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Positive Impact Case Study

# Expanding Health Markets in India: the Ujjwal Network

*PALLADIUM POSITIVE IMPACT CASE STUDY*

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# Introduction

India is the largest contributor to the world's disease burden, and accounts for 18 percent of global maternal deaths and 21 percent of child mortality. Access to life-saving family planning (FP), reproductive health (RH), and maternal, newborn and child health (MNCH) services is extremely limited in rural areas in India, yet nearly 70 percent of India's population lives in rural areas.

Several factors contribute to the lack of access, including 1) The current distributions systems for FP, RH and MNCH products and services are not commercially attractive to companies; 2) Low demand within small rural communities for FP/RH products and services, largely because of a lack of understanding of the economic benefits and social stigma associated with these practices and products; and 3) Few FP/RH/MNCH health clinics in rural areas meet quality requirements of the national government's insurance scheme, thus limiting ability to pay for services.

Project Ujjwal was implemented between 2013- 2016 by Palladium in partnership with Hindustan Latex Family Planning Promotion Trust (HLFPPT), Public Health Foundation of India and John Hopkins University Center for Communication Programs (JHU CCP) as part of the UKAID Reproductive Maternal and Newborn Health Framework for Results program. The project was designed to reduce maternal deaths from unwanted pregnancies. The Ujjwal project sought to achieve this goal by increasing the use of FP methods, improving birth spacing practices and preventing unsafe abortions in Bihar and Odisha, India. Another project objective was to increase the choice of sites providing quality clinic FP and RH services with a focus on clinic-based services in rural and underserved areas.

The Palladium approach to implementing this project in Bihar and Odisha featured the development of the Ujjwal Network, using principles of social franchising and social marketing. As will be detailed in this case study, the Ujjwal network was created in partnership with the Hindustan Latex Family Planning Promotion Trust (HLFPPT), a non-profit social enterprise set up in 1992 by HLL Lifecare Limited (previously known as Hindustan Latex) the largest manufacturer of condoms and other contraceptives, as well as other health care and pharmaceutical products. HLFPPT was established "to establish efficient public-private partnerships in order to help people at the bottom of the pyramid".

Ujjwal was structured as a partnership to address the systemic issues constraining both demand and supply sides of the market for services and products around three key features: 1) A social franchising system for family planning and reproductive health services with two tiers of clinics and thousands of women micro-entrepreneurs at the community level; 2) a commercially viable parallel distribution system for birth control and other products such as sanitary napkins reaching the bottom of the pyramid (BOP); and 3) branding of the Ujjwal platform as the "franchisor" and promoter and aggregator of demand. This aggregation of demand is providing access to customers for government insurance providers as well as commercial companies.

The Ujjwal project adapted an approach to social franchising that had been developed in India by Palladium and several health NGOs over 30 years. This market approach allows for rapid expansion of health care services and distribution of products in partnership with private providers and suppliers, and offers the aggregation of demand and scale to cost-effectively reach hundreds of thousands of poor households. Ujjwal is now a branded service delivery platform that works with entrepreneurs, businesses, investors, governments and non-governmental organizations to provide a market system approach to delivering family planning and reproductive health (FP and RH) services and products. Ujjwal's three-tier social franchising network involves over 300 private providers and over 5,000 village level entrepreneurs offering quality FP and RH services at standardized affordable prices across all 38 districts in Bihar and 30 districts in Odisha. A parallel system distributes and retails different brands of FP/RH products at over 15,000 points of sale at different price points for different market segments.


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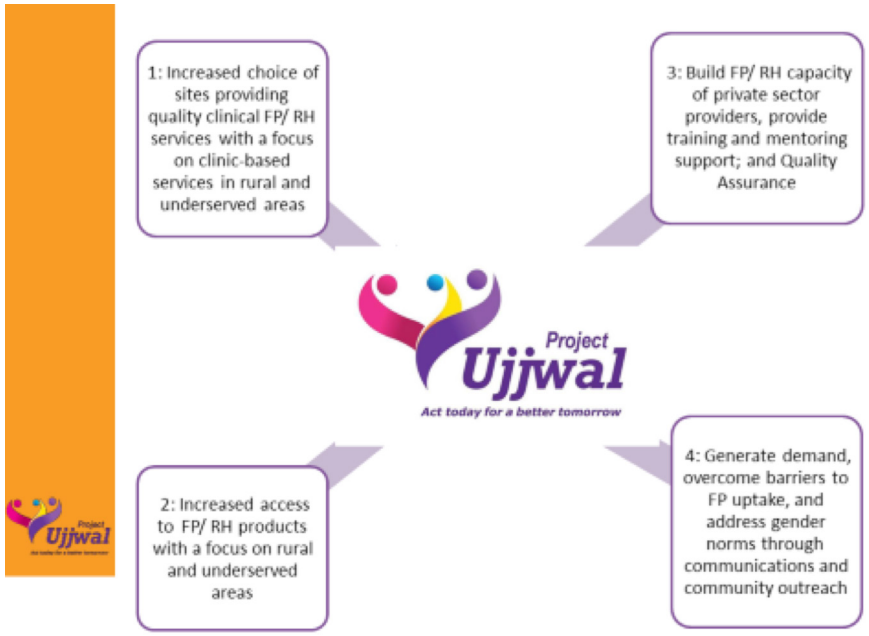

