planning and Health Services Project (388-0071);
* applied the framework to individual components and project elements of the Office of Population and Health (OPH) portfolio; and
* provided a strategic plan to assist OPH in working toward sustainability during the amendment period, 1992 - 1997.

DIMENSIONS OF SUSTAINABILITY

Sustainability refers to the ability of development projects to continue performance with long-term benefits and impacts after donor funding ends. A.I.D. requires all new projects to incorporate sustainability strategies into project activities. To address sustainability in the PP amendment, we focused on the three dimensions used by A.I.D. to evaluate the quality of sustainability statements for new projects in FY 1990.

* Institutional Sustainability: projects that ensure that activities (including policy reform) were valued by host governments and beneficiaries and had a secure and appropriate long-term organizational and institutional base.

* Managerial Sustainability: projects that provide training and technical assistance aimed at upgrading the skills and long-term capabilities of people to manage project services and deliver project benefits.

* Financial Sustainability: projects that define mechanisms to ensure long-term availability of public resources and/or encourage privatization.

All three components are equally important in achieving sustainability and are highly dependent on one another. Institutional sustainability is the initial step in gaining long term commitment to programs at the national and community level. Managerial sustainability supports organizational capabilities that are crucial in ensuring that service delivery systems continue to operate effectively after donor support ends. Finally, financial sustainability mobilizes public and private resources to ensure long term financial support for services.
THE BANGLADESH NATIONAL FAMILY PLANNING PROGRAM

The national family planning program in Bangladesh is comprised of three sectors: government, non-governmental organizations (NGOs), and the private commercial sector. All three sectors are highly donor-supported.

Government Activities: Government family planning services are provided through a network of clinics and health centers supplemented by community-level workers. Between 1975-1990, investments in health and family planning roughly doubled every five years. During the Fourth Five Year Plan, BDG plans to invest US$ 793.4 million. Much of this budget is to be donor financed.

NGOs: The Non-Government Organization (NGO) sector plays a crucial role in providing family planning goods and services and introducing innovative approaches to service delivery into the national family planning program. NGOs currently serve an estimated 23% of all contraceptive users in Bangladesh in more than 350 urban and rural sites operated by more than 100 local organizations. Most of their financial inputs are provided by donors.

Commercial sector: The private commercial sector includes the subsidized Social Marketing Company (SMC) as well as self-supporting pharmacies and other retail outlets and private practitioners. In 1989, commercial outlets accounted for approximately 44% of the prevalence of non-clinical methods. SMC provides all of the condoms sold through retail outlets and approximately half of the pills.

The Donor Community: The major donors to population activities in Bangladesh are USAID and the World Bank consortium. The World Bank portfolio is heavily public sector-oriented, but includes assistance to NGOs and will begin to provide commodity support for SMC. The USAID portfolio is heavily private sector-oriented towards NGOs and SMC, and also includes key public sector interventions.

The World Bank consortium will provide US$ 600 million for health and population activities during the period 1990-1995. Funding will focus primarily on the government program. Sustainability issues figure in the consortium’s plans, which include establishing a Health Economics and Financing Unit in the MOHFW with World Bank funds. The Unit will develop a long-term plan to transfer expenditures from the development to the revenue budget and to introduce user charges.

USAID will provide $300 million for population and health activities during the period 1987-1997. Inputs to government are limited to selected areas in which USAID has a comparative advantage. Through these inputs and coordination with the other donors, USAID is able to contribute to sustainability of public sector services. The major emphasis of the USAID effort is directed towards the private sector, including NGOs and SMC, where it is the largest donor. These activities contribute to improving the institutional and
managerial sustainability of both the implementing agencies and the total national program, as well as introducing pilot efforts toward financial sustainability.

SUSTAINABILITY OF THE OPH PORTFOLIO

The high-level policy environment for population and family planning in Bangladesh is quite favorable, although problems remain at middle and local levels. Most experts agree that it may be several decades before Bangladesh achieves financial sustainability. Therefore, donor support, including USAID, for the short-term will focus on strengthening institutional and managerial sustainability which will establish the foundation for the program to become sustained. USAID has taken the lead in developing pilot tests for financial sustainability.

Institutional sustainability: The entire OPH portfolio contributes to national ownership and support of the population program. Information, Education and Communication (IEC) efforts, including mass media advertising, have increased knowledge of and demand for contraception among the population. Community-level support has been mobilized through the public-sector Upazila Initiatives Project and by NGOs which work with local formal and informal leaders.

Managerial sustainability: The major focus of the OPH portfolio is on improving managerial sustainability, through training programs for field workers, supervisors, and managers of family planning programs, the design of management information systems and collaborative efforts aimed towards coordination of services.

Financial sustainability: OPH is experimenting with financial sustainability. SMC provides commodities for users who can afford to pay something, but not a full market price, as well as a self-supporting (i.e. non-subsidized) condom brand and oral rehydration salts. NGOs are testing the introduction of user fees for home-delivered contraceptives; the government will follow suit. Government now charges fees for condoms and wishes to slowly introduce fees for pills and other methods.

KEY ACTIVITIES DURING THE AMENDMENT PERIOD

We have identified a number of activities that OPH will address during the amendment period. They are listed below:

* Strengthen coordination efforts--among donors, with government, and within the components of the portfolio.
* Identify possible leverages to mobilize greater national resources for population programs, including general revenues, in-kind contributions, volunteers' time, and user fees.
* Focus on decentralized efforts in expanding family planning services. OPH is promoting the coordination of services at the Upizala and union level among government efforts and NGO activities.
* Coordinate research efforts so that they serve all components of the portfolio.

STRATEGIC PLANNING DURING AMENDMENT PERIOD 1992 - 1997

STAGE I. Identify Problems, Gaps and Opportunities in Service Delivery

The framework for strategic planning during the amendment period begins with coordinated efforts with the donor community and government to identify problems and gaps in coverage and opportunities for planned interventions. The purpose of discussions would be to spell out expectations for which actors are expected to serve which users, with which methods and by which service outlets, for what period of time. The results of the discussions will set the parameters for future planning. This activity can begin prior to the amendment period and will continue during the first year to eighteen months of the project.

STAGE II. Formulate Sustainability Targets

The results of the identification stage will guide the formulation of short-term targets for the duration of the PP Amendment period (1992-1997) and for the longer term (post-1997). These should include all three dimensions of sustainability (institutional, managerial, financial). OPH can develop tentative targets in year 2 of the amendment. Targets for financial sustainability that include cost recovery measures, will require careful analysis of experiments with user fees.

STAGE III. Develop Evaluation Criteria

Specification of sustainability targets requires that evaluation criteria be developed. The criteria should be developed at the same time that targets are developed.

STAGE IV. Implement, Experiment and Evaluate

Alternative strategies for achieving sustainability will grow out of the targets that have been formulated. These must be tested in the field. Implementation/experimentation will be needed to assess the feasibility of different interventions and replicate successful approaches in different contexts. This phase should occupy most of the PP Amendment period (1993-1997).
STAGE V. Disseminate Project Findings

Dissemination of project findings and replication in other settings will also enhance the institutional and managerial sustainability of implementation activities. This activity can take place in 1993-1997, and post-1997.
TABLE OF CONTENTS

I. SUMMARY OF THE SCOPE OF WORK AND STRUCTURE OF THE REPORT 1

II. SUSTAINABILITY: PROSPECTS FOR A.I.D. FAMILY PLANNING PORTFOLIO IN BANGLADESH 2
   A. Country Setting 2
   B. Definition of Sustainability 3
   C. Application of the Sustainability Decision Matrix to Bangladesh 4

III. DIMENSIONS OF SUSTAINABILITY 6

IV. APPLICATION OF THE DIMENSIONS OF SUSTAINABILITY TO FAMILY PLANNING AND HEALTH SERVICES PROJECT 10
   Component I - Support for Government Family Planning Activities 11
      A. Information, Education, and Communication 12
      B. Clinical and community-Based Family Planning Services 14
      C. Training and Financial Support for Upazila Family Planning Initiatives 16
      D. Contraceptive Commodity Logistics Assistance Initiatives 20
      E. Construction of MOHFW Facilities 22
      F. Clinical Services Monitoring 23
      G. Municipal Immunization Program 25
Component II - Social Marketing 27

A. SMC 27
B. CBS 32
C. Stimulating the Self-supporting Commercial Sector 34

Component III - NGO Family Planning Activities 36

Component IV - Support 45

A. Contraceptive Commodities 45
B. Contraceptive Prevalence/Demographic and Health Surveys 44
C. ICDDR,B MCH/FP Extension Project 49
D. Other Operations Research and Diagnostic Studies 50
E. Technical Resources, Research and Training 52

V. STRATEGIC PLANNING FOR SUSTAINABILITY: NEXT STEPS 53

A. Clarification of Concepts 54
B. Strategic Planning Suggestions for OPH 55

VI. REFERENCES 59
## GLOSSARY

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFL</td>
<td>American Federation of Labor</td>
</tr>
<tr>
<td>AID/W</td>
<td>Agency for International Development / Washington</td>
</tr>
<tr>
<td>ANE</td>
<td>AID Bureau for Asian Near East and Europe</td>
</tr>
<tr>
<td>BBS</td>
<td>Bangladesh Bureau of Statistics</td>
</tr>
<tr>
<td>BDG</td>
<td>Bangladesh Government</td>
</tr>
<tr>
<td>BUP</td>
<td>Bangladesh Unnayan Parishad</td>
</tr>
<tr>
<td>CA</td>
<td>Cooperating Agency</td>
</tr>
<tr>
<td>CBD</td>
<td>Community-Based Distribution</td>
</tr>
<tr>
<td>CBS</td>
<td>Community Based Sales</td>
</tr>
<tr>
<td>CPS</td>
<td>Contraceptive Prevalence Survey</td>
</tr>
<tr>
<td>CSW</td>
<td>Community Sales Worker</td>
</tr>
<tr>
<td>DG</td>
<td>Director General</td>
</tr>
<tr>
<td>DPT</td>
<td>Diphtheria/Pertussis/Tetanus</td>
</tr>
<tr>
<td>EEC</td>
<td>European Economic Community</td>
</tr>
<tr>
<td>EPI</td>
<td>Expanded Program of Immunization</td>
</tr>
<tr>
<td>FPHSP</td>
<td>Family Planning and Health Services Project</td>
</tr>
<tr>
<td>FPLM</td>
<td>Family Planning Logistics Management</td>
</tr>
<tr>
<td>FWA</td>
<td>Family Welfare Assistants</td>
</tr>
<tr>
<td>FY</td>
<td>Fiscal Year</td>
</tr>
<tr>
<td>GTZ</td>
<td>Association for Technical Cooperation (Germany)</td>
</tr>
<tr>
<td>ICDDR,B</td>
<td>International Center for Control of Diarrheal Disease Research in Bangladesh</td>
</tr>
<tr>
<td>IEC</td>
<td>Information, Education, and Communication</td>
</tr>
<tr>
<td>IEM</td>
<td>Information, Education, and Motivation Unit</td>
</tr>
<tr>
<td>IUD</td>
<td>Interauteral Device</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labor Organization</td>
</tr>
<tr>
<td>LMIS</td>
<td>Logistics Management Information System</td>
</tr>
<tr>
<td>MCH</td>
<td>Maternal and Child Health</td>
</tr>
<tr>
<td>MIS</td>
<td>Family Planning Management Information System</td>
</tr>
<tr>
<td>MOHFW</td>
<td>Ministry of Health Family Welfare</td>
</tr>
<tr>
<td>NIPORT</td>
<td>National Institute for Population Research and Training</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Government Organization</td>
</tr>
<tr>
<td>OPH</td>
<td>Office of Population and Health</td>
</tr>
<tr>
<td>POPTECH</td>
<td>Population Technical Assistance Project</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------</td>
</tr>
<tr>
<td>PP</td>
<td>PP Amendment</td>
</tr>
<tr>
<td>PSI</td>
<td>Population Services International</td>
</tr>
<tr>
<td>PSU</td>
<td>Primary Sampling Units</td>
</tr>
<tr>
<td>RD</td>
<td>Research and Development</td>
</tr>
<tr>
<td>SMC</td>
<td>Social Marketing Company</td>
</tr>
<tr>
<td>TA</td>
<td>Technical Assistance</td>
</tr>
<tr>
<td>UIP</td>
<td>Upazila Initiative Project</td>
</tr>
<tr>
<td>UNFPA</td>
<td>United Nations Fund for Population Activities</td>
</tr>
<tr>
<td>VS</td>
<td>Voluntary Sterilization</td>
</tr>
<tr>
<td>WB</td>
<td>World Bank</td>
</tr>
</tbody>
</table>
TOWARDS AN ANALYTICAL FRAMEWORK FOR SUSTAINABILITY OF FAMILY PLANNING AND HEALTH SERVICES IN BANGLADESH

I. SUMMARY OF THE SCOPE OF WORK AND STRUCTURE OF THE REPORT

The purpose of the Karen Foreit and Linda Lacey OPTIONS II team visit to Bangladesh, August 18 -September 14, 1991 was to assist the USAID/Bangladesh Office of Population and Health (OPH) in the design of the Project Paper Amendment: Family Planning and Health Services Project (388-0071)(FPHSP). Using A.I.D. documents on sustainability, the OPTIONS II team developed a strategy to incorporate sustainability issues into each component of the OPH family planning portfolio. A brief summary of the scope of work is presented below:

A. Formulate an overall strategic approach for OPH to address sustainability in each of the three service delivery components of the OPH family planning portfolio: Component I - Government Family Planning Activities; Component II - Social Marketing; and Component III - NGOs. Component IV - Support Activities - will be analyzed for its contributions to the sustainability of the service delivery components.

