

THE FORUM

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for Sustainable Development

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TEN YEARS

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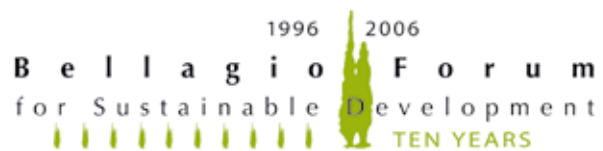
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Members of the Bellagio Forum for Sustainable Development



The Bellagio Forum for Sustainable Development (BFSD) is an international network of grant-providing institutions striving to attain environmental balance, economic stability and social progress throughout the world.

The Forum was founded by a group of international donors called together by the Fondazione San Paolo di Torino and the Rockefeller Foundation to a meeting in April 1993 in Bellagio, Italy – a small village on the shores of Lake Como. The group was concerned by the magnitude of the task of promoting and achieving global sustainability and conceived the idea of creating a platform for raising awareness, bringing together an expanding membership and identifying worthwhile projects which would advance the cause.

Today, the Bellagio Forum is an action-oriented collaborative network consisting of 26 members from 3 continents. The members assemble twice a year with the intent of identifying common goals and establishing partnerships to achieve them. Together, we strive to facilitate the multi-stakeholder partnership process between foundations, businesses, NGOs and inter-governmental organizations.

Within the Forum, the members have chosen to cooperate in 5 working groups: Energy, Water, Awareness, Health and Finance. Working groups meet and communicate throughout the year as necessary.

If you are interested in learning more please visit our website at www.bfsd.org. Or contact us at info@bfsd.org

Health: The Development in Sustainable Development

Working for an organization that contains »Sustainable Development« as part of its name, I am frequently confronted with questions on the definition of this oft (over-) used term. There is a tendency to associate »sustainable development« solely with environmental issues. No doubt, the »environmental« cannot be removed from the »sustainable«; however, to mentally pigeonhole in this manner is to refuse to understand the scope and impact of the concept.

For those who succumb to this cerebral ambivalence, juxtaposing health with sustainable development creates some necessary dissonance. Health in its positive and negative forms is a both an effect and a cause of wealth creation – or lack thereof – as well as ecological integrity. Indeed human health is the ideal vector to bring the development aspect of sustainable development forefront, without in any way abandoning the necessity of a sound and sustainable use of natural resources and services.

It is the character of human civilization to fundamentally alter the local and regional environment. Agriculture itself significantly alters natural processes in a manner which is of great benefit to humanity. Ecological capacity to absorb the stress placed upon it in the form of pollution, altered resource distribution and habitat destruction is impressive, but not infinite. When the stress exceeds that limit, there are repercussions. As our civilization has grown, we have seen these consequences repeatedly.

Water-born illnesses are uncommon in places with small populations. Air pollution is seldom a problem in cities with people too poor to own motorized vehicles. Concurrently, in the wealthiest of communities, that are both highly motorized, densely populated and industrialized, these problems are also infrequently faced. This was not always the case. With increased wealth has come an increased capacity and appreciation for reducing the health impact of modern civilization.

Individual health is predicated on our physical ability to combat omnipresent microorganisms. We have evolved an immune system that

does an efficient (albeit imperfect) job to this end. Exposure to most common and even some uncommon germs seldom has much affect on those who are not otherwise weakened. Those who are in the »prime of their lives« are thus left unscathed to care for those who are young, old or injured. Modern medicines have allowed us to extend this »prime« dramatically, however the basic assumption that the strong and productive and provide for the weak remains true regardless of the level of economic development.

Thus, a skewing of this balance between strong and weak wreaks tremendous and lasting havoc on a population's development. Be it an epidemic from a new disease like HIV/AIDS or avian-flu, the common water-born illnesses with which humanity has contended for centuries, or the early onset of lung disease from intense urban pollution, both individuals and economies suffer. In the worst circumstances development is thrown into reverse and the only sustainable situation is one of abject misery.

The converse of this paradigm is the virtuous circle of good health leading to greater prosperity; with greater prosperity leading to better health as wealth is used to eliminate the prior causes of illness.