The Ujjwal project creates economic and social value by increasing demand and aggregating and organizing supply at all levels of the system. Those at each level are customers and/or suppliers of the actors at the level above or below them. Ujjwal offer a "franchise" package for standardizing, improving and monitoring the quality and training of providers, while also providing sufficient scale to make these customer segments interesting to private providers of medical equipment, FP consumer products and government insurance and regulatory schemes. Building and marketing the Ujjwal brand builds demand and further scale. With its size and ability to measure economic and social value creation, the Ujjwal platform is now being used to raise capital through mechanisms such as Development Impact Bonds. To increase financial viability of franchisor and franchisee profitability, the project is also now undertaking the following:

- Offering paid and free services targeting mixed-income groups (including reimbursements through government supported health insurance and accreditation schemes)
- Expanding the service basket (including maternal, newborn and child health (MNCH) services)
- Seeking commercial loans/equity and partnerships with other primary care hospital service providers.

## Purpose of this case study

This case study is structured to assess the following questions: 1) What has changed in the relationships and behaviour among the actors in the healthcare system in Odisha and Bihar, and why; 2) What and how much economic and social value has been created and how is this distributed among the actors; 3) Is this franchise system now commercially sustainable and scalable with an effective governance structure; and 4) what are the lessons learned for further improvement and similar programs?

1 Adapted from "Ujjwal Social Entrepreneurs_ICFP" PowerPoint 2015".


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# Creating Economic and Social Value through the Network System

Before Ujjwal, the FP/RH system barely existed in rural Bihar and Odisha. The problem started at the consumer level with minimal recognition of the value of family planning and reproductive health. The lack of demand could be attributed to "tradition" but was at least partly due to the lack of related counselling, education and health services in these poorest communities. Very poor young girls get caught in a vicious circle of early pregnancies, maternal and child health issues, and continued poverty affecting the future of their own children. Bihar is the third most populous in India with a population of over 100 million, among the highest levels of poverty and a fertility rate of 3.7 percent in the decade up to 2013. In Odisha in 2005, 61 percent of the rural population lived in poverty and while this declined to 36 percent in 2013, a number of districts had well over half of the population under the poverty line. [2]

The table below shows infant and maternal mortality rates in Odisha and Bihar before and after the Ujjwal project was implemented. It should be noted that although it is not possible to directly attribute the improvement in health outcomes to the Ujjwal project, this table shows the change in trajectory in these two states within a relatively short time period.

Table 1: Infant Mortality and Maternal Mortality Data

| | | BEFORE INTERVENTION | AFTER INTERVENTION | 2012 NATIONAL AVERAGE |
|---|---|---|---|---|
| Bihar | Infant mortality rate [4] | 48 | 42 | 47 |
| | Maternal mortality rate [5] | 261 | 219 | 212 |
| Odisha | Infant mortality rate | 61 | 51 | 47 |
| | Maternal mortality ratio | 258 | 235 | 212 |

The Ujjwal network system is shown in the figure below. Ujjwal, as the organizing "franchisor" provides the platform for organizing distribution, quality control and branding for complementary systems: one for health services and one for products.

## Expanding choice of service delivery sites through the private sector and improving availability and choice of products

Under the Ujjwal network, over 300 existing qualified private sector providers at the district and block levels have been networked using fractional franchising principles and linked within a referral network to provide quality FP and RH services. In order to further improve access, quality and affordability of FP services, the Ujjwal network has mobilized public private sector partnerships (contracting-in) through Fixed Day Services at Level 1 and Level 2 Ujjwal facilities to popularize clinical methods of FP, for example sterilization, IUD and Injectable Contraceptives. For the Ujjwal facilities, it is a value addition because it spreads awareness about FP and RH service choices available at the Ujjwal clinics for additional/new clients and an expanded market for the clinics. Over 600 providers (private and public) have been trained on family planning/reproductive health and business management. Clinics are either entrepreneur or doctor owned and pay a franchise fee, with urban clinics paying a higher fee.

