

Social franchising of
sexual and reproductive
health services in Honduras
and Nicaragua



MARIE STOPES
INTERNATIONAL

AUGUST 2006

overview



Social franchising is a development approach that applies modern business franchising techniques to achieve social rather than commercial goals. Social franchising can expand the range of SRH services offered in the private sector, improving the quality of these services and increasing the access that underserved populations have to them. In addition, franchise clients are guaranteed quality care at affordable prices.

Piloting full and partial social franchising models to deliver quality sexual and reproductive health (SRH) services

Introduction

Through its Global Partnership, international SRH organisation Marie Stopes International (MSI) has pioneered the use of social franchising to increase the reach of its SRH services into the community, whilst ensuring the high standards for which the Partnership is known are maintained.

After five years of implementing three social franchising projects in Honduras and Nicaragua, MSI commissioned an independent evaluation of the four models employed. This was carried out between August and November 2005.

During this pilot project, MSI utilised two approaches: full franchising, and partial (fractional) franchising. In full franchising, a practitioner (established or unemployed) opens a SRH centre. Fractional franchising expands the service menu of an already existing medical practice to include SRH services under the brand name and quality standards of the franchisor. Initial funding for both full and fractional

franchising is typically provided in the form of a loan or grant.

The pilot tested four different franchising models:

- full franchising in Nicaragua
- fractional franchising in Nicaragua
- full franchising in Honduras
- fractional franchising in Honduras.

These models were implemented by local Partners, Marie Stopes Honduras (MS Honduras) and Marie Stopes International Nicaragua (MSI Nicaragua). In both countries, the project areas encompassed low income, urban neighbourhoods in several cities, while rural towns and the outlying communities in the central and western areas of Honduras were also served. Each project targeted low income women, men and adolescents of reproductive age. Specific emphasis was placed on targeting young women who had no children and who did not regularly use contraception.

As the franchising models are further refined, franchising networks can be integrated formally into national health strategies. Their inclusion within financing mechanisms such as national health insurance and SWAps (Sector-Wide Approach) would provide Ministries of Health with cost effective and structured mechanisms for collaborating with a large number of private sector providers.

Marie Stopes International

1 Conway street
Fitzroy Square
London W1T 6LP
United Kingdom

Telephone

+44 (0)20 7636 6200

Facsimile

+44 (0)20 7034 2369

Email

info@mariestopes.org.uk

Website

www.mariestopes.org.uk

Registered Charity No.

265543

Company No.

1102208

Reaching underserved populations

By the end of the project funding period in 2005, the networks of full and fractional franchise centres combined were supplying services to nearly 40,000 clients per year in Honduras and to approximately 25,000 clients per year in Nicaragua, during a period when SRH indicators in both countries improved. Fractional franchisees tended to provide more flexible working hours and as such, offered greater convenience for clients in the neighbourhoods in which they operated. Despite being generally more expensive to the client than services provided through full franchises, the fractional franchises were more effective in attracting clients. The uptake of services by male clients in particular was greater, perhaps due to fractional franchises affording clients greater privacy by providing both SRH and other, general medical services.

Overall, the fractional franchise models proved more cost effective than the full franchise networks, with lower levels of investment and credit costs for the number of service users.

Without external funding to subsidise services, none of the franchise models were able to reach populations with severely limited or no capacity to pay for services.

Conclusions and lessons learnt

The fractional franchise models demonstrated the greatest cost-effectiveness, with a high number of users and low investment and credit costs, although there remains a significant cost in credit and in network supervision. A full franchise model, however, requires greater investment costs over a longer period of time.

A network of fractional franchise clinics should have the following characteristics:

- it should be located so as to target a particular client base, e.g. among low income clients
- the gender mix of its service providers should reflect the preferences of clients

- it should ensure service providers are motivated to provide Information, Education and Communication and counselling to men as well as to women
- it should ensure that clinic signage is service-neutral rather than focussed on SRH and family planning
- small guaranteed loans should be made available for clinic improvements and equipment
- the monitoring system must be simple, using the purchase of family planning methods by doctors as its principal indicator
- providers should be under-subscribed prior to joining the franchise.

A network of fully franchised clinics should have the following characteristics:

- it should have simplified franchise operating norms to reduce cost (primarily, low staffing and equipment requirements)
- its clinics should be established in franchisees' own properties
- its franchisees must have a demonstrated entrepreneurial acumen
- guaranteed loans should be provided for capital costs, and grants provided for operating subsidies.

Future developments

MSI has now taken social franchising beyond Honduras and Nicaragua. In Bangladesh and Kenya, our Partners support existing networks of franchisees to supply family planning services. In both Ethiopia and Ghana, MSI's Partners are assessing social franchising as a way of increasing access and coverage of high quality, sustainable SRH services.

For further information about this evaluation, or for a copy of the full report, please contact Nicholas Frost, Senior Programmes Support Manager, on +44 (0)20 7574 7394 or email nicholas.frost@mariestopes.org.uk