Within this issue of the Forum, you will read a variety of approaches and examples of how negative cycles may be prevented or arrested and virtuous ones created. As you read them, please keep in mind the intricate link between increasing prosperity and environmental integrity. Although there have inevitably been transition periods when one has taken priority over the other, ultimately, the link is so strong that they can never be mutually exclusive pursuits.

Sustainable Development means healthy development. And healthy development means a healthy environment.



Samuel Shiroff
Executive Director

Bellagio Forum Celebrates 10th Anniversary in 2006

2006 marks the 10th year since the founding of the Bellagio Forum for Sustainable Development as a formal institution. The Forum will mark this important milestone during its Annual Meeting, when the members return to the place of its founding in Bellagio, Italy. The meeting will take place on April 27-29 and is expected to be the largest ever gathering of Forum members and guests.

In keeping with a desire to reflect on the past, but look boldly toward the future, the theme for the 10th anniversary meeting* will be »Perspectives for the Future: Beyond Traditional Partnerships«.

In addition to the traditional working group sessions, several top level speakers including Klaus Töpfer, Mary Robinson, Peter Goldmark and Björn Stigson, as well as many of the original members are will be present both to mark the occasion and to focus on future cooperative efforts. Also featured will be a premier musical performance entitled, »The Future after the Future« organized by the Foundation for Music Art and Nature.

The meeting will include the announcement of the »Bellagio Commitment«: a challenge to

foundations to address their own practices and to work together with others.

The initial group of Bellagio Forum foundations, including the Rockefeller Foundation, the Luso American Foundation, Compagnia di San Paulo, the Sasakawa Peace Foundation, Fondation de France, the MacArthur Foundation and others originally met in an informal manner beginning in 1993, the Forum itself became a formal entity first in 1996. As the German Federal Foundation for the Environment joined the group in that year, the decision was made to establish a legal organization under German law. Since then, the Bellagio Forum finds its offices in the building of the German Foundation in Osnabrück, Germany.

Additional information on the background of the Bellagio Forum and the program for the 10th Anniversary meeting is available on our website:

*Bellagio Forum meetings are invitation only events. If you would like to receive an invitation, please contact info@bfsd.org to find out how. www.bfsd.org.

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Forum Welcomes Two New Members

Two additional organizations have joined the Bellagio Forum membership list in 2006. The Forum was happy to welcome the Esmée Fairbairn Foundation in London and the Veolia Environment Institute in Paris.

Danyal Sattar, of the Esmée Fairbairn Foundation attended the Bellagio Forum meeting in Stuttgart on Oct. 5-6 where he had the opportunity to interact with the Forum members in an environment he described as »friendly and productive«. Commenting on their motive for joining the Forum, Sattar stated, »We find it helpful to network with other foundations and grant givers relevant to our work. We see the Bellagio Forum as giving us an additional set of networking and learning opportunities with a European flavor to its participants.«



The Esmée Fairbairn Foundation looks forward to working together with the Forum members with a special interest in the activities of the Water Working Group - in relation to marine conservation issues as well as with the Finance Working Group and its Project for the Responsible Investment Management for Endowments (PRIME).

The second new member to join the Forum is the Institut Veolia Environnement (IVE). Created in September 2001, its mission is to promote foresight and reflection on subjects related to the environment. Its goal is to shed light on future environmental challenges. A non-profit organization, IVE, works closely with Veolia Environment, a provider of environmental services worldwide. With a concentration on economics,

health, growth and social impacts and effects on the environment, the Veolia Institute looks forward to working together with Forum members toward shared goals.

INSTITUT

Veolia Environnement

As Veolia Institute Managing Director, Georges Valentis put it, »Whether related to water supply and treatment, sanitation, waste collection and treatment, energy optimization or public transport, Veolia's focus lies at the heart of sustainable development,« he continued, »the Institute can bring both academic and practical know-how to the Forum, making a significant contribution to the working groups.«

BFSD chairman Michael Hoelz commented, »It's not our goal to see the Forum growing, just for the sake of growth. Rather, the board recognizes that the members' interests are best served when we bring on board high-quality organizations with an interest in active participation. Esmée Fairbairn and the Veolia Institute are both top-notch organizations committed to our goals and interested in engaging in cooperative partnerships. We are pleased to welcome them as members and look forward to working with them in the future.«

Healthy Environment for Healthy People: are health interventions really the way forward for sustainable development?