2 World Bank

3 National Health Mission, India 2016 http://nrhm.gov.in/nrhm-in-state/state-wise-information/bihar.html

4 SRS 2010: http://www.censusindia.gov.in/2011-Common/Sample_Registration_System.html

5 SRS 2007-2009 http://ghdx.healthdata.org/record/india-srs-special-bulletin-maternal-mortality-2007-2009


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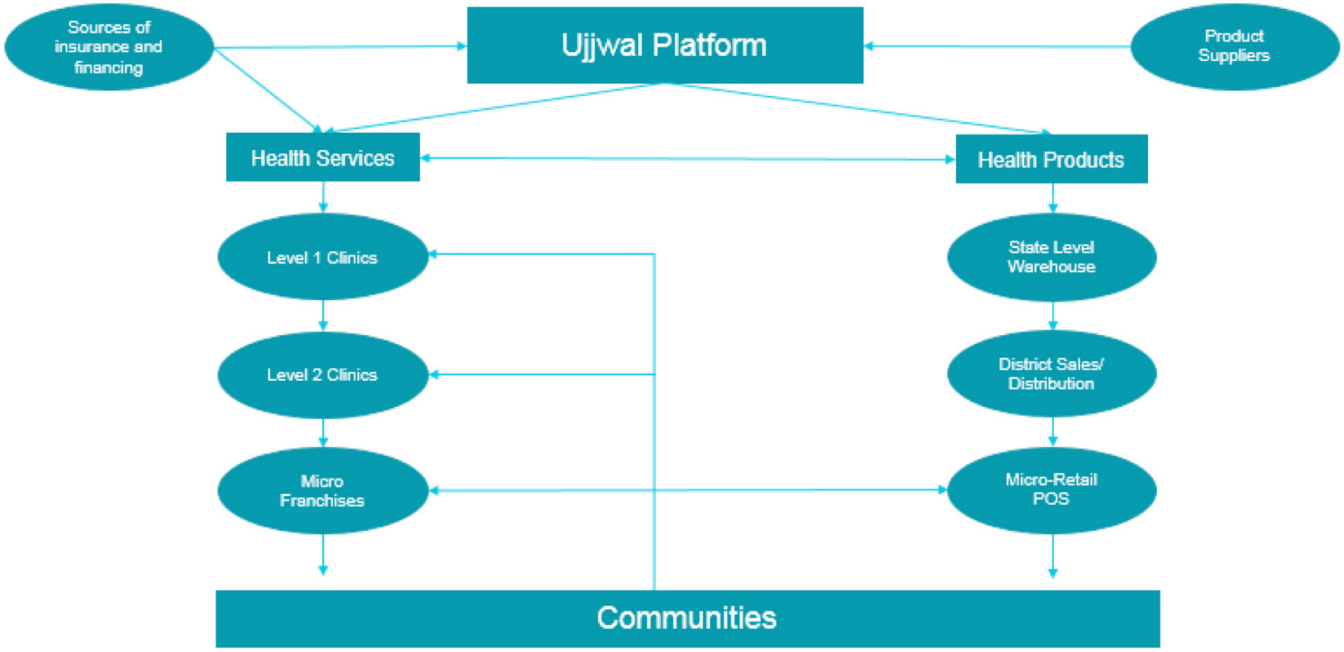


## Fractional Franchising: Three levels of Ujjwal Network Members

Under the fractional franchising model, the Ujjwal network is divided into three linked levels. Level 1 Clinics are the Ujjwal clinics based in district headquarters. Level 1 clinics have a trained gynecologist, and offer FP and RH services including both temporary and permanent contraceptive methods. In 2015-16, the project expanded the package of services and products offered by the private providers from FP and safe abortion to include a full spectrum of MCH services such as antenatal care (ANC), deliveries (normal and C-section), diarrhea and pneumonia management; which may seem financially more viable and attractive to the providers. Out of the 307 franchisee clinics, 100 have expanded to include MCH services along with FP/RH services (now called the Ujjwal Merrygold clinics). Re-branded for improved recall and visibility, most of these clinics/hospitals are located at or close to the district headquarters and have a full time obstetrics and gynecology service provider for conducting BeMOC and CeMOC services.