B. Develop an analytic framework for strategic planning for sustainability that suggests possible follow-up activities for OPH Mission staff.

The report that follows is present in four sections:

II. Sustainability: Prospects for A.I.D. Family Planning Portfolio in Bangladesh

III. Dimensions of Sustainability: Institutional, Managerial and Financial

IV. Application of Sustainability Dimensions to Components of the Project Paper Amendment

V. Strategic Planning: Next Steps
II. SUSTAINABILITY: PROSPECTS FOR A.I.D.
FAMILY PLANNING PORTFOLIO IN BANGLADESH

A. Country Setting

By all accounts, Bangladesh has made tremendous progress towards lowering its rate of population growth, despite overwhelming odds. Development indicators usually associated with transition to lower fertility remain unfavorable: 80 percent of the population resides in rural areas, female literacy is less than 20 percent, female labor participation is low, and per capita income is the lowest in Asia.

Population has been a central government priority since independence in 1971. The Third and Fourth Five Year Plans established targets for contraceptive prevalence, method mix, fertility rates, and population growth rates. Budget allocations for the population sector increased annually between 1985-1990, both in absolute terms and as a proportion of the national budget. The Fourth Five Year Plan allocates 4.19% of the sectoral budget for population control and family planning, and an additional 2.62% to health.

With substantial donor support, the national family planning program has succeeded in raising contraceptive prevalence from only 8 percent of married women in 1975 to 33 percent in 1989, and reducing total fertility from 7 children per woman to less than 5, in the same period. This is an impressive achievement for any program and even more so for one operating in such an unfavorable development environment.

The price of success has not been cheap: the estimated annual cost of the family planning program in 1989 was US $142 million, of which $36.5 million, or 25.7%, was provided by USAID and the remaining 74.3 percent by other donors and The Bangladesh Government (BDG). By 1995, the number of family planning users is projected to increase from 5.2 million to 8.5 million. Unless costs can be reduced and resources allocated and utilized more efficiently, total program costs will almost double. USAID funding is projected to drop to $30 million (USAID/Bangladesh OPH), and it is unlikely that other donor support will increase substantially beyond the $120 million annually planned by the World Bank. Closing the resource gap will require both achieving greater program efficiency and mobilizing more national resources. At the same time, the program must increase its coverage in rural and low-prevalence areas (eg, Chittagong), which will be more expensive to reach.

The challenge to USAID is to continue to achieve short-term outputs while at the same time fostering long-term sustainability of family planning services. These goals are not incompatible as long as it is recognized that sustainability cannot be accomplished on an ad hoc basis.
B. Definition of Sustainability

This report uses the concepts, definitions and guidelines for sustainability circulated by AID/W. We relied heavily on two documents:


ANE defines sustainability as "the ability of a system to produce outputs or benefits valued sufficiently by beneficiaries and stakeholders to ensure enough inputs to continue performance with long-term benefits and impacts". While both documents emphasize the financial aspects of sustainability, they also address issues of cost effective service delivery mechanisms through improved planning and management, and the importance of institution-building at the national and local level to ensure government as well as community commitment of resources after donor funding ends.

ANE addresses the role of private sector participation in public investments. They propose a triage to select private or public project implementation. The triage model proposed is a decision matrix which includes degree of public demand for project services and speed of pay-out of project benefits. Each dimension can take one of three values: high, medium, or low. Demand refers to how strongly clients want the services and may be measured operationally by such indicators as prices they are willing to pay or distances they are willing to travel. Speed of payout of project benefits refers to how quickly people's lives change as a result of the services. For example, installing piped water in an urban slum would have rapid payout.

When the two dimensions are combined, a 9-cell matrix emerges. Guidance is provided for the three cells lying on the diagonal where demand and speed of payout are congruent (high demand/rapid payout; moderate demand/moderate payout; low demand/slow payout). We have completed the decision matrix as follows, giving equal weight to both dimensions:
Table 1: Sustainability Decision Matrix

<table>
<thead>
<tr>
<th>SPEED OF PAYOUT OF BENEFITS</th>
<th>PUBLIC DEMAND FOR SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HIGH</td>
</tr>
<tr>
<td>FAST</td>
<td>Privatization</td>
</tr>
<tr>
<td>MODERATE</td>
<td>Privatization</td>
</tr>
<tr>
<td>SLOW</td>
<td>Phased govt. to private</td>
</tr>
</tbody>
</table>

C. Application of the Sustainability Decision Matrix to Bangladesh

In order to select the appropriate constellation for family planning services in Bangladesh, it is necessary to assign baseline scores for the two decision variables - current demand for services and anticipated speed of realizing project benefits.

Despite the substantial increase in contraceptive prevalence, many observers still qualify the demand for family planning as "fragile". "The most important characteristic of demand for contraception in Bangladesh is its tendency to remain latent in the absence of effective family planning services. In rural Bangladesh, women are restricted by the customs of purdah to remain close to their home, to subordinate personal preferences to familial interests, and to defer to their husbands in all aspects of personal decision-making ... even if economic pressures and reproductive aspirations induce personal preference to limit fertility." (Phillips, World Bank, 1991).

Following demonstration from the International Center for Control of Diarrheal Disease Research in Bangladesh (ICDDR,B) Matlab project that intensive field worker outreach could produce significant acceptance of family planning, both government and NGOs adopted the labor-intensive home-visit model. As a result, field workers accounted for 42.4 percent of all non-clinical method users in 1989, up from 30.6 percent in 1986 (1989 CPS). Use of non-clinical methods was significantly higher among women who received field worker visits than those who did not in both urban and rural areas. More significantly, women who received field worker visits were also more likely to use family planning methods not supplied by the field worker and less likely to be non-users of any method than women who were not visited by field workers (rural areas: $X^2 > 30$, df 1, $p < .001$; urban areas: $X^2 = 4.3$, df 1, $p < .05$; analysis performed during our visit). Policy makers and program managers strongly feel that maintenance of prevalence depends on maintenance of outreach.
Supporting this conclusion are apparent price inelasticities of demand for contraception. Sales of Raja condoms fell by 33.6% following the price increase in April, 1990, and have not yet recovered. Similarly, the 1990 pill study (Larson et al., 1991) found a tendency of women previously supplied by retail outlets to switch to free or lower-cost pills from field workers (rural areas: $X^2 = 43.7$, df 4, $p < .001$; urban areas: $X^2 = 10.6$, df 4, $p < .05$; analysis performed during our visit). This sensitivity of method use to price differentials leads to the conclusion that demand for contraception in Bangladesh should be classified as moderate.

In projecting the speed of payout of project benefits, it should be kept in mind that unlike production projects such as agriculture, where benefits take the form of an aggregate increase in output, family planning benefits take the form of savings or costs foregone, and that their time horizon is necessarily of long duration.

BDG policy-makers are well aware of the benefits of lower fertility. The most recent 5-year plan points out that to sustain the present rate of population growth and simultaneously attain the target per-capita income would require an 11.5 percent annual economic growth rate. Consequently, the government has clearly stated prevalence and fertility targets.

Nevertheless, it takes at least 5 years to begin to register the impact of declining fertility on primary school enrollments, 14-18 years to register the impact on employment, etc. There are not enough schools and jobs to serve the existing population. Therefore, reductions in fertility will not reduce existing class size (as happened in the US). They will reduce the size of the unserved population, but this improvement is less easily visible to policy makers.

Similarly, over half of all married women of reproductive age now declare that they do not want more children. However, birth intervals in Bangladesh are already long due to extended breast feeding, making it difficult to perceive increases in birth spacing.

Therefore, we conclude that although family planning program outreach has successfully motivated women and men to adopt contraception, public demand for family planning services in Bangladesh is still moderate. Speed of pay-out of program benefits would be classified as moderate to slow.

Using the decision matrix described above, the composite demand/benefit score for family planning in Bangladesh ranges from moderate to moderately low. The appropriate service constellation, therefore, lies between "public sector" and "phased government to private". Prospects for independence from public (including donor) funding in the near to medium range are remote. The need for increased large-scale outreach services requires public involvement, although phased private sector inputs, especially through quasi-private sector mechanisms such as NGOs, are a definite option in many areas.
The current pattern of coverage provided by private and public outlets (family planning source mix) is consistent with Bangladesh's position on the demand/output matrix and typical for the region. Government sources contributed approximately 70 percent of modern contraceptive method use in 1989, compared to 80 percent in Indonesia, 85 percent in Sri Lanka, and 77 percent in Thailand. Use of modern methods in Bangladesh (24 percent) was lower than in these other countries (40 percent in Sri Lanka to 66 percent in Thailand).

In conclusion, public support for family planning has been critical to program success in the past and will continue so throughout the foreseeable future. USAID has a comparative advantage in dealing with the private sector. However, it is not clear that further scaling back of involvement with government would be indicated at the present. Furthermore, USAID's relatively low leverage with the government compared to massive input from other donors underscores the need to coordinate with both the government and the larger donor community.

III. DIMENSIONS OF SUSTAINABILITY

The Edelman memorandum and the ANE document both provide guidelines for addressing sustainability in A.I.D. projects. The ANE document provides detailed guidelines for incorporating sustainability into the elements of the A.I.D. project cycle. It is useful for designing new projects, or new components of existing projects, evaluating existing projects, and developing long range plans for the population sector.

The Edelman memorandum provided the format for evaluating and incorporating sustainability into the Project Paper Amendment. It outlines three dimensions that were used by the Office of the Administrator to evaluate the quality of sustainability statements for new projects in FY 1990. They are listed below:

* **Institutional Sustainability**: if projects ensure that activities (including policy reform) were valued by host governments and beneficiaries and had a secure and appropriate long-term organizational and institutional base.

* **Management Sustainability**: if projects provided training and technical assistance aimed at upgrading the skills and long-term capabilities of people to manage project services and deliver project benefits; and

* **Financial Sustainability**: if projects define mechanisms to ensure long-term availability of public resources and/or encourage privatization.

Projects that addressed all three dimensions were classified as **adequate**; that addressed at least one as **limited**; and projects that addressed none of the dimensions were classified as **inadequate**.
This evaluation framework implies that all three components are equally important in achieving sustainability. They are also highly dependent on one another. Institutional building is the initial step in gaining long term commitment to programs at the national and community level. Building management or organizational capabilities is crucial in ensuring that service delivery systems continue to operate effectively after donor support ends. Finally, financial sustainability mobilizes public and private resources to ensure long term financial support for services.

The ANE guidelines use similar elements to assess the sustainability of development projects: responsive output flows, cost-effective delivery mechanisms, and adequate input flows. Responsive output flows are equivalent to institutional sustainability in that they focus on building long term institutional support and commitment for project services. Cost-effective delivery mechanisms look for effective strategies for the provision of goods and services and management capabilities that are responsive and accountable to consumers. Adequate input flows are similar to financial sustainability in that they focus on mobilizing financial resources through cost recovery efforts and/or government financing to continue programs after donor funding ends.

We have combined the ANE guidelines with Edelman's dimensions of sustainability to indicate possible activities for each element. In the next section we use the dimensions of sustainability and the list of activities to review the components of the Population Project Amendment.

Institutional sustainability

Activities required to promote institutional sustainability are provided below. They are not listed in order of priority since one or more can take place concurrently.

* Mobilize support for family planning programs among key decision makers at the national, district and community level, and with the private sector (ANE uses the term stakeholders). Determine who makes critical decisions that affect sustainability and develop strategies to encourage policy makers to give high priority to long-term investments in family planning programs.

* Incorporate operations research (ANE: market research) to promote or sell services, open up new markets, and improve the quality and demand for services. Sustained long-term effectiveness requires experimentation and replication.

* Build long-term support among users of services (ANE, beneficiaries). Decentralize and/or privatize to bring services directly to users. Encourage local responsibility for operation and maintenance of activities. Encourage advisory groups, users' associations, and direct ownership to monitor the quality of services provided.
Managerial sustainability

Activities are listed below:

* Utilize strategic planning. Develop clear strategies to incorporate sustainability activities into all phases of planning and management. Monitor changes that affect the long term function of activities, develop problem-solving task forces for long-term effectiveness, and periodically, redesign plans to adapt to changes in the environment.

* Employ a mix of public and private institutions appropriate to the nature of the services to promote responsiveness and accountability and ensure long-term financing and internal incentives. ANE indicates that cooperatives and associations such as NGOs and PVOs play private enterprise-like roles and are options that may be a middle path between reliance on for-profit enterprises or on government institutions.

* Monitor personnel practices to assure that staff are recruited for long-term operations and have skills appropriate for the tasks. Build-in incentive systems for staff that encourage high quality performance.

* Build skills and capabilities to manage family planning services effectively after donor funding ends (ANE: post-investment period). Training and learning through one-on-one collaborations can transfer knowledge and skills in areas such as management systems, strategic planning, cost-recovery methods, and personnel management.

Financial sustainability

Activities and a discussion of key concepts are presented below:

* Identify minimum project inputs and interventions which must be continued after donor funding ends. Many start-up activities can be scaled back or even eliminated after the program has gained momentum. For example, once a commercial product has achieved universal brand-name recognition, lower levels of promotion may be sufficient to maintain awareness.