Dr. Marcel Hommel

A healthy environment is achieved by 'good hygiene', supply of quality water, food safety, clean air, good sanitation and waste management. Such a safe living environment is particularly difficult to achieve in low-income countries, where poverty is the single most important determinant of poor health, and where the tropical climate makes things worse. Urbanization and the unbridled growth of megacities in the developing world aggravate poverty and inequity, creating such miserable living conditions for a large percentage of the population as to represent a public health nightmare. It is worth remembering that, between 2000 and 2015, population in Lagos is predicted to grow from 12 to 24 million, in Karachi from 11 to 20 million and in Mumbai from 16 to 27 million.

It is well established that poor health exacerbates existing poverty and, as such, represents a major obstacle to sustainable development. However, it is equally clear that in order to attack the problem at its roots, major structural changes are required and that

effective measures to achieve this will have to be political, socio-economic or environmental, rather than health sector-oriented measures per se. Nevertheless, improving health remains a central issue in any debate about sustainable development, based on the economic argument



that, if better health is an essential cog in the complex process of poverty reduction, it makes good economic sense to invest in major health interventions. For instance, one of the key messages of the World Summit on Sustainable Development in Johannesburg in 2002 was that no progress can be expected in situations where there is a high prevalence of debilitating illnesses and that the main causes of avoidable death were to be addressed in priority. Based on this, the sum-

mit supported the mobilization of financial resources to support the fight against AIDS, tuberculosis and malaria (the 'big three'), which are responsible for an estimated 5.6 million death and the staggering loss of 166 million DALYs (disability-adjusted life years), annually.

These commitments were made with emphasis on meeting the Millennium Development Goals (MDG) targets related to a reduction of maternal and child mortality. As a result, there has been a political commitment by G8 nations to increase their contribution to international aid for development from 0.25% GNP in 2003 to 0.7% GNP in 2015.

Others believe that health interventions do not address the roots but only the symptoms of the problem. They suggest that the conclusions of the 2001 Report of the Commission on Macroeconomics and Health (or 'Sachs Report'), which underpin the economic arguments above, are based on the flawed assumption that health problems can be solved through technical interventions delivered through health services. The Sachs Report, they claim, has forgotten the public health lesson from history, that it is the improvement in basic infrastructure (better housing and sanitation, safe water, etc), rather than new antibiotics and immunization, that have improved health in early 20th century Europe. The determinants of disease in poor countries today are very similar to those in today's rich countries 100 years ago. The alternative to what is proposed in the Sachs Report is that education, access to water, food, and better sanitation, are to be considered the central issues for a sustainable improvement in health of low-income countries, rather than specific health interventions against a handful of diseases. The fact that these interventions need to be supported fully by international aid and charitable donations for at least twenty years, at a global funding level estimated at five times the current level and at over 20 billion US\$ per annum, is given as a further argument to describe the approach as fundamentally unsustainable.

Beyond the rhetoric of both camps, the fact remains that there have never been as many major health interventions as there are today, and never on such a massive scale: Roll Back Malaria, Stop Tuberculosis, Global Fund to Fight Aids, Tuberculosis and Malaria and GAVI, to name but a few. This can only be a good thing, even if the gains are only short-term. It is undeniable that health care systems are on the brink in many low-income countries, particularly in sub-Saha-



Marcel Hommel is Medical Advisor for International Affairs at the Institut Pasteur and Emeritus-Professor of Tropical Medicine of the University of Liverpool; he is also Editor-in-Chief of the Malaria Journal.

ran Africa: this is the result of the clustering of diseases, political turmoil, inadequate resources and a crumbling infrastructure. The philosophy of a sector-wide approach (SWAp) to health, concocted by international public health gurus as the means to rebuild health systems worldwide, has essentially failed in most low-income countries, because it is unrealistic. In contrast, each vertical disease-control program is designed to give immediate relief to a large percentage of a population and, by doing so, contribute to improving the health sector as a whole. The benefits are expected to be even greater once the various interventions gain momentum by interacting with each other. Even if only directed against a small number of killer-diseases, the combination of multiple disease-control programs has the potential to take the sharp edge off the problem and, in this way, allow a progressive restructuring of crumbling health systems.