The Ujjwal Merrygold Level 1 hospitals are based at district level, owned by the franchisees and have 15-25 beds and an OT facility. These facilities have a qualified Obstetrician (M.S or DGO) with an associated paediatrician and anaesthetist available on call. These hospitals should be adhering to specific building norms with wards/labor rooms, ultrasound facility, ambulance facility, pharmacy, blood transfusion facility, autoclave area and


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pre-labor and post-labor rooms. A standard architectural design is shared with franchisees and modifications suggested for improving infrastructure and ensuring optimal utilization of space. These facilities are capable of comprehensive management of emergencies and receive referrals from the Rural Ujjwal Merrygold clinics, Ujjwal Saathis and other nearby facilities.

The Level 2 Rural Ujjwal Merrygold clinics are 5-10 bed clinics, based at sub-divisional level, with the capacity and equipment to provide standard antenatal checkups (ANC) normal deliveries and postnatal care (PNC). These clinics would have an MBBS doctor undergo appropriate training for conducting normal delivery and provision of FP services. Rural Merrygold clinics refer obstetric emergencies to the Ujjwal Merrygold hospitals or pre-identified specialists.

Level 3 network members, or “Ujjwal Saathis”, are the community based entrepreneurs (micro-franchisees) who spread awareness about FP and encourage potential users to use the network for availing services and products. These Level 3 micro-franchisees are critical to the success of the entire network. They increase demand for FP and RH services by providing contraceptive outreach, screening and counselling to prospective clients while also dispensing and selling products. Each Ujjwal clinic is linked to 15-20 Ujjwal Saathis, although about 8-10 of these tend to be most active. Saathis receive a fee from clinics for referring patients (on average 6 referrals per month). The sale of products is secondary as a source of income.

The Saathis establish relationships and communicate with members of their community about the benefits of FP/RH various products and services. Individuals qualify as Saathi if they are a native of the same village, literate, willing to associate with the Ujjwal network, have demonstrated experience in community mobilization and possess strong communication skills. Some also play a similar role in connection with government clinics, but the public system does not allow them to sell products. The success of the Saathis depends on their ability to effectively dispel common myths about family planning


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and reproductive health, and build trust within their communities. Surveys indicate that the principal motivation for joining Ujjwal among Saathis is earning additional income (most Saathis have other sources of family income).

Following the recruitment process, Ujjwal Saathis are oriented on FP, community mobilization and social entrepreneurship. In addition to meeting with individuals and couples, the Saathis also facilitate community meetings and act as suppliers within assigned geographic areas. The Ujjwal network ensures each Saathi has consistent access to family planning supplies by linking them to a nearby wholesaler.

In addition to engaging the Saathis, the Ujjwal network has also implemented a 360 degree demand generation campaign that included mass media, mid media and interpersonal communications (IPC) for FP/RH services. This has included over 5,000 folk shows to improve service utilization. The Ujjwal network also used innovative platforms for mobile based IPC to facilitate discussions between the Saathis and their clients, as well as e-learning courses.

Ujjwal also leveraged innovative platforms such as talk shows and entertainment education, street theatre, mass media and mobile applications to trigger community dialogue around FP. The campaign included 26 doctors' testimonial films, eleven customer testimonials or role model films, 20 Television Spots, 20 Radio spots and 16 long format films. Over 7,000 live and video Enter-educate shows (EE shows) or street theatre were performed throughout Odisha and Bihar during the implementation of Project Ujjwal.

By harnessing the power of the Saathis to educate and persuade their peers to seek FP/Products and services, the Ujjwal network created a powerful link that had previously not existed. As a result of the successful social marketing campaign, medical suppliers and providers such as HLL (manufacturer of contraceptives) were able to reach a whole new segment of market.

## Diversification of Revenue Sources for Franchisor-Franchisee Sustainability

At the outset of the Ujjwal project, many of the small clinics in Odisha and Bihar that were seeking to improve the quality of FP/RH products and services were unable to obtain financing from traditional banks. This limited their ability to reach new clients. In addition, many of the small clinics did not meet Indian Public Health Standard criteria. Due to low insurance penetration, the poorest people could not afford even the very limited private health facilities in Odisha and Bihar.

Through its partnership with HLFPPT, the Ujjwal network facilitated demand-side financing by supporting the accreditation of private providers for government reimbursements through the National Health Mission in India. The project also facilitated provider empanelment for insurance schemes through government (Rashtriya Swasthya Bima Yojana, or RSBY) and private companies. Clinics are reimbursed for approved procedures. This promotes access to a wider range of clientele who were previously unreachable due to the lack of accreditation for reimbursements through the National Health Mission in India. The network also provides a cost-effective way for the insurers to reach marginalized population segments.

Another value creating-activity was the diversification of the service basket to include maternal, newborn and child health (MCH) services in clinics. Not only does this expand the range of services for BOP clients, MCH adds a number of procedures and services covered by the insurance programs, thus strengthening revenue streams. Of the 307 clinics in the Ujjwal network, 100 clinics have already expanded the package of services to include MNCH.

