

# LAUNCHING THE ENTERPRISE FUND PSI/CAMBODIA'S SOCIAL ENTERPRISE



## INTRODUCTION

Launched in 2017, Population Services International/Cambodia's (PSI/C) Enterprise Fund (EF) applies commercial principles to create a sustainable commodity supply chain and deliver sustained health impact.

Although the EF was officially created in 2017, the rigorous process of transitioning from full donor subsidy to a self-sustaining business model evolved over more than a decade.

With donor trends shifting away from subsidizing health commodities, it is imperative to have stable, established, sustainable markets in place to ensure continued access to essential health products.

Over time, and with the support of donors, PSI/C was able to insightfully price and promote its products, nurturing a sustainable health market and eventually eliminating the need for donor subsidy altogether.

**The EF's operating income was USD 1.3M in 2018, and USD 1.5M in 2019.**

As of 2020, the EF operates across all 25 of Cambodia's provinces with a diverse product portfolio of medication abortion (MA), IUDs, contraceptive implants, oral contraception, emergency contraception, condoms, and oral rehydration salts.

## THE WOMEN'S HEALTH PROJECT

WHP is a global project working to expand access to safe abortion and long-acting reversible contraception, including post-abortion family planning, and was implemented by PSI/C between 2008–2020. Without donor funding from WHP to cover vital startup costs and support ongoing market development, PSI/C's transition from a revolving fund to a self-sustaining social enterprise would likely not have been possible. Between 2010 and 2018 the sale of Medabon® (medication abortion), OK IUD®, and Jadelle® implants was subsidized by WHP, with the subsidy decreasing over time as the market matured. As of 2020, all WHP products were integrated into the EF's product portfolio, and will continue to be available to women across Cambodia even after donor funding ends.

# ACHIEVING COST RECOVERY

Support from WHP was critical to support the EF's transition from full donor subsidy to a self-sustaining business model. With the exception of Mifeso®, all WHP products were originally launched at a subsidized rate and carefully transitioned to cost recovery for the cost of goods sold (COGS<sup>1</sup>) and eventually to generating a profit. Once each product achieved COGS cost recovery, the gross margin<sup>2</sup> was used to support essential operational costs including marketing, sales team salaries and training, warehouse and distribution, and general/administration costs.

In the future, the gross margin will also be used to fund programs previously supported by WHP – the Reproductive Health Hotline and support for the management of adverse events and complications – until at least the end of 2021, and potentially beyond.

## CREATING A SUSTAINABLE MA MARKET

From importing and distributing Cambodia's first registered MA product, Medabon®, to expanding the number of trained providers and raising awareness of safe abortion services through interpersonal communication, PSI/C has been integral in developing a sustainable market for MA in Cambodia.

In 2010, PSI/C introduced Medabon® at a highly subsidized price that ensured wholesaler margins for Medabon® were comparable with the unregistered and low-quality MA products currently on the market. Medabon® has since experienced year-over-year sales growth, while remaining affordable to key populations.

In 2018, PSI/C further expanded consumer options with the launch of a second MA brand, Mifeso®.

Under WHP, PSI/C

- Increased the availability of safe abortion products. PSI/C distributed over 2,106,000 MA combipacks;

as of December 2019; 2,884 outlets had MA in stock, covering 94% of Cambodia's districts.

- Improved private sector service delivery through trainings and ongoing visits with healthcare providers. More than 250 network providers received training on pregnancy options and regular (3-4 times per year) supportive supervision visits. Additionally, over 2,150 non-network providers received provider behavior change communication interventions.

## THANK YOU

WHP was made possible through generous donor support and in partnership with key stakeholders.

PSI/C wishes to thank the Royal Government of Cambodia and local partners for over a decade of support and close collaboration. PSI/C would also like to thank each Sun Quality Health Network provider for their commitment to high-quality services and dedication to improving the health of Cambodian women. Finally, thank you to the entire PSI team for their invaluable technical support.

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<sup>1</sup>COGs Cost Recovery: all direct costs attributable to the production of goods sold, including the cost of production, packaging, and all fees associated with shipping and handling.

<sup>2</sup>Gross Margin: net sales minus the COGS.