The 'Malaria and Neglected Diseases Quick-Impact Initiative' was launched in Stockholm in January 2006, driven by the Millennium Project.

This pragmatic initiative proposes to associate interventions designed to eliminate schistosomiasis, lymphatic filariasis and control intestinal helminths – hookworm and ascaris infection, in particular. The rationale for this initiative is control of all these diseases can be achieved by a once-a-year administration of a cheap drug (or a free, donated drug) to all the children of a population: praziquantel for schistosomiasis, albendazole and ivermectin for filariasis, mebendazole for intestinal helminths. Drug administration can be combined with the delivery of long-lasting insecticide-treated bed nets for malaria. This packaging of interventions makes sense, not only because it saves resources, but also because it improves the impact of individual interventions. Reduction of worm burden and polyparasitism improves general well-being, reduces school absenteeism and reduces anemia (hence the synergy with malaria control, which also aims to reduce anemia). A similar packaging was recently tried in Togo and in Niger, where the distribution of free bed nets was piggy-backed on EPI-vaccination campaigns (measles and polio): because such vaccination campaigns are time-limited, usually done country-wide over a short period of time, they produced in both countries a massive increase of bed net distribution in the target population, while also increasing the motivation of parents to take their children to be vaccinated.

However, the piling-up of interventions, pushed by efficiency-driven proponents of such packaging, is not without risks. Very little is known of the interactions between infectious diseases, of the interactions between drugs when given in mass administration mode, or of the operational problems that are created by combining interventions: in its extreme form, it is obvious that the same health worker will end up having to give a number of vaccines, a handful of drugs and bed nets to the same community, with the obvious risk of doing everything by half. Intensive research in the relative risk/benefits of combined interventions is urgently needed, to maintain the momentum and advocate for the future.

Treating the symptoms rather than tackling the problem at its roots may not be sustainable in the long term but, in the case of health, it is the only feasible solution in order to save lives and gain time, with the hope that more fundamental changes will take place. As in Europe in the late 19th century, the industrial development of low-income countries will increase resources and, eventually, produce the safe environment and better infrastructure necessary to deal with the health problem at its the roots.



Did you know

- Worldwide, it has been estimated that 3 million people die prematurely because of air pollution.
- In China, India and Indonesia, twice as many people die from diarrhoeal diseases as from HIV/AIDS.

Sustainability across the Generations

The Bellagio Forum understands that sustainable development is an intergenerational issue. We live this philosophy both through our daily focus and the make-up of our team. It is more starkly evident in the volunteers and interns that chose to dedicate their time to the Bellagio Forum.

For the past year, Manfred Lenz has been donating his time and tremendous experience to the Forum secretariat. Born in 1940 in Osnabrück, Manfred spent 35 years working for the European Commission in Brussels. He served as an administrator in several General Directorates like Agriculture, as well as Development and Foreign Relations, where he ended his career, but not his desire to make a difference. In Brussels, he coordinated European NGOs with local partners to implement development programmes according to the European Foreign policy. His primary task there was selecting appropriated projects which complied with the financial guidelines of the European Commission in order to receive a financial support. As part of his responsibility for India and Sri Lanka, Manfred had to travel often to Asia for the monitoring of the projects.

»When I retired, I wanted to return to my native town of Osnabrück,« explains Manfred, »but I definitely wanted to stay connected and continue to make a contribution. The Bellagio Forum offered that opportunity and I believe my experience is quite valuable to them. I appreciate the team atmosphere in the office and I believe in what the Forum is trying to do. So I am happy that I can help out.«

BFSD Executive Director Samuel Shiroff comment, »We are certainly pleased to have Manfred on board. When I learned from the Ulrich Witte (BFSD Board Member) that Manfred was interested in volunteering I thought it would be a real opportunity to have someone with his intricate knowledge of the

European Commission as part of our growing team. He really helps us to understand how things function in Brussels and has been instrumental in making some key connections. His experience, skills and insight are a treasure.«

At the other end of his career, is Atlas Anagnos, a Boston College International Studies/ German major who is spending his junior year as a Presidential Scholar studying in Germany.