* Set up mechanisms to handle recurrent costs. Programs need to pay salaries, purchase commodities, maintain and replace facilities and equipment. Financial sustainability means that costs are kept to a minimum (cost containment) and that enough resources are mobilized to cover them.

Cost containment, cost recovery and income generation are the most commonly cited activities in the area of financial sustainability. We discuss these concepts below:
Cost containment: In order to develop and implement a strategy for cost containment, the first activity is to conduct a cost analysis to determine how the program is spending its money. This analysis breaks the program down into its component parts (often called cost centers) and determines the service delivery capacity of the current configuration. For example, a clinic operating 4 hours a day with 2 service providers would be able to provide a maximum of 32 15-minute consultations per day. The cost of a consultation (cost per unit output) would depend on the fixed costs of maintaining the facility and paying salaries as well as the variable costs of the consumable supplies and contraceptive commodities provided during the consultation.

The action plan for cost containment depends on how efficiently the program is using its resources. For example, if it has a large unused capacity (e.g., attends only 10 clients a day out of the maximum of 32), the fixed cost per unit output would be very high. It might be possible to cut costs by eliminating one service provider until demand increases. The cost of maintaining the facility, however, would stay the same.

Example: An operations research project was conducted to determine the most cost-effective way of scheduling satellite clinic sessions in Peru. Costs were broken down into post costs (the cost of equipping the facility), session costs (the cost of transportation and staffing the clinic session), and consultation costs (the cost of consumable supplies and contraceptives used to attend a single client). Outputs included total number of clients seen, number of family planning clients seen, and number of IUDs inserted. Operating the satellite clinics twice a month at each location was found to be the most cost-efficient, and this schedule was implemented throughout the system. (Foreit, et al., Studies in Family Planning, 1990).

Cost recovery: Charging for program goods and services is generally the preferred method of resource mobilization. ANE suggests that "ideally, sales or user's fees should more than cover all costs" (p.7). In order to set fees, it is necessary to know how much the service costs (see above) and how much users are willing and able to pay. Asking clients in advance how much they would be willing to pay may be used to set a ball-park range of prices. However, real price elasticity of demand (to what extent clients will pay for their goods and services) can only be determined empirically, for example, by gradually raising prices or by instituting different prices in different areas. At the same time, the costs of cost recovery (e.g., administrative systems, etc.) and the impact of user fees/cost recovery on equity (what happens to the poorest of the poor) must be assessed.
**Income generation:** Income generation is another strategy for financial sustainability. It differs from cost recovery in that it can include offering and charging for other goods and services. For example, a family planning clinic might add other health services and charge a price that more than covers their costs. The profit from the new services could be used to offset the deficit generated by not charging the full price for family planning (cross-subsidization). However, before embarking on this strategy, the costs of income generation, including financial costs and opportunity costs (time taken away from family planning activities) should be carefully assessed.

Another method of income generation is to solicit donations from other national sources, including in-kind contributions. Finally, the program can attempt to obtain financial commitment from government or other donors. Economists believe that many programs which confer public benefits (ie, benefitting society at large as much or more than the individual recipient) will always need to depend at least in part on public funds.

**IV. APPLICATION OF THE DIMENSIONS OF SUSTAINABILITY TO FAMILY PLANNING AND HEALTH SERVICES PROJECT**

While the high-level policy environment for population and family planning in Bangladesh is quite favorable, problems remain at middle and local levels. Furthermore, most experts agree that it may be several decades before Bangladesh achieves financial sustainability. Therefore, USAID support for the short-term will focus on strengthening institutional and managerial aspects of sustainability and has taken the lead in developing pilot tests for financial sustainability.

**Institutional sustainability:** The entire OPH portfolio contributes to national ownership and support of the population program. IEC efforts, including mass media advertising, have increased knowledge of and demand for contraception among the population. Community-level support has been mobilized through public-sector activities and by NGOs.

**Managerial sustainability:** The major focus of the OPH portfolio is on improving managerial sustainability, through training, design and implementation of management information systems, and collaborative efforts to coordinate services delivery.

**Financial sustainability:** OPH is experimenting with financial sustainability. Improving cost efficiency is a priority concern. Cost recovery efforts are also under way. SMC supports users who can afford to pay something, but not a full market price for their commodities, and offers a self-supporting (i.e. non-subsidized) condom brand and oral rehydration salts. NGOs are testing the introduction of user fees for home-delivered contraceptives. The results of their initiatives will guide future government policy.
In this section we use the dimensions of sustainability to review the components of the FPHSP amendment. The purpose of the review is to provide suggestions on ways that Mission staff can incorporate sustainability issues into their sections of the Project Paper Amendment. Our review is based on reading select project documents, and discussions and meetings with high level government officials, representatives of the World Bank consortium, Mission staff in OPH, contractors of the Cooperative Agreements and select members of the commercial private sector (see Trip Report for list of contacts).

We have developed the following format to review activities supporting sustainability in each of the components of the OPH portfolio. We begin with identification of key strategic planning issues that must be resolved early in the Amendment period and before sustainability targets can be developed. Not all sub-components have critical issues to resolve; these areas will also be indicated.

The three dimensions of sustainability - institutional, managerial, financial - are treated individually. Within each dimension, we have attempted to identify previous activities, including those begun under the original FPHSP scope of work, and proposed activities, including those that have already been incorporated into the draft PP Amendment. We have relied primarily on the draft Amendment to develop these categories. Finally, we include a third category, recommended activities, which includes those activities that we have identified during our visit and which we feel would enhance the development and implementation of a sustainability strategy.

Component I - Support for Government Family Planning Activities

Government family planning services are provided through a network of clinics and health centers supplemented by workers who provide community-level services. The first line of contact between the government program and the community are the almost 40,000 female Family Welfare Assistants (FWAs).

The BDG goal is to establish a Family Welfare Centers (FWC) in every rural union by 1995. The Fourth Five Year Plan calls for construction/renovation of 2389 FWCs, 203 RDs, and 64 Union sub-centers. Construction of upazilla warehouses to store commodities is also planned.

During the period 1975-1990, investments in health and family planning roughly doubled every five years. The rate of investment growth in the sector has slowed, but is still substantial: during the Fourth Five Year Plan, BDG plans to invest US$ 793.4 million. Much of this budget is to be donor financed.
The World Bank consortium plans to provide US$ 600 million for health and population activities during the period 1990-1995 (Fourth Population and Health Project), including $180 in load funds and the remainder in grants. Funding will focus primarily on the government program and underwrite both investment (construction, training) and recurrent costs (salaries, maintenance, commodities).

USAID inputs to the government program are much more limited in scope ($54.6 million over the 10-year period 1985-1995) and focus on improving service delivery and management systems. Many of the innovations financed by FPHSP activities for government will also benefit the private sector. As the review of this component will show, project activities are designed to address institutional and managerial sustainability.

Efforts to improve financial sustainability will be largely underwritten by the establishment of the Health Economics and Financing Unit with World Bank consortium funds. An early charge to this unit will be to develop a long-term sustainability plan to transfer expenditures from the development to the revenue budget and to introduce user charges. Activities carried out under other components of FPHSP can provide important inputs to the planning process.

Since the purpose of this component is largely to improve the infrastructure of the government program, this review will focus on how component activities will contribute to achieving sustainability of government services, rather than sustainability of component activities, per se.

A. Information, Education, and Communication Services Strategic Planning Issues:

1. Reintegration of component activities with government program

This project element began as part of USAID’s direct technical assistance to the government program. It now functions as a separate unit, with a private sector focus, and has developed a plan to design a national IEC strategy for the NGOs. The World Bank consortium has expressed interest in expanding this plan to develop a national IEC strategy for the entire sector, including BDG. The challenge for OPH is to maintain the momentum of project activities while seeking reintegration with the government. The new director of the Information, Education, and Motivation Unit (IEM) is supportive of the approach, and policy dialogue will be handled through the donor consortium.

2. Coordination with other IEC activities

This project element is designed to increase knowledge of and demand for all contraceptive methods through the development of educational and motivational methods and media. The need for IEC is also mentioned in virtually every other component of the
We recommend that this project element be moved to Component IV - Support Activities. OPH should provide guidance to the IEC element to NGOs and SMC to coordinate efforts, develop uniform and high quality messages and material, and reduce unnecessary duplication of effort.

1. Institutional Sustainability

The major objective of this element is to design and implement a national IEC strategy. This will contribute to institutional sustainability of family planning services by strengthening the popular knowledge base about individual methods and increasing demand for goods and services through production and dissemination of educational materials. IEC activities will also strengthen grass-roots support for family planning among formal and informal leaders, etc.

a. Previous activities

1) The Upazile Communications project is field-testing a number of interventions designed to generate community support for family planning.

2) The project has contributed to the sustainability of IEC activities through technical assistance and establishing a local private sector capability conducting IEC research and developing high quality IEC materials.

b. Proposed activities for the Amendment period

1) A plan for developing a national family planning/MCH IEC strategy has been developed. It proposes to establish a baseline assessment of current knowledge and attitudes toward family planning and MCH interventions and lessons learned from previous projects. On the basis of the baseline, a focused implementation plan will be developed.

2) The project will continue to provide assistance to ACO. As a result of project activities, ACO will be able to support itself by generating contracts with other agencies. For example, they now have a contract with UNICEF. It is also expected that the NGOs and SMC will contract with AOC, according to the regulations for competitive bids.
c. **Recommended additional activities for Amendment period**

The national IEC strategy will be designed for both family planning and MCH. We suggest that attention devoted to EPI be increased and that the MCH component be fully integrated into the strategy.

### 2. Managerial Sustainability

a. **Previous activities**

FPHSP has supported informative research in developing and field-testing appropriate information strategies and materials.

b. **Proposed activities for Amendment period**

1) FPHSP will strengthen national capacity to conduct research, develop, and field-test IEC materials.

2) The project will improve the interpersonal communication skills of service providers at all levels, to promote correct use of specific family planning methods, through the development and implementation of training modules and other specific interventions.

c. **Recommended additional activities for Amendment period**

The proposed activities for field worker training cut across the OPH portfolio, including especially satellite clinics, the Upazila initiative, and the Expanded Program of Immunization (EPI). We recommend that linkages to these components be strengthened.

### 3. Financial Sustainability

As a result of project activities, ACO will become financially sustainable through winning and successfully carrying out competitively-awarded contracts.

### B. Clinical and Community-Based Family Planning Services Strategic Planning Issues:

#### 1. Coordination between satellite clinics and home delivery of temporary supply methods.

The purpose of setting up satellite clinics at the community level is to bring quality FP/MCH methods closer to women's homes and thereby increase acceptance and use of these methods. Experience in other countries has shown the value of this approach and the importance of personal referrals by field workers. One study reported that almost 90
percent of the IUD insertions performed at itinerant clinics in Lima, Peru, had been brought to the clinic by a CBD worker (Forrest et al., Studies in Family Planning, 1990). For community workers to refer clients to satellite clinics, they must be both educated and motivated to do so. To the worker, an IUD acceptor represents the potential loss of 30 cycles of pills or 400 condoms (based on an IUD use-expectancy of 2.5 years). The program should identify and implement some way of compensating the worker for bringing clients to the clinic. This issue applies both to BDG and NGO field workers who operate in areas served by satellite clinics.

2. **Coordination in developing IEC materials.** The PP Amendment calls for the development, testing, printing, and distribution of training materials for field personnel. The IEC element calls for improving the communication skills of family planning field workers to promote correct use of specific family planning methods, presumably including clinical methods. FPHSP should coordinate efforts between these two elements.

1. **Institutional Sustainability**

The objective of this initiative is to strengthen decentralization of government family planning/MCH services. It will further institutional sustainability of both clinical and non-clinical methods by organizing local community support.

a. **Proposed activities for Amendment period**

1) FPHSP will establish a Satellite Clinic Unit in the Directorate of Family Planning, to organize, implement, and monitor the satellite clinic program.

2) The project will establish a cadre to family planning trainers to provide on-site training of field level supervisors and health workers. This cadre will be incorporated into the NIPORT/FP Directorate.

3) The project will revise, update, and develop family planning training materials in collaboration with NIPORT for all NGOs and CAs in order to standardize family planning services.

b. **Recommended additional activities for Amendment period:** none identified.

2. **Managerial Sustainability**

This element focuses on improving the managerial, training, supervision, and operational capabilities of government staff from the central-level Satellite Clinic Unit down to the community clinics themselves.
a. Proposed activities for Amendment period

1) The project will provide clinical training for national and divisional trainers, as well as training in family planning counseling/orientation.

2) FPHSP will provide technical assistance for national, district, and upazila level MOHFW personnel in program management of the Satellite Clinics.

b. Recommended additional activities for Amendment period:

We recommend that OPH work with the Family Planning Directorate and the Satellite Clinic Unit to develop and implement a system to encourage Community-Based Distribution (CBD) workers (both BDG and NGO) to bring eligible candidates for clinical methods to satellite clinic sessions. We suggest that the program consider a system to award the worker "credit" towards her pill and condom distribution.

3. Financial Sustainability

a. Proposed activities for Amendment period: none identified

b. Recommended additional activities for Amendment period

Satellite clinics may represent an opportunity for introducing user fees into the government system. While clients are often resistant to efforts to make them pay for services they previously received free of charge, they may be more willing to pay for a new service. Satellite clinics will bring new services into the community. We suggest that OPH consider the possibility of a small operations research project to introduce user fees for clinic services. Such an undertaking would need FP Directorate approval, as charging users for IUDs is still not contemplated.