To further increase the revenue base (and of course the quality of services) at the Ujjwal clinics and for the franchisor, HLFPPT introduced vocational training and skilling projects in Ujjwal clinics. As part of the Indian government's efforts to create a vibrant eco-system for quality


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education and skill development in allied healthcare and paramedics in the country, Pradhan Mantri, Kaushal Kendra, or training centres, were established in different regions of the country. HLFPPT has been contracted by the Indian government to roll out vocational training for General Duty Assistants and home Health Aides who are placed as hospital staff at private sector hospitals in rural clinics once they complete their training.

HLFPPT established these skill centres at Ujjwal branded Merrygold Clinics. HLFPPT gets reimbursed for each participant who completes the training, and both the clinic and the franchisor (HLFPPT) share the benefits in this revenue-sharing model. So far, three training centres in Bihar and 5 Clinics in Odisha have been established, and HLFPPT plans to scale up to include 43 clinics in Bihar and 29 in Odisha by 2017.

## Creating Value for Medical Product Suppliers

In addition to creating better health outcomes by increasing access to health care and services, Project Ujjwal helped medical product suppliers such as HLL, the owner of HLFPPT, with market access and lower distribution costs.

In addition to distributing products like clean birth kits through the clinics, condoms and other contraceptives are being marketed and distributed through both the Saathis and a complementary system using other retail points of sale. Under Ujjwal, social marketing across 30,000 outlets has proved to be profitable for the network. Sale of products helps to cover the costs of developing the health service franchisees for the franchisor (HLFPPT) and its parent HLL.

Once HLFPPT successfully recruits a franchisee clinic, revenue is generated in several ways. First, the franchisee pays a fee of USD 1,500 per year, as well as a one-time USD 500 fee for assistance is gaining certifications and empanelments. HLFPPT also garners USD 100 per clinic in exchange for setting them up with the appropriate technology and training to give cancer screenings.

Ujjwal sustains the social marketing system without DFID funding support. Nearly 11,000 outlets in Odisha were serviced regularly during the year with the basket of products available. Nearly 40 percent of the outlets serviced were in the small villages and the remaining 60 percent were in the block, semi-urban and urban markets. A strategic shift was made to maximize revenue and optimize coverage and nearly three - fourths of the outlets serviced during the third year were traditional outlets (Chemists and Pharmacies) from where mainly the revenues were generated. The strategy was revamped to cover more 'high value' / star outlets in the block and sub district markets, strengthen the marketing operations around the larger villages and urban towns, and ensuring distribution in other markets through a network of 1100 depot holders (local entrepreneurs). For these wholesalers, HLFPPT products constitute around three to five percent of their monthly revenue.

The Ujjwal Saathis are valuable sales agents to improve product demand and stocking. Two rounds of penetration tracking studies have been encouraging. In Bihar, the stocking pattern with Ujjwal Saathi/depot holders shows increase in condoms (37.4-54.4%), OCPs (31.6-49.8%), ECPs (10-24.7%) and Sanitary napkins (15.3-24.5%) during August-October 2013 (Round 1) to March-April, 2014 (Round 2). In Odisha, the stocking pattern remained steady for condoms and sanitary napkins, with an increase in OCPs (88.4 to 91.4%) and ECPs (22.9-26.3%) during the two study periods.

The project has also introduced newer products and variants in the supply chain which offered higher margins at all price points. Safe - 3 (HLFPPT owned) injectable was introduced, Moods, which is a commercial brand owned by HLL was also introduced together with ORS and Zinc brands, Tatkal – 72, a new variant of emergency contraceptive pill. Other products such as variants of condoms, pills, sanitary napkin, medical abortion kit, injectable, IUCD were continued. Another strategy followed during the third year was to reduce the


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dependence on government promoted brands (mala-d and Nirodh deluxe) where the price as well as the supply is very unstable/ irregular. However, with the recent GOI directive to increase remove price cap on condom prices, the social marketed condoms like Nirodh and Rakshak will also benefit for cost recovery.

HLFPPT also increased the product basket by adding new products and variants which had higher profit margins for the trade channel and also for the marketer. Higher margins from these products cross subsidized the distribution costs of other products and keep the trade partners interested.