Originally from Montgomery, Alabama, Atlas will work as an intern at the Forum secretariat from February through April 2006. »I am the kind of person who is willing to give all he's got and to readily learn more in the process,« remarks Atlas, »I like to be part of a team and overcoming challenges. There is probably not a greater challenge we face today than making the transition to sustainability. When I learned

about the Bellagio Forum, I thought it sounded like an interesting opportunity. After talking to Sam, I am definitely excited about this internship.«

During his time at the Forum Atlas will help with the organization of the BFSD's 10th anniversary, the editing of upcoming publications and the daily business of the Forum's secretariat.

The Bellagio Forum welcomes volunteers and interns throughout the year and is generally open to most kinds of cooperation with individuals interested in donating their time to

the contribute to the Forum's goals. If you or an acquaintance is interested in learning more about volunteering or internships at the Bellagio Forum please contact the secretariat at info@bfd.org.



Atlas Anagnos an International Studies Major at Boston College during his internship at the Bellagio Forum

The Forum Spotlight: The Bellagio Forum Interviews German Federal Foundation for the Environment Secretary General, Dr. Fritz Brickwedde

In 2006 the Bellagio Forum for Sustainable Development celebrates its 10th anniversary as an organization. The Forum's Ralf-August Frye interviews BFSF founding member and Secretary General of the German Federal Foundation for the Environment (Deutsche Bundesstiftung Umwelt) about his views on sustainable development over the past decade and perspectives for the future.

FORUM: Dr. Brickwedde, when the Bellagio Forum was formed 10 years ago, what were the expectations of the founding members?

Brickwedde: First I think it is important to mention the names of the people who were there: Al Binger from the Rockefeller Foundation, Pasquale Pesce, also from Rockefeller and responsible for the Bellagio Center, Charles Buchanan from the Portuguese Luso American Foundation, and Göran Persson from Sweden's MISTRA.

The original impetus was the desire of the Rockefeller Foundation, with its European seat in Bellagio, to generate greater awareness and collective action along with European Foundations on sustainable development. It is necessary to understand this in the context of the UN conference in Rio de Janeiro in 1992, where nearly all the nations of the world, with a few exceptions, had first discussed and then concluded agreements regarding the necessities of sustainable development. At the time the United States was extremely active in the discussion; not only the as a nation, but also the civil society organizations and the foundations. We had our first meeting in Bellagio and therefore adopted the name »Bellagio Forum«; then as a bridge to Rio, »Sustainable Development«.

FORUM: Who took the lead?

Brickwedde: The Americans played a leading role, as naturally did the Italians who were in Bellagio. Pasquale Pesce took over the active management, which was quite practical, because he was also the manager of the Villa in Bellagio. From the European side, we played the leading role out of Germany.

FORUM: Your foundation has consistently been an active partner in the Forum. What do you think is the BFSF's added value?

Brickwedde: For me it was always important that the Forum was understood as an initiative of foundations and I have consistently made the strong recommendation this concept should remain at its core. The basic idea is really that all of the important foundations around the world that are involved in sustainable development should meet together to develop common concepts, goals and to implement projects; this necessarily leads to a better exchange of information leading to improvements of one's own work as well as creating synergy effects through joint activities.

It is vital to recognize that foundations remain at the Forum's core and the US-Europe axis not be broken. Even when it is quite difficult, the trans-Atlantic exchange is extremely important – this is where the most exciting learning takes place. It is always exciting and a tremendous added value to learn about different points of view, news ways of looking at the world, to hear about different experiences and then to compare them with one's own. This is the role I see for the Bellagio Forum – that is its core mission.



*Dr. Fritz Brickwedde,
Secretary General of
the German Federal
Foundation for the
Environment*

FORUM: What do you see as the Forum's geographic focus?

Brickwedde: The Forum should have a global perspective. We should turn our attention eastward. We also had Japanese Foundations. Encourage reciprocal exchange, to learn from one another, to look and see how others are doing something and recognize how one might alter ones' own practices to or at least to have a better idea of the alternatives. I would most definitely emphasize that the Bellagio Forum needs to promote this inter-continental exchange. I would definitely recommend that the Forum bring on some additional Japanese as well as Chinese, Indian and partners from other Asian nations as well.