C. Training and Financial Support for Upazila Family Planning Initiatives

This element is designed to assist in the decentralization of planning, development, and implementation of family planning at the local level. The upazila was selected as the most effective entry point into the government system; it is the most peripheral level where there are elected officials. The Upazila Initiative Project (UIP) supports upazilla-level management teams composed of elected officials, community leaders, and family planning officers. These teams develop and monitor union-level volunteer networks which interface
with the local government family planning workers for supplies and service statistics. The volunteers provide family planning outreach in their communities, using the standard CBD model of regular and intensive home visiting.

Project funds are used to send upazila teams for study tours either to Indonesia or Bangladesh. Block grants are provided to fund action programs at the union level; most of the funds go towards training of volunteers (including their transportation to the training site) and motivational meetings. Small line items are also set aside for setting up income-generating activities to benefit the family planning volunteers and maintain their motivation to work with the program. The upazila is expected to contribute at least 10 percent of the action plan budget.

The Upazila Initiative Project is a relatively new activity, and no major changes are anticipated until enough experience has been gathered to permit adequate evaluation of its impacts.

Strategic Planning Issues:

1. **Linkages with other service delivery components**

   Upazilas are proposed for the project on the basis of their existing performance in the government family planning program: they must meet or exceed a minimum prevalence rate. Selection of the action unions within the participating upazila should be made in such a way as to minimize overlap with active government field workers or NGOs. However, at the same time, linkages with the satellite clinic system should be promoted. Union volunteers should be trained to make references to satellite clinic sessions. Similarly, it may be possible to use the supervision system for maintaining quality control of the satellite clinics to supervise volunteers' competence, thereby reducing the need for additional outside supervision for UIP.

2. **Selection criteria**

   Many of the upazilas selected have prevailing contraceptive prevalence rates far higher than national or regional averages. The targets established in the most recent action plans include raising Contraceptive Prevalence Rates (CPR) from 66% to 70% (Ghior), from 44% to 54% (Begumganj), 53% to 60% (Monirampur), and 57% to 65% (Boda). Large numbers of volunteers will be trained to recruit very small numbers of new acceptors and "maintain" the bulk of current users who are presently being served by other outlets. In Ghior, 80 volunteers will be trained to recruit a target of 138 new contraceptive acceptors, in Begumbangj 100 volunteers to recruit 524 new acceptors, in Monirampur 80 volunteers for 328 new acceptors, and Boda 60 volunteers for 286 new acceptors.
Volunteers will also be expected to refer mothers and children to mobile satellite clinics which will be staffed by government personnel. Since each volunteer is expected on average to recruit only 4-5 new family planning acceptors during the course of one year, two outcomes are possible: (1) volunteers will spend most of their time on MCH promotion; and/or (2) they will duplicate the efforts of other outlets by serving current family planning users.

We recommend that the project consider lowering the selection criteria for at least a portion of the upazilas, for example, to the national or regional mean. Similarly, the number of volunteers at least in the initial implementation phase should be reduced until the union gains experience in the program and can identify areas where additional volunteers are needed.

1. **Institutional Sustainability**

   a. **Previous activities**

      1) The project improves government commitment to family planning at the peripheral level by creating upazila teams which include elected officials and government family planning officers. The mechanism for training these teams is via orientation with central-level officials in Dhaka followed by study tours for local leaders to community programs in either Indonesia or Bangladesh.

      2) After training, the upazila teams continue to receive technical assistance from the project in developing, implementing, and monitoring the union-level action plans.

   b. **Proposed activities for Amendment period**: Continuation of training and supervision. Study tours will gradually phase out trips to Indonesia and focus on successful programs inside Bangladesh.

   c. **Recommended additional activities for Amendment period**: none identified

2. **Managerial Sustainability**

   a. **Previous activities**

   Technical assistance in designing and implementing community-level family planning efforts

   b. **Proposed activities for Amendment period**: Continuation of same

   c. **Recommended additional activities for Amendment period**: none identified
3. **Financial Sustainability**

a. **Previous activities**

1) The project requires upazilas to contribute at least 10 percent of the action plan budget from local sources, which may include government development funds.

2) Funding has been provided to set up income-generation activities for the volunteers.

b. **Proposed activities for Amendment period:**

1) Upazilas will continue to be required to contribute towards their action plan budgets. They will also be encouraged to solicit funding from NGOs.

2) Funding will continue to be provided for income-generation activities for volunteers.

3) Study sites will be transferred from Indonesia to Bangladesh to keep down training costs.

c. **Recommended additional activities for Amendment period**

1) The project should assist the upazila teams to develop ways of cutting costs in their action plan budgets once the heavy start-up activities have been completed (eg, mass training, motivation). The upazila local contribution in subsequent years should be pegged to its initial inputs (ie, meet or exceed the locally-generated budget in absolute terms adjusted for inflation), rather than maintaining its percentage contribution to the total budget.

2) Many of the action plans contemplate recruiting, training, and supervising substantial numbers of volunteers (60-100 per union). We recommend that the project carefully monitor drop-out rates to project resources needed to train replacements. Reducing the number of volunteers in the initial phases of program operations should be considered as a cost-containment and efficiency measure until more experience is gained in volunteers' performance and impact.

3) Non-family planning income generation activities for local volunteers should be monitored to determine how much of the volunteer's time is occupied and whether or not income is generated that can be re-invested in the activity. For example, in some unions, seed money is provided to set up kitchen gardens maintained by the volunteers. If the produce is consumed by the
volunteer's family, then no income is generated to cover planting for the following year, and the initial grant becomes a potential recurrent cost.

D. Contraceptive Commodity Logistics Assistance Initiatives

This element addresses managerial sustainability of the national family planning program. It provides technical assistance to the Family Planning Directorate in procurement, quality assurance, storage, transportation, and monitoring of distribution of contraceptive commodities and other health supplies. A major emphasis of the element is on training of government staff.

Strategic Planning Issues:

1. Sustainability of training in logistics

   USAID currently supports recurrent costs of two expatriate advisors, two local logistics specialists, 18 trainers, and support staff. Funding for the training staff will be provided for two years, after which the government is expected to contract out for its training needs with non-USAID funds. As in other areas of the project (eg, construction of storerooms), provision of recurrent costs by BDG is a critical issue. To protect its investment, OPH should initiate dialogue with BDG and the other donors to guarantee the costs of post-project training.

2. Linkages with NGOs

   There is an explicit objective to install the Logistics Management Information System in all of the major NGOs supported by the portfolio, including one of the CA subcontractors (Concerned Women for Family Planning). Similar objectives should be spelled out in the NGO component.

   1. Institutional Sustainability

      a. Previous activities

         Activities to date have not focused on strengthening institutional sustainability.

      b. Proposed activities for the Amendment period

         1) The project will establish a permanent training capability under NIPORT direction to train and upgrade logistics management skills.
2) The project will assist coordination and communication among the donors, BDG, and NGOs by providing regular and standardized reports of the status of contraceptive commodities in the government program and in the NGOs.

3) If requested by MOHFW, the project will determine the feasibility of automating data management systems at the regional level. This will contribute towards the goal of decentralization.

4) The project will ensure compatibility of collected field data with the needs of other operational departments, thereby increasing support for logistics activities throughout government.

c. **Recommended additional activities for Amendment period:** none identified.

2. **Managerial Sustainability**

a. **Previous activities**

1) A Logistics Management Information System and computerized commodities projection model have been developed and implemented.

2) Almost 3,000 government staff have been trained in logistics management.

3) Annual physical inventories of contraceptive commodities have been conducted.

4) Technical assistance has been given to the government procurement on international tendering of commodities purchased with non-A.I.D. funds (currently pills), with emphasis on quality assurance and price considerations.

b. **Proposed activities for Amendment period**

1) The management systems developed during the first part of the project and additional components will be expanded throughout the BDG program. Forecasting and inventory control will be decentralized, as will responsibility for the destruction of damaged and out-dated commodities.

2) The Family Planning Management Information System (MIS) and the Logistics Management Information System (LMIS) will be integrated.

3) Training and technical assistance in logistics will be provided to NGOs and to a lesser extent to SMC.
4) Technical assistance in procurement/international tendering will be continued and extended to condoms.

c. **Recommended additional activities for Amendment period:** none identified

3. **Financial Sustainability**

   a. **Previous activities**

   This element has contributed to the financial sustainability of the national program by establishing mechanisms for timely procurement to minimize over-supply of perishable commodities and reduce wastage (cost containment). It also contributes to financial sustainability by assisting the government procurement unit to purchase non-A.I.D. commodities more economically and efficiently.

   b. **Proposed activities for the Amendment period**

   1) The project will develop an arrangement for long-term maintenance of Family Planning Directorate vehicles.

   2) The project will introduce techniques to take advantage of existing work force in the field to reduce the need to hire additional logistics personnel.

   c. **Recommended additional activities for Amendment period:** none identified

E. **Construction of MOHFW Facilities**

Under this project element, USAID will support construction of additional upazilla storerooms for contraceptive commodities.

**Strategic Planning Issue:** Financing recurrent costs

USAID will provide capital funds for construction, but the project does not include recurrent costs of building maintenance. The Director General (DG) of the Family Planning Directorate told the team that his operating budget is inadequate to maintain existing facilities, let alone cover new ones. Provision of recurrent costs by the government is a critical issue throughout the government program and not confined to this project component.

The logistics component provides on-site monitoring of commodity inventories, which includes the physical conditions of the storage facilities. We recommend that this
information be fed back into the Construction component with specific recommendations for improving maintenance.

1. **Institutional Sustainability**

   This project element supports institutional sustainability of the national program by helping to decentralize logistics management. Local distribution of commodities to community outlets will be facilitated.

2. **Managerial Sustainability**

   Managerial sustainability will be enhanced by making commodities available at the field worker level.

3. **Financial Sustainability**

   Decentralized warehousing capability will support decentralization of logistics functions and help reduce wastage due to over-supply and physical damage and deterioration.

**F. Clinical Services Monitoring - Quality of Care, Volunteerism, Access**

This component was originally designed at a time when USAID supported payments to acceptors of surgical contraception and IUDs, to assure volunteerism on the part of clients. Support for Voluntary Sterilization (MVS) compensation payments was stopped in 1988, and IUD payments will be discontinued after 1991. As a result, the project element has been refocused to deal with quality assurance and quality of care for both clinical and non-clinical methods.

**Strategic Planning Issue: Coordination with NGO component**

The Amendment recognizes the need to enhance quality of clinical services across the board, including government, NGOs, and the private sector. The Family Planning Clinical Surveillance Team is responsible for quality issues within the government program. CAs are expected to provide technical assistance and training to their recipient NGOs. The mechanism by which this will be accomplished and linkages between this project element and the NGO component should be clearly spelled out.
1. **Institutional Sustainability**

   Quality of care supports institutional sustainability of the national family planning program. Assuring thorough patient orientation and improving clinical standards is expected to enhance the acceptability of clinical methods, promote higher use continuation rates, and facilitate interpersonal communication among satisfied users and their friends and relatives.

   a. **Previous activities**

      1) A quality assurance manual has been developed by and for NGOs. It is expected to be adopted by BDG.

      2) Implementation of a comprehensive monitoring system consisting of periodic client and provider surveys and direct program surveillance.

   b. **Proposed activities for Amendment period:**

      1) OPH will assist CAs to develop a training plan and train clinical master trainers to implement quality assurance measures among the NGOs.

      2) The project will provide technical assistance in strengthening monitoring systems and procedural guidelines.

      3) A user-satisfaction and quality of care survey will be conducted to evaluate the Clinical and Community Based Family Planning Services project.

   c. **Recommended additional activities for Amendment period:** none identified

2. **Managerial Sustainability**

   a. **Previous activities**

      The project has provided assistance to the Family Planning Clinical Surveillance Team to carry out its mandate.

   b. **Proposed activities for Amendment period:** Continuation of same

   c. **Recommended additional activities for Amendment period:** none identified

3. **Financial Sustainability**

   Improving quality of care and quality assurance activities will support future cost recovery efforts within the national family planning program. Clients will be more willing to pay for high-quality services.
G. Municipal Immunization Program

At the present time, this project element comprises the only OPH activity in child survival. The EPI program provides BCG, DPT, polio, and measles vaccinations for children and tetanus toxoid for women of reproductive age. UNICEF is the major donor for the immunization program and provides technical assistance, cold chain support, and vaccines for the entire national program and operational costs in the rural areas.

The national EPI program is coordinated by the Ministry of Health Family Welfare (MOHFW) Health Wing, which sets norms and policies. Responsibility for urban operations is with another ministry: the Ministry of Local Government and Rural Development. Placing coordination and supervision in two ministries gives rise to jurisdictional problems.

Strategic Planning Issue: IEC activities

This OPH portfolio component includes preparation and implementation of IEC activities promoting vaccination. As the EPI program runs out of the MOHFW health wing, it might be logical to integrate IEC with the Health Education Bureau. However, the Bureau is relatively weak, and there are no other linkages between the rest of the OPH and the Health Wing which could assist. The IEM unit has received considerable assistance to improve its IEC capabilities, but it is part of the Family Planning wing. The default option has been to carry out IEC activities for EPI in-house.