## Creating Value for the Community-Based Social Entrepreneurs "Ujjwal Saathis"

As described earlier in this case study, the Saathis played a key role in generating demand for Ujjwal products and services. In addition to raising awareness within their communities about FP/ RH products and services, the Saathis themselves benefitted from engaging with the Ujjwal Project in several ways. First, the Saathis generated revenue from sales of pregnancy tests and oral contraceptives. Second, attending Ujjwal trainings increased their knowledge about family planning and enhanced their counselling skills. As the table below shows, the Saathis were responsible for referring a large percentage of clients to Ujjwal clinics, especially for Injectable contraceptives.

Table 2: Clients Counselled and referred by Ujjwal Saathis

| METHOD | TOTAL CLIENTS(2013-15) | TOTAL CLIENTS COUNSELLED AND REFERRED BY UJJWAL SAATHIS |
|---|---|---|
| Injectable contraceptives | 18473 | 12172 (65%) |
| IUCD | 11550 | 4911 (42%) |
| Female Sterilization | 11910 | 2493 (20%) |

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## Improving Implementation, Monitoring, Reach and Quality

To ensure the clinics were providing high-quality services, Ujjwal conducted primary and secondary research including baseline and endline data, as well as an impact evaluation. Moreover, Ujjwal conducted market research (retail audit analyses and penetration tracking surveys). Ujjwal also conducted quality assessment studies in the form of medical audits and client satisfaction surveys. Furthermore, the project implemented a robust and comprehensive management information system for tracking, monitoring and consolidating routine data. All of these measures helped create value in the system by ensuring high quality services were being made available to members of the community.

# Measuring the Economic and Social Value Created

Projects supported by donors such as UKAID or even corporate social responsibility (CSR) initiatives tend to measure impacts at the beneficiary level, in this case the clients living in Odisha and Bihar. While the health outcomes are indeed the most important impact, what makes Ujjwal particularly innovative is the way that economic and social value is created for each of the actors. After the initial two years of the program, the desired health and social benefits were starting to materialize. What was less clear was whether enough economic value was being created through the Ujjwal Project for the franchisor (HLFPPT), clinics and Saathis. Palladium, with DFID support, conducted a number of studies in 2014 and 2015 which showed the need to further expand the range of services and products offered through the project and especially on higher margin activities that could cross-subsidize the less profitable or unprofitable but socially important activities. One key step was expansion into Maternal and Child Health Services. Another was the effort to build the value of the Ujjwal and Merrygold brands.

But probably the most critical step, as reflected in the Table below, was to accredit clinics and have them “empanelled” by insurance schemes, resulting in much higher revenues. More profitable services for clinics, also contribute to their ability to pay referral fees to the Saathis. A significant number of clinics, starting in Odisha, were empanelled under Rashtriya Swasthya Bima Yojana (RSBY) which is a cashless insurance for hospitalisation in public and private hospitals for low income groups. Their success has led to growing interest among clinic owners in Bihar to get empanelled under RSBY.

Overall awareness creation by Ujjwal Saathis, support in quality improvement and support in empanelment has led to high increase in client footfall leading to increase in overall annual revenues of the clinic owners.


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The table below summarizes indicators of economic and social value at each level of the Ujjwal network system generated through the different studies. It should be emphasized, however, that neither HLL Lifecare nor its non-profit HLFPPT entered into the Ujjwal project with the intent of creating economic value for themselves, or even a commercially sustainable platform. The focus was on the health outcomes and strengthening the network.

Table 3: Measuring the Economic and Social Value Created in the System

| | ECONOMIC VALUE IN RUPEES (2013-15) | SOCIAL VALUE (2013-15) |
|---|---|---|
| HLL LIFECARE LIMITED | 15% (Bihar) – 60% (Odisha) increase in commercial sale of condoms (while free distributions decline for improved market segmentation) | Impact of HLFPPT |
| HLFPPT (FRANCHISOR) | Ujjwal and Merrygold brand value<br>Franchise fees; product sales<br>Other private partnerships | Sustainable and scalable private health network benefitting BOP |
| LEVEL 1 AND 2 CLINICS (FRANCHISEES) | Revenues: 429,700/month all clinics, all services 275,250/month FP<br>558,500/month FP accredited clinics<br>11,100,000 RSBY affiliated clinics (reimbursed services)<br>96% with profit margin of 15%+ | 165,000 referrals in last 18 months<br>Accreditation with government and insurers |
| SAATHIS (MICRO-FRANCHISES) | 1,000-4,500/month referral fees + 400-700/month for sale of products | 4,500 Saathis with supplemental income source<br>Enhanced community status |
| PRODUCT WHOLESALERS/ DEPOTS | 3-5% increase in revenue | |
| INSURERS AND PRODUCT FIRMS | Additional customers/sales (e.g. clean birth kits) | Additional people access to reimbursements |
| COMMUNITY | $57.6 million in savings to families and health system | 1.2 million unintended pregnancies averted<br>1455 mothers lives saved<br>200,000 unsafe abortions averted |

Further detail on the value of Ujjwal to participating clinics is presented in the table below. This shows a wide range in results and perceptions.