Concurrently, it is necessary to recognize that is can be particularly difficult in certain nations, for instance Russia or China, where civil society plays little or a very weak role. I am certain, however, that in the coming years this will be a growing sector. Whether foundations will also play a role in these countries, I do not know; but I hope so.

FORUM: As head of one of the Europe's largest foundations and as chairman of the Organization of German Foundations, what roles do see foundations playing in the years to come?

Brickwedde: In Germany, foundations will play an increasing role within Germany because the tendency will be away from the state and more toward civil society. Foundations will therefore take on a more important role in civil society. Currently we have 13,000 foundations in Germany and a growth rate of approx. 800 new ones each year. That means that this number will double in a very short period of time. I welcome this development. We need a greater involvement of citizens not just in Germany, but around the world.

In this context there is a certain space for concern; in Russia these delicate civil society »saplings« are pit up against an overpowering state that is now attempting to block any influence from the outside world. For Russia, the Orange Revolution in the Ukraine is a clear sign that it is possible for a grass-roots movement to arise over which the state has little control. This is in stark contrast to the entire tradition of the Russian empire, including the former CIS countries. Foundations from Europe and the United States

should make an effort to support these small embryonic civil society organizations in Russia to the extent that the law permits in order to ensure that democracy exists not just on paper but also in reality. Naturally this is also the case for other countries that are playing an increasingly important role. To the extent that this is possible to do in a country like China, it is necessary to be very careful. This will be a long process, but clearly the more China opens itself as a market economy, the more necessary it will become to rely on private initiative. At some point a market economy, democracy and civic engagement come together. In the long-term this will happen. My recommendation is to get there early and facilitate the process. Parallel to this we must use the democratic process as an instrument for sustainable development.

In the coming decade, nations like China, India and Brazil will play a much greater role than »old Europe«. With regard to the global issue of climate change there is a significant chance that development in these nations, and especially China, will make European efforts of little consequence. In terms of efficiency, it is simply too expensive for developing countries to finance the latest environmentally friendly technologies. At the beginning stages of development it is possible, with the same amount of money, to achieve much greater positive environmental impact. It is irrelevant to the climate whether action is taken in China, the US or Germany.

It is necessary for foundations to become more involved in these emerging nations: we at the DBU have taken the initiative to assist with progress in Eastern Europe; others are stronger in different developing countries. I would very much like to see the Bellagio Forum develop further in this direction.



*Ralf-August Frye,
Bellagio Forum*

The HealthStore Foundation

Micro-Franchising for Public Health, a Private Sector Model for a Public Health Disaster....

Wayne Farmer and Gina Malloy

In the heat of a January afternoon, Credence Maina returns to the health clinic she owns and operates as a franchise in the Kirinyaga district of Kenya. In her fifties, petite and con-

servatively dressed, Credence projects an air of competence that lends confidence and comfort to the waiting patients. She meets each gaze easily, familiar with family medical histories and income cycles from daily labor and seasonal harvests. The patients nod and regard her, some visibly ill while others try and comfort sick children. Based on personal experience and simple word of mouth, they seem to know that they're in a reputable facility delivering high quality and affordable medicines. Credence's clinic is a welcome relief in a landscape of exploitative merchants with exorbitant charges for sometimes counterfeit and expired medications.

Credence moves efficiently from patient to patient checking in on Enfrey. A tall Kenyan nurse with a smile at the ready, Enfrey works for Credence. Together, they have converted the business from a simple pharmacy to a mature health care clinic providing medical consultations and a more expansive set of inventory and preventative products.

With Enfrey minding the store, Credence has already completed a school screening this morning. She provided health check-ups for over 400 children before holding a water purification demonstration for their mothers. Returning after a full day of community outreach, the waiting room is crowded despite Enfrey's swift pace. There are patient records and sales tables to complete, meticulous orders to fill out and marketing plans to finalize before her regional



Credence Maina dispenses medicine from her HealthStore

supervisors visit tomorrow. And there is always the chance of a »mystery shopper« helping to enforce the highest customer care and quality service.

Credence quickly checks the posted medicine price sheet outside on the porch. A small store front in a market center serving up to 10,000 people, the clinic is a smart looking business, freshly painted with colors and logo identical to the other 63 HealthStore shops and clinics now within Kenya. Reentering the front room, she scans her guest book now filled with visitors from every continent of the globe. (She has recently been visited by one of the Google founders, representatives from the Gates Foundation, The World Bank and a wealthy Swiss family).