1. Institutional Sustainability

a. Previous activities

IEC activities have been carried out to educate mothers in the need to vaccinate their children and create a permanent demand for these services.

b. Proposed activities for Amendment period:

1) IEC activities will be continued and strengthened during the amendment period. After achieving program targets, coverage rates have begun to decline significantly, suggesting that it is too soon to begin to cut back on promotion.

2) Special recruitment activities will be introduced into urban slums where coverage is still low, to target mothers who have either not completed their children’s immunization schedule (drop-outs) or who have not initiated vaccinations (left-outs).

c. Recommended additional activities for Amendment period:

Small, focused qualitative research probes should be carried out among with mothers of young children to assess whether the declines in vaccination
coverage are due to lack of popular demand and understanding of the need for vaccination, or due to lack of accessible supply outlets.

2. Managerial Sustainability

a. Previous activities

USAID has provided training to clinical staff and immunization teams.

b. Proposed activities for Amendment period

1) IEC activities will be expanded to include service providers, to provide them with interpersonal communication skills for dealing with mothers and to improve the quality of care provided to children.

2) The emphasis of IEC interventions will be shifted away from using mass media to improving person-to-person communication skills to persuade mothers to use EPI services.

3) The project will strengthen field monitoring and supervision systems.

4) The project will train government staff in disease surveillance via pilot projects to determine program impact on the incidence of immuno-preventible diseases.

c. Recommended additional activities for Amendment period: none identified

3. Financial Sustainability

a. Previous activities

The focus of initial program efforts was to achieve immediate improvement in the dangerously-low coverage rates in urban areas. Financial sustainability was a less pressing need at that time.

b. Proposed activities for Amendment period

The program will move towards increased reliance on fixed vaccination sites rather than outreach sites for urban service delivery as a cost-saving measure. Outreach will be maintained in low-prevalence areas until coverage improves.

c. Recommended additional activities for Amendment period: none identified
Component II - Social Marketing

While the USAID population portfolio has a strong private sector focus, little attention has been paid to the self-supporting commercial sector to date. Social marketing is the only component with a commercial focus, but given its social mission, SMC is far from self-supporting. This evaluation of component II will first address sustainability issues regarding SMC. It will then raise questions about SMC's impact on the commercial sector as a whole and suggest ways that USAID might utilize SMC's unique capabilities to explore the possibility of introducing family planning into the rapidly growing industrial sector on an entirely self-supporting basis.

A. SMC

USAID commissioned an extensive review of the Social Marketing component in July-August 1991 which included, among other topics, prospects and strategies for increased financial sustainability. The following evaluation draws heavily on the draft final report of that effort; recommendations made by that team are identified as POPTECH, and recommendations developed under the present visit are identified as OPTIONS.

Strategic planning issues:

Financial sustainability: Is it reasonable to expect that SMC can become self-sufficient in the next 10 years without sacrificing its social orientation? If SMC can generate enough income to cover operating expenses, will donors be willing to continue to provide commodities?

Cost efficiency of promotional efforts: How much should SMC be expected to contribute to generic demand creation through advertising and promotion? Is this function better handled through another mechanism?

Impact of subsidized social marketing on the commercial market for contraceptive commodities: Impact evaluations have focused on SMC's contribution to total prevalence, the implicit assumption being that if SMC had not existed, their clients would not have used family planning. Is this assumption justified? What has been the impact of SMC on the entire commercial sector - to what extent have SMC activities either assisted or impeded the expansion of self-supporting commercial pharmaceutical companies?
1. **Institutional sustainability**

a. **Previous activities**

1) SMC has invested heavily in demand creation: generic and brand name advertising and non-traditional promotion. Mass media advertising also helps to desensitize the family planning concept.

2) In order to improve quality of care, SMC has funded training in contraceptive technology for pharmacists, rural medical practitioners, and quacks.

3) SMC has expanded the availability of non-clinical contraceptives through commercial outlets. SMC provides the only retail brands of condoms and serves a broader network of retail outlets for pills, especially in rural areas, than that reached by Organon, the only other commercial distributor of oral contraceptives.

b. **Proposed activities for Amendment period:** none identified. It is assumed that SMC will continue demand creation and training activities.

c. **Recommended additional activities for Amendment period (OPTIONS):**

   We recommend that SMC focus more attention on quality of care in an effort to counteract the source-switching detected by the 1990 pill study. SMC should assess adequacy of provider to client interpersonal communication and transmission of information at retail level. Some technical assistance in study design, execution, and analysis may be required. For example, the Latin America Operations Research Project has developed a simple and reliable test of distributor knowledge of basic reproductive biology and indications and counter-indications for pill and condom use.

2. **Managerial sustainability**

a. **Previous activities**

1) PSI, as AID contracting agency, has provided on-going resident and short-term TA in all operational aspects.

2) After SMC was reorganized as a private company, a professional executive director was hired and the central management structure was reorganized. One of the important management changes was increased decentralization of authority and responsibility.
b. **Proposed activities for Amendment period:**

OPH plans to increase research and management capabilities, especially in the area of financial analysis.

c. **Recommended additional activities for Amendment period (POPTECH):**

1) The POPTECH evaluation stressed the need to continue to strengthen organizational management.

2) The evaluators also recommended that SMC establish linkages with other related projects and organizations.

3) The team also recommended that PSI and SMC should develop a formal short-term Technical Assistance (TA) plan for the next 3-5 years indicating what kind of expertise will be needed.

4) It was recommended that SMC improve the packaging of its reports for OPH. Routine reports should be simplified to highlight critical findings, management issues, etc., as well as to present new project developments.

5) The final recommendation was that SMC develop a long-range plan for transition from PSI resident presence. The team stressed that these plans must specify assumptions about SMC’s growth and the environment, as well as about criteria on which future decisions should be made.

d. **Recommended additional activities for Amendment period (OPTIONS):**

SMC should be encouraged to exploit the full advantage of its MIS system. Semi-annual and annual reports of OPH should graph both monthly sales and annual totals, to reveal the kinds of seasonalities that should be considered when planning to introduce new interventions and to provide more sensitive indicators of reactions to pricing change and other interventions. The 1990 summary report compared annual sales for 1989 and 1990. It did not indicate how quickly sales were affected by the April 1990 price increase, or how quickly they began to recover. As monthly sales data are already available in any format in SMC’s MIS, there is no problem including this level of detail in the summary reports.
3. Financial sustainability

a. Previous activities

As a commercial enterprise, Social Marketing Project and now SMC has taken the normal steps to increase sales. These activities have included:

1) Training and supervision of sales force.
2) Introducing different brands and price increases to improve cost recovery.
3) Implementing cost containment measures such as:
   * Use of MIS data for planning to minimize oversupply or shortages
   * Streamlined packaging to improve productivity

b. Proposed activities for Amendment period:

1) OPH plans to encourage SMC to rationalize its pricing policies, and
2) Target consumer audiences.
3) OPH has also identified a need to continue to conduct financial analyses towards higher cost recovery and income generation.
4) SMC will be encouraged to diversify their product line to generate additional revenues. Several products are being considered seriously, including sanitary napkins, a commercial condom brand, and ethical generic drugs.

c. Recommended additional activities for Amendment period (POPTECH):

1) The POPTECH team recommended that SMC develop specific cost containment targets.
2) The team also recommended that the company increase donor diversification. Condoms from EC will both increase donor funding base and reduce costs (cheaper than US condoms).
3) Another possible income-generating activity would be to sell film advertising time.
4) The final POPTECH recommendation was that SMC set realistic targets for cost recovery/income generation that include costs of training, overhead, etc.
d. **Recommended additional activities for Amendment period (OPTIONS):**

1) We recommend that SMC carefully study the return on its advertising costs in order to calculate minimum levels of promotion which must be continued after donor funding ends. The projected advertising budget for 1991-1995 is almost $3 million (PSI Financial Analysis, November 1990). Not only is this budget considerably larger than that projected for first-year advertising for its sanitary napkin, a new SMC product, it also increases annually. Given the high brand-name recognition of Maya and Raja, how much additional advertising is needed to maintain these brands? Can advertising of the more expensive brands (Panther, Ovacon, Norquest) reasonably be expected to boost their sales?

Sales of any commercial commodity are influenced by a host of interacting variables, including customers' demand and brand preferences, prices, purchasing power, and availability and prices of competing brands. From the data gathered over the last few years, it is difficult to draw unambiguous conclusions about the impact of continued mass media advertising on SMC sales. For example, radio and television ads were suspended for a six-month period beginning in late 1989. Although not planned as such, the suspension provided an opportunity to measure whether sales would be negatively affected by the lack of advertising. However, the suspension period also coincided with public sector stock-outs of condoms and shortages of pills. Thus, despite the absence of mass media advertising, SMC sales attained their highest-ever levels.

Any simple analyses of the correlation between sales and advertising over the 15 years of brand name advertising will be confounded by many uncontrolled factors. Nevertheless, it is important that SMC undertake finer-grained analyses of historical data and perhaps some small-scale experimental interventions, especially since it will be impossible for SMC to sustain the current level of advertising expenditures out of its own sales revenues.

2) While public familiarity with contraceptive methods has increased appreciably over the last several years, at least one survey has reported that the percentage of respondents who feel that modern methods may cause health problems has also increased. Is mass promotion the best way to overcome health fears? To what extent do these fears really contribute to non-use of contraception?

(Other studies have found that users and non-users share the same fears).
B. CBS

The Community Based Sales pilot project is not mentioned in the PP Amendment. We have included it in this review because it was evaluated both in the 1990 Midterm evaluation of the Family Planning and Health Service Project (FPHSP) and by the POPTECH team, and because CBS represents a major variant on the traditional social marketing model and a potential model for strengthening cost recovery in NGOs.

**Strategic planning issue: Criteria for evaluating project success**

The project was designed as a 5-year pilot activity. It basically attempts to sell SMC products at the doorstep using a cadre of trained Community Sales Workers (CSWs). The CSWs are paid a small transportation stipend and earn commissions on their sales; they charge a slightly higher price than the same product at the pharmacy or shop, in part to avoid competing directly with retail outlets, and in part to compensate them for the extra service (home visiting) they provide.

The goals of the project should be more clearly spelled out: is CBS intended to increase the number of outlets for SMC products and thus increase total sales; or is CBS intended to pilot test a more cost-effective model for door-step delivery of non-clinical methods. This would allow targets for the project and evaluation criteria to be explicitly spelled out. CSW production (sales volume) and turn-over are important indicators. If the project is expected to eventually become self-sustaining, then the profits generated by CSW sales over and above retail outlet sales must offset the direct costs of training and supervision, as well as the indirect cost burden placed on SMC management. If the project is not expected to become self-sustaining, but rather to offer a lower-cost alternative to the traditional CBD approach, comparative cost effectiveness analyses of the CBS and CBD programs would be called for. Any such comparison should take into account possible contextual differences in areas served by CBS and CBD workers.

1. **Institutional sustainability**

   a. **Previous activities**

      1) The project attempts to mobilize community support through regular visits by the UE on her routine supervision rounds.

      2) By combining commodity charges with home-based delivery, the CBS project may assist in reducing popular resistance to user fees in other outreach programs, especially those run by government.

   b. **Proposed activities for Amendment period:** none identified in the PP Amendment
2. Managerial sustainability

a. Previous activities

Project activities to date have concentrated on establishing basic management and operational structures and procedures. Technical assistance is provided by PSI and SMC core staff.

b. Proposed activities for Amendment period: none identified

c. Recommended additional activities for Amendment period

1) The POPTECH report suggested that SMC and PSI should monitor management needs to identify ways to transfer and/or consolidate responsibilities to achieve a less expensive management model.

2. The report also recommended that SMC and PSI discuss with OPH the minimum reporting requirements, with the objective of simplifying MIS forms and lessening the reporting burden on the CSWs.

3. Financial sustainability

a. Previous activities

1) Financial measures at the field operational level include cost containment and cost recovery. CSWs are paid only a small transportation stipend; their principal income comes through the sales commissions they earn.

2) Start-up investments are kept down by providing the CSW with only a 2-month supply on credit. She is expected to repay within one year at 3% interest on the value of the goods.

b. Proposed activities for Amendment period: none identified.

c. Recommended additional activities for Amendment period

1) The POPTECH report recommended that the project explore ways to stimulate higher profit from sales without increasing costs to the program. Higher income to CSWs could be cost-effective to the project if it reduced worker turn-over and as a result, training and supervision costs.
2) POPTECH also recommended cost containment through enhanced managerial efficiency.

3) As discussed in the strategic planning issues above, we recommend that the project develop explicit sustainability objectives in the coming year and carry out regular process evaluation to monitor progress towards the objectives. Data on costs to SMC in terms of direct outlays of company resources and in terms of opportunity costs (i.e., activities foregone because of responsibility for CBS) should be updated on a routine basis.

C. **Stimulating the self-supporting commercial sector**

1. **Impact on retail sales of contraceptives**

   Even when privatization of project services is not feasible, it is important to assess the impact of project subsidies on the private commercial sector. In the case of SMC, the relevant question is, does SMC enhance or at least not detract from the commercial family planning sector, or does it compete with commercial brands for the same clients. (A similar question should be posed for the impact of government and NGO outreach).

   At present, only one other commercial distributor offers pills in Bangladesh, and there are no other registered commercial condoms on the market. SMC pills are priced lower than Organon brands and should appeal to different income strata. While there have been no studies specifically addressing brand-switching between SMC and Organon brands, the 1990 pill study found little evidence of movement between them; the bulk of source switching was found from commercial outlets to field workers.