Table 4: Ujjwal Clinics Revenue Details[6]

| CHARACTERISTICS | BIHAR (N=165) | ODISHA (N=68) | TOTAL (N=243) |
|---|---|---|---|
| Average MONTHLY revenue (range), or gross income from all the services | 389,720<br>(40,000 -30,00,000) | 510,323<br>(60,000 -45,00,000) | 429,706<br>(40,000 -45,00,000) |
| Average MONTHLY revenue (range) from contraceptive/FP products and services | 189,167<br>(40,000 -500,000) | 339,813<br>(40,000 -700,000) | 275,250<br>(40,000 -700,000) |
| Average MONTHLY revenue (range) of only FP Accredited clinics | 417,667<br>(80,000 -15,00,000) | 690,625<br>(100,000 -15,00,000) | 558,548<br>(80,000 -15,00,000) |
| Average MONTHLY revenue (range) of only<br>RSBY affiliated clinics | 730,000<br>(30,000 -48,00,000) | 15,80,953<br>(200,000 -60,00,000) | 11,10,213<br>(30,000 -69,00,000) |

What is the share of FP in annual income?

| CHARACTERISTICS | BIHAR (N=165) | ODISHA (N=68) | TOTAL (N=243) |
|---|---|---|---|
| 1-10% | 88 | 49 | 137 |
| | 62.9% | 86.0% | 69.5% |
| 11-20% | 30 | 7 | 37 |
| | 21.4% | 12.3% | 18.8% |
| 21-30% | 11 | 0 | 11 |
| | 7.9% | 0.0% | 5.6% |

Compared to year 2013, how was TOTAL CLIENT LOAD in the year 2014?

| CHARACTERISTICS | BIHAR (N=165) | ODISHA (N=68) | TOTAL (N=243) |
|---|---|---|---|
| Remained same | 36 | 6 | 42 |
| | 21.8% | 7.7% | 17.3% |
| Increased | 122 | 68 | 190 |
| | 73.9% | 87.2% | 78.2% |
| Decreased | 7 | 4 | 11 |
| | 4.2% | 5.1% | 4.5% |


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Compared to year 2013, how was FP CLIENT LOAD in the year 2014?

| CHARACTERISTICS | BIHAR (N=165) | ODISHA (N=68) | TOTAL (N=243) |
|---|---|---|---|
| Remained same | 37 | 7 | 44 |
| | 22.4% | 9.0% | 18.1% |
| Increased | 105 | 59 | 164 |
| | 63.6% | 75.6% | 67.5% |
| Decreased | 23 | 12 | 35 |
| | 13.9% | 15.4% | 14.4% |

Benefits from association with Ujjwal network (multiple response)

| CHARACTERISTICS | BIHAR (N=165) | ODISHA (N=68) | TOTAL (N=243) |
|---|---|---|---|
| Capacity building of staff and sharing technical expertise under project Ujjwal | 49 | 17 | 66 |
| | 29.7% | 21.8% | 27.2% |
| Assurance of financial viability under | 105 | 59 | 164 |
| the business plan | 19 | 19 | 38 |
| | 11.5% | 24.4% | 15.6% |
| Increased client load through project's demand generation activities | 58 | 34 | 92 |
| | 35.2% | 43.6% | 37.9% |
| Other than the above benefits | 65 | 38 | 103 |
| | 39.4% | 48.7% | 42.4% |

6 Adapted from "Milestone No. 29: Assessment of financial viability of Ujjwal clinics including future financing needs and strategies for sustainability (Contract Amendment 3)". Palladium 2016.


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# Lessons Learned and Conclusions

The Ujjwal project represents an innovative private, market based approach for delivering improved health services and related products to poor and rural population segments. The project has brought about significant change in a very short period of time, but there is still much to be done to ensure commercial viability, further scaling and replication elsewhere. Some of the key lessons learned and their implications:

**Strategic intent**: Project Ujjwal was set up by HLFPPT with financial support from UKAID and project implementation by Palladium with the objective of "reducing maternal deaths as a result of unwanted pregnancies and unsafe abortions while establishing and strengthening the network of Social Franchisee clinics and Social Marketing Outlets that seamlessly provide family planning products and services in Bihar and Odisha." Ensuring the commercial viability of the Ujjwal platform and brand as the "franchisor" emerged as an objective only late in the project. HLL Lifecare, the parent for-profit owner of HLFPPT seems to view these types of projects as increasing awareness and use of family planning and reproductive health services and products by the BOP. In an interview with HLL, it was noted that HLFPPT would need about two to three more years and approximately USD 1.5- 2 million to reach the point of sustainability to build up brand recognition and volume. Scale-up has been difficult within a resource and time constrained project.