   A more troubling finding is that there seems to have been no increase in total market coverage by commercial outlets. Although pill prevalence increased from 5.1% to 9.1% between 1986 and 1989, coverage by commercial outlets as measured by verified brand remained static at slightly more than 3 percent. SMC brands tended to gain and Organon brands tended to lose both in terms of absolute prevalence and number of users, but the magnitude of the change was well within sampling error and therefore too small to be conclusive. The most that can be said is that the total commercial sector seems to be increasing at the rate of population growth.

   The problem is not just in the commercial contraceptives market. The entire commercial pharmaceutical market appears to be stagnant and has been so for some time. With the change of government in 1982, Bangladesh instituted an essential drug program. The first action was to ban some 1,700 brands of pharmaceutical and reduce the total number of formulations on the market from over 2,000 to less than 400. Second, a uniform pricing policy was introduced: by law, equal formulations must be sold for the same price.
Under this law, if a new brand enters the market at a lower price, all existing brands must lower their prices to that level. Third, multinational participation was restricted to promote local manufacturing.

As a result of the drug policy, many pharmaceutical laboratories pulled out of Bangladesh or licensed their brands to local producers. Those that stayed have little incentive to broaden their product line, since any cut-rate competition would force them to lower their prices. Because of its special status, SMC can market its pills at a subsidized price without the government forcing Organon to lower its prices. However, any fully commercial product would be subject to the pricing policy.

Under these conditions, it is unlikely that SMC's presence has had a significant inhibiting impact on Organon. The major competition that both distributors face is from the government and NGO outreach programs which offer far lower (or no) prices and the convenience of home delivery. A rational strategy for a pill user would be to take commodities from the field worker whenever she shows up, and if she fails to show up at the beginning of a cycle, purchase a cycle of pills at the pharmacy.

2. **Encouraging industrial support for family planning**

Another strategy that has met with some success is to convince employers to underwrite family planning services for their workers and dependents on the grounds that the investment will be more than compensated for savings in other employee benefits averted, such as maternity care. This approach on the subcontinent was pioneered by the International Labor Organization in their work with tea plantations; NGOs have also attempted to work in jute mills.

Most approaches offered subsidies to convince the companies to agree to let family planning into their establishments, for example, by providing free training or free commodities. The impact of these efforts in Bangladesh is difficult to assess. Furthermore, both tea and jute are declining industries, and owners have little motivation to invest in employee benefits.

The rising star in the industrial world is the Bangladesh garment export industry. Garments account for almost 50 percent of the country's total exports and grew by 100 percent over the last two years. The industry employs over 400,000 workers, three quarters of whom are women. Exports are expected to reach $1 billion by the end of 1991 and $1.4 billion by the end of 1992.

There has been little success to date in introducing family planning into the garment industry. The ILO commissioned a study of female workers in 1990 ("A study on female garment workers in Bangladesh", Bangladesh Unnayan Parishad (BUP)). It reported 53 percent ever-use of contraception among ever-married women and 51 percent current use among currently married women. Prevalence increased with age and parity.
Seventy-nine percent of current users were reported to use either pills, condoms, or traditional methods; 6 percent used IUDs, 10 percent injection, and 5 percent tubal ligation. Total prevalence was higher than that reported in the 1989 Contraceptive Prevalence Survey (CPS) for employed married women (51 vs 40%), but use of permanent modern methods was significantly lower than in the CPS (2.6 vs 17.7%). Part of this difference may stem from age differences between the two samples: only 21 percent of the married women in the factory sample were age 30 or over, while half of the women in the CPS sample were in that age group. (Age by employment status was not reported for the CPS; the employed women may in fact have had a similar distribution to the factory sample).

None of the current users obtained their methods from the factory; sources were equally divided among field workers, retail outlets and clinics. Potential interest in receiving family planning at the work place was not assessed.

The garment industry represents a possibility for employer-based family planning. If current prevalence is as high as that found in the ILO study, potential impact on national prevalence rates is very small. However, implementing factory-based service delivery might move some users from subsidized field workers to self-supporting industrial outlets, thereby increasing the funding base for the national program.

Any attempt to introduce family planning into the garment industry should move cautiously and rely on commercial contacts within the industry. Garment manufacturing is a young industry, and employers have not invested heavily in worker training or benefits. Bangladesh has come under attack for violation of worker rights, most recently and notably from the American Federation of Labor. Owners are very suspicious of outsiders entering their factories, and any suggestion that family planning be linked to women’s or workers’ issues would probably backfire immediately. During this visit, we were able to interest the owner of one of the larger factories in Dhaka in training his part-time physician in family planning and purchasing contraceptives for her to distribute. SMC will follow-up on these initial contacts. We strongly recommend that all contacts with the garment industry be handled by SMC and on a purely commercial basis. This would place the initiative in the commercial sector where it belongs and contribute to increasing sales of SMC products.

Component III - NGO Family Planning Activities

Strategic Planning Issues: Contributions of Non-Government Organizations (NGOs) to family planning services in Bangladesh include: a. the introduction of improved approaches in service delivery, b. the provision of family planning services to approximately 25 percent of users, and c. the promotion of community ownership of programs in rural areas of Bangladesh. At present, the NGOs are testing the introduction of user fees for contraceptives in rural and urban areas and are documenting their experiences. The lessons learned may influence government efforts towards financial sustainability. Below we raise
a number of questions that can help guide strategic planning activities for this component of the portfolio.

1. **What is the future role of NGOs in 5, or 10 years?** Roles for NGOs have been identified by government in The Fourth Five Year Plan 1990-1995, Chapter 12, "Population Control and Family Planning". The plan indicates that NGOs should continue to develop and test innovative methods and strategies in service delivery, and promote consensus building efforts and community ownership of family planning services. During the amendment period the Mission, donor community, NGOs and government will need to redefine the roles of the NGOs. Possible A.I.D. options include:

   a. phasing out NGOs service delivery role and concentrate on support roles for government such as developing and testing innovative approaches, training, IEC, and consensus building efforts within rural communities,

   b. phasing out NGOs completely as government expands into the area,

   c. providing family planning services in remote areas that are not serviced by government, and

   d. working jointly with government in the same areas but sell higher quality commodities to those who can afford to pay. Those who cannot pay could use the free services offered by government.

2. **What is the best way to coordinate government and NGO implementation activities?** Government services are slowly spreading to most parts of the country. In some areas, NGOs and government community-based field workers are competing for the same client. There is a need to improve coordination of government and NGO efforts at the national, Upazila and union level. At present, there is a Family Planning Council of Voluntary Organizations. The Council was established in 1978 to promote information exchange between local NGOs, international NGOs, the donor agencies and government. It meets two times a year and is called together by the Joint Secretariat of the Ministry of Health and Welfare. The agenda for the meetings, in many cases, is based on issues that emerge during the monthly meetings of the NGO Coordinating Committee.

   The Family Planning Services and Training Centre is the Secretariat for the Council and its Chief Executive is the secretary. This year it met in May 1991 and will meet in late Sept. 1991. In May 1991, about 50 representatives met to discuss issues of quality control, geographic coverage by NGOs and government, and the introduction of users fees by NGOs.

   A major weakness of the Council is that it is a forum for information exchange and does not make policy decisions. It forwards, in writing, its recommendations to the Director General of Family Planning for consideration. The Mission may wish to help the Council
and government determine more effective ways to implement the recommendations of the Council.

3. **In 1996, when government may need to buy some of its own commodities, will it continue to provide free commodities to NGOs?** At present, NGOs are provided free commodities by the government. Ministry of Health and Social Welfare officials have not developed any policy on the distribution of commodities to NGOs beyond 1996. If NGOs are expected to continue to play a role in family planning service delivery beyond 1996, A.I.D. may wish to explore possible options for obtaining commodities. One option for the donors is to provide commodities directly to the NGOs.

4. **How can OPH improve the maximum use of its Cooperative Agreements while promoting efficiency among its 5 CAs?** At present, all five CAs are supervising sub-projects. Is this the most efficient use of their time? Can resources be saved by having the CAs specialize in what they do best? Should there be geographic divisions for select CAs such as Pathfinder International, the Asia Foundation and Family Planning Services and Training Centre? In many instances, they work in the same geographic location and travel in different project vehicles to supervise and monitor similar sub-projects. Are the CAs performing up to expectations?

   Should all 5 CAs be funded during the amendment period? The Mission will need to evaluate the work of the CAs and think through new task assignments that are cost effective and promote efficient use of resources.

5. **What types of policies exist for using money that is generated by NGOs with A.I.D. dollars?** A.I.D. supported NGOs are charging user fees for commodities and have introduced other revenue generating activities. Who has control over the use of the funds? The Mission needs to develop some written guidelines on the use of money raised from different types of revenue generating activities.

6. **How should the NGOs incorporate sustainability issues into their terms of reference?** The coordinating agencies of A.I.D. are working closely with their sub-projects to introduce cost saving methods and revenue generating activities. While some NGOs have documented the source and amount of revenues generated, they have not recorded the administrative costs of these efforts. Of key concern is the possible impact of user fees on the demand for contraceptive use and on method switching among different income groups in rural and urban areas.

   The Mission may wish to develop written guidelines for the NGOs that focuses on all three dimensions of sustainability, institutional, managerial and financial. At this stage it is too early to ask the NGOs to set sustainability targets. Costs analysis and financial feasibility studies are needed first.
Small operations research studies are also needed to explore the impact of user fees on the demand for services by different segments of the population.

1. **Institutional Sustainability**

   a. Previous activities

   The NGOs have played crucial roles in promoting institutional sustainability of family planning programs at the community, Upazila and national levels. NGOs have:

   1) developed consensus for family planning activities among political, religious and community leaders,

   2) mobilized community resources (volunteers, infrastructure, and money), for family planning services, and

   3) some NGOs have introduced user fees for family planning commodities. The lessons learned from the experiences may influence government policies to institutionalize user fees for birth control pills and other methods.

   b. Proposed Activities in the PP Amendment

   1) CAs and NGOs will continue to pursue revenue generating activities,

   2) CAs will develop/implement a national IEC plan in coordination with the government and SMC,

   3) increase local level support and participation in family planning,

   4) promote decentralized family planning services, and

   5) strengthen commodities logistical system of CAs and NGOs.

   c. Recommended additional activities for Amendment period

   We encourage the Mission to implement all of the proposed activities listed above. They will strengthen institutional sustainability efforts. We do have a few additional suggestions.

   1) Pathfinder International has experimented with decentralization efforts at the upazila and union levels. They conduct consensus building workshops for elected leaders and government development officials. A possible second
2stage of their efforts could be to experiment with strategies to coordinate government and NGO activities at these levels. They need to carefully document the purpose, objectives and potential outcomes of their efforts and indicate appropriate time periods to evaluate whether or not their activities bring about improvements in coordination.

2) We have placed revenue generating activities under institutional and financial sustainability. We wish to encourage the NGOs to continue with user fees. However, the Mission needs to assist them in developing uniform systems to document revenues generated, the administrative costs of introducing fees, strategies used to convince consumers to pay for services, and the impact of fees on different segments of the population. From our discussions with two senior government officials in Sept. 1991, the government may wish to slowly introduce user fees for pills. However, they first wish to see how citizens respond to the idea of paying for services.

**Technical assistance needs:** OPH needs to provide written guidelines (policy directives) for the CAs on the use of funds generated, and guidelines on strategies to incorporate sustainability issues into their work plans. New contracts for the cooperative agreements will be awarded in 1992. OPH can explore ways to incorporate these issues into the new contracts. We also suggest that OPH provide assistance in cost analysis and operations research.

#### 2. Managerial Sustainability

**a. Previous activities**

A number of activities have taken place:

1) Some training has been provided to upgrade the skills and capabilities of all levels of NGO staff, field workers, field supervisors, and managers of the sub-projects,

2) The CAs with AID assistance have improved the commodities and logistics system for NGOs by reducing the time and effort to receive supplies,

3) The quality of clinical services is being addressed with the development of the *Quality Assurance Manual* (the manual is near completion), and training has just started for all NGO clinical staff, and

4) Programs in government and NGOs run more efficiently with the record keeping and reporting systems that were introduced by CAs and NGOs.

**b. Proposed Activities in PP Amendment**
1) Increase the number of family planning users through the addition of new projects in low performing areas and better targeting in existing areas,

2) Increase user retention rates,

3) Develop and implement a CA/NGO-wide long-term training plan for professional staff, and

4) Strengthen the NGO MIS and train managers to use the data for program decision making.

c. Recommended additional activities for Amendment period

We support the proposed activities but feel that the Mission will need to work jointly with the NGOs to develop strategies to increase user retention rates. Findings from the CPS may help identify reasons why women stop using commodities. Below we offer additional suggestions:

1) To build long-term capabilities to manage family planning programs effectively and efficiently, CAs and managers of large NGOs will need training in strategic planning and management, and personnel management (to maximize the output of staff). Senior level staff need to develop skills in cost analysis, and cost-effective analysis so they can make strategic decisions about the allocation of resources among competing sub-projects. Skills in cost analysis in particular will assist them in recording the costs of moving into new areas, and/or introducing new strategies in existing programs such as revenue generating activities. The Mission will need to conduct a training needs assessment to identify additional needs.

The Mission will need to make some hard decisions about the advantages of long-term Master's degree training for a few staff members verses continuous short term training for a larger pool of people. Long-term training is very expensive and risky since trained individuals may not stay with the organization long once they have an additional degree.

2) To generate revenues, many of the CAs and large NGOs are introducing fees for their training services for field workers and supervisors. Will smaller NGOs limit training of staff to cut costs? What impact will this have on the quality of services provided especially in rural areas? The Mission may wish to examine the impact of these fees on the needs of smaller NGOs who rely on the agencies to provide training services.

3) We also suggest that the Mission explore the most cost-effective methods of meeting the training needs of the field worker. What are the best ways to
train and retrain field workers and their supervisors? What are the skill needs of the field worker?

3. Financial Sustainability

a. Previous activities

The NGOs are pursuing two aspects of financial sustainability, cost containment and revenue generating activities.

Revenue generating activities pursued by the NGOs include:

1) User fees for family planning commodities,
2) Cross-subsidies such as charging for health care services in clinics, and ear and nose piercing and using the money generated for family planning services,
3) Charging fees for training,
4) Renting of facilities,
5) Collecting donations from higher income clients,
6) Establishing business ventures such as animal husbandry, bee keeping, restaurants, and
7) Selling newsletters and calendars, etc.,

Cost containment activities include:

1) Some CAs are requiring counterpart contributions from its sub-projects,
2) Use of local resources when possible such as community donated facilities, and
3) Careful monitoring of expenditures, etc.,

b. Proposed Activities in PP Amendment

1) Promote cost efficiency among CAs and NGOs,
2) Encourage revenue generation activities,
3) Expand the base of donor support, and
4) Support community contributions to family planning services.
c. **Recommended additional activities for Amendment period**

We support the proposed activities and present suggestions for additional activities below:

During the past three years several workshops have been organized by the CAs to discuss their experiences with financial sustainability efforts. A number of recommendations emerged from the August 27 - 28, 1991 Sustainability Workshop, organized by Pathfinder International. The final report will be disseminated sometime in September 1991. Many of the recommendations suggested below are based on the discussions of the workshop.

1. The recommendations from the Comilla workshop could be used to jointly establish written guidelines for revenue generating activities. Lessons learned to date suggest that it should be introduced in stages. **First stage:** conduct a financial feasibility study to assess the potential administrative costs, market for services and estimated revenues, **second:** determine the factors that are required to make the project successful and incorporate those, if feasible, into the overall annual plan of the project, **third:** develop contingency plans, i.e. how to provide services to those that can not afford commodities and other possible policy issues, and **fourth:** evaluate, document and share the experiences.

Comment: The NGOs learned that IEC is required for the entire community prior to introducing user fees. Those that did not build consensus among community members prior to introducing the fees had less successful efforts. Many had not developed policies for providing services for the very poor. Strategic planning before the intervention could have avoided some of the problems that emerged.

2) Funds are being generated from a number of different sources such as trust accounts, sale of commodities, health services fees, rent of facilities and contributions from wealthy clients. Clear written guidelines are needed on the use of funds generated.

3) Use operations research to test alternative strategies of returning monies generated back to the NGO, community or field worker. For the field worker, options include allowing her/him to keep a small percentage of the revenues, and across the board salary increases and/or group incentives for field workers. What impact would these efforts have on the spread of services, on poor clients, and the quality of services provided?
4) We suggest that the Mission examine how the CAs select NGOs as sub-projects. Some CAs work with large NGOs that have branches in different regions while others work with a large number of NGOs that vary in size and locations. What are the CAs administrative costs of working with a large portfolio of different NGOs or with a national NGO with a number of branches? What is the criteria for selection and termination of sub-projects? Answers to these questions could reduce administrative costs. A cost analysis study of the sub-projects could assist the CAs in making strategic choices among sub-projects. The results of the analysis could be disseminated to the CAs in a workshop. A cost-effectiveness study would be ideal but it would be difficult to measure the impact of the range of services offered by the sub-projects.

Component IV - Support

I. Sustainability of component activities

A. Contraceptive Commodities

Strategic Planning Issue: Sourcing of contraceptives

According to the DG of the Family Planning Directorate, BDG has been assured of donated commodities only through 1995. If BDG is forced to purchase commodities after 1995, financial sustainability of both public and NGO programs, which depend on the government for their supplies, may be seriously compromised.

The BDG Fourth Five-Year Plan has identified local production of contraceptives as a programmatic activity, including condoms, orals, and possibly IUDs. A second feasibility study of condom manufacture is planned. While USAID does not anticipate direct financial support for these activities, we recommend that OPH continue to attend policy discussions with other donors relating to this issue. Progress toward local production could have an impact on commodity procurement under the follow-on USAID project, especially for SMC.

1. Institutional Sustainability

a. Previous activities

Collaboration with other bilateral donors and World Bank. Bilateral donors now provide oral contraceptives for BDG and NGO programs; the World Bank consortium through the EC has recently agreed to provide condoms for
all subsidized programs, including SMC, previously fully funded by USAID at higher prices.

b. Proposed activities for Amendment period:
Continued collaboration with other donors.

c. Recommended additional activities for Amendment period: none identified

2. Managerial Sustainability

a. Previous activities
Technical assistance for contraceptive commodity logistics via Family Planning Logistics Management (FPLM) project. See Component I.

b. Proposed activities for Amendment period
Continued support from FPLM-II project (see Component I).

c. Recommended additional activities for Amendment period: none identified

3. Financial Sustainability

a. Previous activities
Donation of condoms, IUDs, oral contraceptives for SMC, NGOs, and BDG; catgut (VSC).

b. Proposed activities for Amendment period
1) During the Amendment period, USAID will continue to provide IUDs for BDG and NGO programs, as well as oral contraceptives for SMC, and catgut for VSC.
2) FPHSP will encourage increased cost-recovery for SMC (Component III).

c. Recommended additional activities for Amendment period
1) Continue to attend discussions between other donors and BDG relating to developing a local manufacturing of condoms and/or other contraceptives. Guidelines may also be forthcoming from the A.I.D./UNFPA working group on local manufacturing of commodities.
B. Contraceptive Prevalence/Demographic and Health Surveys

Strategic Planning Issue: Role of NIPORT in coordination and execution of national surveys

USAID supports strengthening the coordination role of NIPORT, but feels that survey execution should be contracted out to the private sector to ensure quality control and neutrality. The World Bank has supported NIPORT (1991 BFS) and plans to fund future government surveys (BBS). We recommend that USAID continue to pursue an intense policy dialogue prior to gearing up for the next national contraceptive prevalence survey, currently scheduled for 1993.

1. Institutional Sustainability
   a. Previous activities
      1) USAID has encouraged increased government participation in survey process. CPS findings are routinely cited in high-level BDG documents, such as the Fourth Five Year Plan.
      2) The range of indicators provided by the survey has been expanded, including additional MCH interventions.
   b. Proposed activities for Amendment period: none identified
   c. Recommended additional activities for Amendment period
      1) We recommend that OPH encourage wider participation in the design of the survey instrument, including direct involvement of CAs (currently limited to Pathfinder) and SMC. This process should begin with circulating a draft questionnaire among the USAID Project Managers, who would then have responsibility for passing it on to their counterparts. Sufficient time should be allotted for discussion of successive drafts. Possible outcomes include the elimination of items from previous surveys and the addition of new items.
      2) Staff time and budget should be allocated to support secondary analyses of existing data.
         * Market segmentation exercise
         * Standardized planning exercises
3) OPH should encourage wider dissemination of survey findings and secondary analyses to a wider array of audiences and utilizing a variety of approaches.

* Develop and publish a series of key findings/summaries for policy makers and program managers.

* Encourage wider distribution of data bases and provide TA for their use

4) We recommend that OPH consider slowing down the cycle of national surveys. BDG wants yearly surveys; USAID has compromised with every 2-3 years. OPH should consider shifting cycle to 4-5 years. This will require dialogue with BDG and other donors, especially the World Bank.

* Current cycle does not permit wider participation in the design process.

* Current cycle does not permit secondary analyses or integration with other research findings prior to design of subsequent survey. Example: 1990 Pill Study found shifting from commercial/SMC to field workers; it would have been programmatically useful to have integrated a short module on contraceptive source-switching into the 1991 CPS.

* Technical considerations. USAID targets a 1.25% annual gain in CPR. The CPS is designed to monitor program progress. However, the standard error and confidence of the survey (4.4%) are larger than the projected change in CPR that the survey is designed to track. Example: Modern method prevalence as measured by the eligible women sample increased significantly between 1986 and 1989 (18.4 to 24.4%); the reported increase in the working rates for modern methods (22.9 to 25.8%) is within sampling error and therefore not statistically reliable. (Note: error rates are not published in the 1989 report; they were provided by Mitra).

2. Managerial sustainability

a. Previous activities

OPH has provided technical assistance to private organizations, with the result that they are now capable of fielding and conducting the first analysis of a high-quality survey.

b. Proposed activities for the Amendment period

OPH will provide technical assistance to NIPORT to oversee national surveys and the dissemination of survey findings.
c. **Recommended additional activities for Amendment period**

1) OPH should provide technical assistance to create/support capacity for secondary analysis, focusing on areas of family planning program relevance.

2) We recommend that OPH encourage the use of CPS data for program planning and management. As a first step, OPH should arrange for training in the use of CPS for planning. Closer contacts among the research community, policy makers, and program managers could be fostered by including all groups in the training activities (researchers need to learn about program concerns, and program managers need to learn how to formulate research questions).

3) OPH should strengthen technical assistance to NIPORT in the areas of designing and carrying out dissemination of research findings.

3. **Financial sustainability**

   **Strategic Planning issue: Improved cost-efficiency**

National surveys will always require public funding, in large part from donors. OPH should focus on ways to improve cost-efficiency.

   a. **Previous activities:** none identified.

   b. **Proposed activities for Amendment period:** none identified.

   c. **Recommended additional activities for Amendment period**

1) We recommend that OPH consider slowing down the cycle of national surveys and increase greater utilization of existing data.

2) OPH should consider implementing highly-focused mini-surveys with sub-national samples in off-years to evaluate issues that cannot wait for the next national survey.

3) The implementing agency should look for ways to simplify and/or speed up data entry and cleaning without sacrificing quality control.
C. **ICDRB MCH/FP Extension Project**

**Strategic Planning Issue: Dissemination**

The productivity and scientific calibre of the Extension Project are universally recognized. However, wider applicability of Project findings and capacity have been impaired by limited communication among the Project and the other components of the OPH portfolio.

Furthermore, written briefing materials have been limited to upper-level managers and prepared only in English. In our conversations with the Planning Commission and the Family Planning Directorate, we found that program activities would benefit from specialized, Bangla-language materials prepared for different levels of management.

1. **Institutional Sustainability**

   a. **Previous activities**

      1) The Extension Project has pioneered the development, field-testing, and replication of innovative approaches to service delivery.

      2) The Project has provided technical assistance to BDG program at central, intermediate, and field levels.

      3) Project findings have been disseminated to BDG program and other donors through briefings, briefing papers, and national and international publications.

   b. **Proposed activities for Amendment period**

      1) OPH will continue to fund operations research, dissemination, and technical assistance.

      2) The project will study the possibility of relocating one field site to Chittagong Division.

   c. **Recommended additional activities for Amendment period**

      1) The Extension Project should be encouraged to expand technical assistance to OPH Project Managers and NGOs to determine research needs and help monitor the actual research activities.

      2) We recommend that Project dissemination activities be increased, especially to the rest of USAID portfolio. The OPH Project Manager should facilitate
communication between the Extension Project and other OPH components, especially NGOs.

3) OPH should fund preparation of Bangla-language reports and briefing materials.

2. Managerial Sustainability
   a. Previous activities: none identified.
   b. Proposed activities for Amendment period: none identified.
   c. Recommended additional activities for Amendment period

   The director of the Extension Project feels that it is important to increase participation of national counterparts in dissemination activities, especially those relating to operations research.

3. Financial Sustainability
   a. Previous activities: none identified.
   b. Proposed activities for Amendment period

   OPH will seek to broaden the base of donor support through collaboration with other donors.
   c. Recommended additional activities for Amendment period

   We recommend that the Extension Project conduct cost studies of its own operations directed at cost containment. USAID currently supports one expatriate resident advisor and approximately 100 local professional staff. It is not clear how many could be supported at lower levels of USAID input.

D. Other Operations Research and Diagnostic Studies

Strategic Planning Issue: Coordination

Other donors also fund research. For example, the Association for Technical Cooperation (Germany) (GTZ) recently (April 1991) sponsored a planning workshop with NIPORT that
delineated the need to carry out research on health and family planning personnel, women's issues, IEC, maternal and child health, and management and quality assurance. A total of 50 priority research areas/topics were identified. USAID concurs with many of these topics. Coordination among donors and research organizations is needed to reduce unnecessary duplication, encourage replication, and promote dissemination.

1. **Institutional Sustainability**

   a. **Previous activities**

      OPH has funded operations research on topics important to the national program, including a study of the feasibility of charging for contraceptives in the government system.

   b. **Proposed activities for Amendment period**

      OPH will continue to support operations research on programmatically-relevant topics, including a cost analysis of national program which is currently awaiting BDG approval.

   c. **Recommended additional activities for Amendment period**

      1) We see a need to continue high-level policy dialogue to attempt to resolve problems in obtaining government approval for individual research activities, such as proposed cost analysis. At the same time, it is recognized that at least some of these problems are political in nature and will take time to resolve. Inter-donor coordination should be encouraged, as most of the BDG research agenda is externally funded.