**The value of Ujjwal as an aggregator of demand and franchisor**: The first three years of the program provide indications, but not yet clear proof that the Ujjwal platform can be profitable, or at least commercially sustainable. The network system for delivering health products and services is valuable to suppliers beyond the narrow family planning and reproductive health range. Indeed, diversification into Maternal and Child Health Care provided participating clinics and their Saathis with more and higher value services. The distribution system for products also benefited from a broader package of both contraceptive and other offering like sanitary napkins. However, Ujjwal is just starting to market itself to other companies (e.g. clean birth kits) but without much focus on how this can support the financial viability and sustainability of Ujjwal itself. As a "project" with donor funding, it was not until the very late stages that the potential of the Ujjwal platform as a sustainable franchisor and operator of a distinctive distribution model was recognized. Currently, Palladium is the owner of the Ujjwal brand and HLFPPT is the franchisor. However, the ownership and governance structure of the Ujjwal platform and brand going forward, and in particular the roles of HLFPPT and the franchisees, needed to be thought through and formalized.

**Sustainability**: An HLL representative noted in a phone interview that in order to sustain the network, HLFPPT would need about two to three more years and approximately USD 1.5-2 million to increase brand recognition to recruit additional clinics to join the network and to scale up. This would cover the cost of adding 1,000 more Ujjwal sites. HLFPPT is currently aiming to create 400 sites in Bihar. With additional funding, it would be possible to enhance the technology within the clinics which would increase their profitability and client footfall. Franchisee clinics could also expand the range of services and commodities offered which would further increase profitability.

**Ujjwal as a platform for raising capital**: Palladium has explored the option of creating a non-Banking Financial Company for working through Ujjwal in raising capital to help franchisee clinics modernize their equipment and facilities. Most clinics are eager to invest in infrastructure and equipment to expand services and grow revenue. A large part of the financing needs (54-58%) is for medical equipment, where Ujjwal can create value streamlining procurement, through existing relationships with all major equipment manufacturers and suppliers After modelling forecasts, Palladium found 60 per cent of clinics would increase EBIT by more than 50% after investing in expansion, most with a ROI of 150% and a debt service coverage ratio of 5 or more. This would of course require the formalization of Ujjwal, its ownership and governance.


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**Consolidating the innovation of multi-tiered franchising**: The three tiered franchise system offers a highly innovative approach to reaching the BOP with health services and products. The key to success, however, is that each actor in the system needs to see enough economic and social value for continued commitment. The evidence to date suggests that more work is needed to consolidate the system. At the level of the Saathis the income generated is not yet sufficient to support the local entrepreneur. It also depends on referral fees from clinics but the franchise "system" does not yet provide guidelines on what these should be (without creating perverse incentives for complex procedures that may be profitable but not needed). Saathis would also benefit from offering a broader range of products and services. At the clinic level, maximum value is generated by those that get accredited, empanelled by insurance schemes, and develop capacity (staff and equipment) for a broader range of service. At this point there is little distinction in the data—and presumably franchisor requirements and guidelines—between Level 1 and 2 clinics. A next phase of Ujjwal will benefit from further strengthening and standardizing of the franchise "system".

**Key role of measurement**: For the franchise system to flourish and scale, improved measurement will be a key priority. From the perspective of HLFPPT, there were two key objectives—improving maternal health and reducing fertility rates and strengthening the franchise network. Sophisticated metrics for measuring the health outcomes have been applied and show impressive social value. However, metrics on economic value for the actors in the franchise network have been weak and sporadic.

## Conclusions

By harnessing the power of the Saathis to educate and persuade their peers to seek FP/Products and services, the Ujjwal network created a powerful link that had previously not existed. The Saathis' successful social marketing campaign sparked demand for FP/RH services and supplies in a community that was virtually unreachable for medical suppliers and providers. This created economic and social value for the community, the health providers and the suppliers in a virtuous cycle.

The three-tier franchise system and the related system for product distribution shows enormous potential. The key to this is value creation at each level, which in turn requires measurement of key metrics for the overall system as well as for each actor. This, combined with the formalization of Ujjwal as a commercial franchise system and definition of its ownership structure and governance, preferably with strategic commitment by HLL Lifecare, will ensure the long term viability, scaling and replication of the Ujjwal model.


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