      2) Wider dissemination of research findings, including a variety of printed reports and discussion formats, could further sensitize mid-level decision makers to the utility of timely research activities.

2. **Managerial Sustainability**

   a. **Previous activities**: none identified.

   b. **Proposed activities for Amendment period**: none identified.

   c. **Recommended additional activities for Amendment period**

      We recommend that OPH encourage better internal collaboration in defining research priorities and establishing research agenda. One such activity could
be an in-service training workshop on operations research for OPH Project Managers, resident advisors, NGO/CAs, and SMC. We recommend that the workshop be led by an external researcher from outside Bangladesh, but with Bangladesh research and program experience.

3. Financial Sustainability

a. Previous activities: none identified.

b. Proposed activities for Amendment period: none identified.

c. Recommended additional activities for Amendment period

Funding for operations research should be included as a line item in sub-grants. It is important to institutionalize the concept that OR can and should be an integral part of program planning and evaluation.

E. Technical Resources, Research and Training

This sub-component is basically an un-earmarked contingency fund for other FPHSP activities. Sustainability issues do not apply.

II. Contribution of research activities to sustainability of family planning service delivery (Components I - III)

While many research activities will undoubtedly focus on critical areas for sustainability, such as the planned cost analysis of the national family planning program or perhaps further studies of price elasticity of demand, it is not necessary that every study have a sustainability theme. However, through dissemination and further analysis, many implications for sustainability issues will emerge.

Examples:

(1) The 1990 pill study found that many pill users switched their source of supply from commercial outlets to field workers. At least two interpretations of this finding are possible, and they bring with them different implications for sustainability of donor efforts.

Interpretation 1: Field workers compete with retail outlets for users and capture users who otherwise would have stayed with the commercial outlet. Sustainability issue: Resource
allocation. Donor inputs are producing a duplication of services, thereby reducing overall program efficiency. This duplication also undercuts financial sustainability of SMC.

**Interpretation 2:** Field workers provide backup for acceptors from commercial outlets who would otherwise discontinue using the method. **Sustainability issue:** cost recovery of SMC. SMC fills an important role in recruiting new family planning acceptors, but backup is needed to ensure continuation. Scale back cost-recovery targets/objectives for SMC.

(2) The 1989 CPS found that women who had been visited by a field worker in the last 6 months were more likely to be using a family planning method than women who had not been visited. A secondary analysis (during our visit) showed that users of non-clinical methods were more likely to have been visited by a field worker than users of other methods or non-users of contraception, suggesting that field workers were concentrating their efforts on established clients.

To strengthen the causality argument that frequency of outreach has a positive impact on adoption and use of contraception, it would be useful to be able to demonstrate statistically that women who live in areas served by active field workers have higher prevalence than women who live in other areas. This requires an independent measure of field worker activity, other than prevalence.

The survey utilized 120 rural primary sampling units (PSUs), consisting of 75 households each. It would be possible to classify each rural PSU by the percentage of non-users of family planning who reported having had a field worker visit in the last 6 months. This coverage rate could then be correlated with CPR for the PSU. The hypothesis is that areas with higher coverage of non-users would also have higher prevalence. (The analysis is restricted to rural units because urban units are more likely to have several sources of supply).

**Sustainability issue:** Resource allocation. Increasing intensity of contact with non-users means less potential for cost-recovery through user fees (non-users don't pay fees). This could lead to an operations research project to study if it would be possible to reduce the frequency of visits to users without hurting their continuation rates.

V. **STRATEGIC PLANNING FOR SUSTAINABILITY: NEXT STEPS**

The previous section identified a number of activities that cut across the OPH portfolio. They include:

- Strengthen coordination efforts - among donors, with government, and within the components of the portfolio.
* Identify possible leverages to mobilize greater national resources to population programs, including general revenues, in-kind contributions, volunteers' time, and user fees.

* Focus on decentralized efforts in expanding family planning services.

* Coordinate research efforts and other support activities to serve all components of the portfolio.

This section describes the sequence of strategic planning activities recommended for the amendment period (1992-1997). While the activities are sequential, some overlap will occur between the end of one stage and the beginning of the next.

A. **Clarification of Concepts**

We view planning as a decision making process that assists administrators in making short and long term decisions about societal problems. We present the stages of the planning process below since they differ slightly from the A.I.D. project investment cycle in the ANE document. For us the stages include: a. Identify Problems, Gaps and Opportunities; b. Formulate Goals, Objectives and Targets; c. Develop Evaluation Criteria; d. Implement, Experiment and Evaluate, and e. Disseminate Project Findings.

For clarification, program planning uses the stages of the planning process to develop operational plans primarily for new program interventions. Strategic planning examines existing planned interventions and assists program managers in making decisions about the reallocation of resources. Strategic planning evolved in the business sector to assist busy managers in making strategic changes to existing plans to deal with changes in the business environment. In the past decade, Samuel Paul, a scholar currently at the World Bank, has applied the same principles to strategic management and planning of development programmes including family planning (See Strategic Management of Development Programmes, Management Development Series no. 19, Geneva: International Labour Office, 4th impression, 1990). We rely on his work.

In strategic planning, new and old problems are examined, goals, objectives and targets are revised to handle changes in the environment, and existing planned interventions are redesigned to meet changing demands. Resources allocated to components that are not achieving the desired objectives are, in some cases, moved into new or existing areas.

The environment which family planning operates is constantly changing. New donors and new government leaders continually enter the policy arena and influence the nature of delivery of family planning services. The demographic profile of the country is also changing as a result of development and previous program activities, which has implications for the design and mobilization of resources for program interventions.
B. **Strategic Planning Suggestions for OPH Mission Staff**

Below we provide suggestions to guide the strategic planning process for OPH staff. We have presented our recommendations in stages. We have not provided a work plan for the activities. OPH staff will need to discuss our recommendations and develop a viable work plan that meets the staff’s needs.

**STAGE I. Clarification of Problems, gaps and opportunities in Service Delivery with other Donors and Government Officials**

We recommend that the first part of the FPHSP amendment period be used for strategic planning in coordination with other donors, especially the World Bank consortium, and BDG. The goal is to lay out explicit assumptions for each of the USAID-supported activities, achieve internal consistency within the OPH portfolio, and to the degree possible, coordinate these efforts with the rest of the national family planning program. This stage can begin now while the PP Amendment is being revised and processed. Activities will need to continue during the first year to 18 months of the Amendment.

During this first phase of strategic planning, we recommend that USAID conduct a family planning market segmentation exercise (which is similar to a needs assessment) jointly with the BDG and other donors. The purpose of this exercise is to spell out expectations for which actors are expected to serve which users, with which methods and by which service outlets, for what period of time. Such a planning exercise is necessary because all three sectors (public, NGO, and private commercial) are heavily donor-supported and will not be governed by free market forces for the foreseeable future. The results of the market segmentation exercise will set the parameters for sustainability for each of the sectors.

By **market**, we simply mean the universe of current and potential family planning users; in Bangladesh this would include married women of reproductive age and their husbands. Pregnant or lactating women are included in the family planning market because in the future they will be candidates for contraception.

**Market segmentation** consists of classifying the universe into smaller subgroups on the basis of one or more criteria such as reproductive intentions and/or risk, income level, and place of residence. Reproductive intentions and risks delineate the range of appropriate contraceptive methods (eg, sterilization is not appropriate for women who want more children; pills are not appropriate for older women).

Contraceptive methods dictate potential service outlets. In the typical three-tier health care system, the lowest level should be capable of distributing pills and barrier methods, while tertiary hospitals should be able to offer all methods from sterilization to...
barrier methods. However, cost considerations and appropriate use of resources would dictate against using clinical outlets to distribute pills and barrier methods; clients can be encouraged to select the outlet appropriate to their method by a variety of means, including differential pricing and formal referrals between service outlets.

In principle, government, NGOs, and commercial providers can all offer the same methods through the same kinds of outlets. Where the three sectors co-exist, they should differ in terms of price, convenience, etc., allowing the client to select one or another outlet on the basis of his/her income and opportunity costs. Governments may distort the market by placing restrictions on the private sector or offering free goods and services. Donors may exacerbate the situation by extending subsidies to clients who would be able and willing to pay a market price for services.

A family planning market segmentation exercise for Bangladesh might take the following steps:

1. Break down potential demand by method on the basis of reproductive intentions, reproductive risks, and user preferences, using simple decision criteria (eg, no barrier methods for long-term use). CPS data can be used to derive national and regional estimates. The FPLM projections should be reviewed and adopted as appropriate.

2. Assess the comparative advantages of each sector by region in terms of installed capacity (hospitals, clinics, CBD outreach workers). This analysis should be as fine-grained as possible; use program censuses, employee rosters, etc. Include estimates of unused capacity (if any).

3. Assess overlap or duplication of catchment areas and service delivery modes, especially between government and NGOs.

4. Assess problems and gaps in service delivery.

5. Work towards consensus with other donors and with BDG to the extent possible, on how to resolve geographic overlap. Possible solutions might include eliminating duplication of facilities and establishing referral systems between outreach and clinical facilities, or transferring the entire program to either the government or the local NGO.

6. In areas served by only an NGO, work towards consensus on whether the NGO is to become a permanent actor for the area or eventually transfer its operations to government program.

7. Within commercial distribution systems, conduct pricing studies to determine whether subsidized brands supplement or compete with commercial brands.
8. Work towards consensus on how to expand services to unserved areas.

Examples:

Role of NGOs. One possible role for NGOs that has been proposed is to bring family planning to under-served areas, motivating the population to accept contraception and providing basic services. Once prevalence rises, the NGO transfers its services to the government and moves to a new area. Adopting this role sets certain constraints for NGO sustainability. Financial sustainability will be limited to cost containment; cost recovery would be limited because once the NGO has established a broad and stable client base, it would be turned over to the government. Managerial and institutional sustainability would be critical; the former on the part of the CAs which provide TA to the NGOs and the latter in order to create popular demand that would force the government to maintain services after taking over from the NGO.

Role of commercial sector. In a free market, outlets compete for clients on the basis of price, quality, convenience, etc. Clients who can afford to pay generally prefer commercial outlets for convenience, a nicer atmosphere, etc., while poorer clients pay for free services from public outlets with their time. This supposes that the client physically goes to the outlet. In Bangladesh, women cannot easily go to outlets, so outreach brings the service to the home. Commodities are free or low-cost, and convenience is no longer a decision factor. Under these conditions, demand may be inelastic to price, thereby limiting the potential for cost-recovery of social marketing.

This exercise should be conducted jointly with government, other donors, and CAs. Until it is completed, sustainability efforts should focus on those aspects which are less dependent on long-term plans, such as institutional and managerial sustainability and cost containment. The following section discusses at some length the steps which might be taken for the identification stage.

Some possible outcomes of the market segmentation exercise include:

- developing a comprehensive long range picture of family planning services in the country,
- identifying possible areas where duplication of services is taking or could take place, and
- establishing policies on user fees for government and NGOs.

STAGE II. Formulate Sustainability Targets

Once OPH staff have completed the market segmentation exercise, short-term targets should be formulated for the duration of the PP Amendment period (1992-1997) and for the longer term (post-1997). These targets should include all three dimensions of sustainability.
(institutional, managerial, financial). Some targets will be similar among components; for example, both government and NGOs will seek to foster community commitment to family planning; all components will need to improve managerial capabilities. Other targets will be quite different; for example, cost-recovery targets will be very important for SMC, but for NGOs they will depend on the anticipated permanence of the entity’s activities. We anticipate that the problem identification phase will take the better part of the coming year; therefore specification of exact targets at this point would be premature.

STAGE III. Develop Evaluation Criteria

Specification of sustainability targets requires that evaluation criteria be developed. Evaluation is an integral part of the design phase and should precede implementation. The evaluation process will provide for monitoring of program functioning and feedback to modify activities and targets, as well as assessment of achievement of project objectives and impact. Definitive indicators can only be selected after targets are specified by OPH staff.

STAGE IV. Implementation, Experimentation and Evaluation

Alternative strategies for achieving sustainability will grow out of the targets that have been formulated. These must be tested in the field. Implementation/experimentation will be needed to assess the feasibility of different interventions and replicate successful approaches in different contexts.

This phase should occupy most of the PP Amendment period (1993-1997). Less emphasis should be given to quasi-experimental design with pre- and post-intervention surveys, and more emphasis given to process evaluation and improving the monitoring-feedback-modification loop. Sustainability of the evaluation mechanisms, as well as the program intervention, is key - hence the recommendation to move away from heavy reliance on expensive survey designs. Some interventions will need longer observation periods before arriving at definitive conclusions; for example, pricing interventions should be followed up for at least 18 months to permit control for seasonal variation.

STAGE V. Dissemination of Project Findings

Dissemination of project findings and replication in other settings will also enhance the institutional and managerial sustainability of implementation activities. The support component will have an important role in maintaining open communications among the three service delivery components and between the International Center for Control of Diarrheal Disease Research in Bangladesh (ICDDR,B) Extension Project and the rest of the USAID portfolio. Dissemination can begin when results are ready for distribution.
REFERENCES


Cooperative Agreements of the five CAs, 1987-1992, and 1990 Annual Reports.


PIO/T: Logistics Management (JSI).

Population Technical Assistance Project, Midterm Evaluation of the Bangladesh Family Planning and Health Services Delivery Project (388-0071), Sept. 1990.

Project Paper Amendment Family Planning and Health Services Project (388-0071).