Prior to joining The HealthStore Kenya Network, Credence traveled around her district with a small bag of medicine, educating and treating patients door-to-door. HealthStore accepted Credence's application to become a franchisee because of her knowledge of the area and her sincere desire to help bring essential drugs to her community.

Credence makes a good living and her income is increasing. Her work in the private sector complements and even eases the burden on the public health care system. She is proud to be able to stay in Kenya and serve those who are suffering from a short list of treatable diseases. With her savings invested in the clinic and a small loan covering the fixed-capital start-up costs, Credence can work to heal her community, using assets and skills such as financial management, marketing promotions and ongoing health training. With financial incentives to follow the rules and grow her customer/patient base, Credence is the new breed of micro-franchise entrepreneur.

The opportunity to provide medical care to the people of Credence's community, to which she has added a healthy dose of her own hard work and initiative, began in 1997 with an organization known as Sustainable Healthcare Enterprise Foundation.

Now renamed The HealthStore Foundation (HSF), this non-profit organization has as its mission to »prevent needless death and illness by sustainably improving access to essential



Kenya

medicines.« There are currently 64 for-profit HealthStore franchises operating throughout Kenya and serving roughly 400,000 patients per year. By 2008, HealthStore plans to expand its network to over 200 locations serving 1.5 million patients per year.

Moreover, HealthStore is exploring rising opportunities to replicate its model in other countries as the success of the Kenya network draws international interest.

The HealthStore's franchise model delivers high quality care to previously under-served Kenyans by providing drugs and treatments at a price affordable for Kenya's rural poor. By aligning the incentives of customers, government regulators, and owner-operators, the sustainability of the effort is ensured as clinic owners make a good living and remain active in their communities.

It is estimated that 25,000 children die every day in developing countries for want of basic medicines that cost less than a cup of coffee. For the rural poor in Kenya, health clinics are often far away, stocks of medicine are often depleted, and drugs may be expired or counterfeit. It isn't uncommon for a mother or father to walk 6 miles or more to the nearest government clinic, wait hours to receive a diagnosis, and then be told that the medicine is out of stock. These are the issues that The HealthStore Foundation is addressing.

HealthStore employs a micro-franchise model, unique in its application to health care delivery. The HealthStore model incorporates



»Since the [HealthStore] clinic opened we are very happy because before we had to travel a long way. There we had to wait in a long line and many times they don't even have medicine.«

Marcy with 5-year-old Caro

many key elements of successful franchising: uniform branding, systems, and training, careful selection of locations, and strict quality controls enforced through regular inspections. Licensed under the HealthStore name, clinics are located no more than half an hour's walk from the communities they serve and offer between 150 and 250 tested and government-approved products in addition to diagnostic services provided by licensed nurses.

HealthStore provides financing for a large percentage of the required start-up capital, although many are able to raise the equity through family and friends. To reduce the owners' incentive to under-report sales or deviate from franchise-wide price schedules the franchise fee is included in the price of drugs charged to the clinic owner rather than as a

percentage of gross receipts. Clinic owners are able to offer very affordable service (charging approximately US \$0.50 per treatment) because of HealthStore's ability to purchase high quality drugs wholesale and then cheaply distribute them among its franchises.

HealthStore's competitive advantages include: 1) low-cost sourcing of high-quality drugs, 2) central management of political and regulatory issues arising as a matter of local, regional, and national law, custom, or debate, and 3) a critical mass of locations that can share best practices and leverage scale as overhead and fixed costs are spread out over the franchise network. In addition, franchise owners receive extensive training, marketing and promotions support, technical advice, and an established, trusted brand name.

The clinics tend to force the private health-care market to become more competitive; drug prices drop and service levels increase in other locations. HealthStore shops and clinics play an essential role when there are government dispensaries providing free medication for the same illnesses as they are often out of stock or more than an hour's walk from under-served communities. By setting standards for proximity, availability, affordability, and honesty, HealthStore clinics are raising the bar for health-care delivery in rural Kenya. The dramatic success of HealthStore's micro-franchise network has as much to do with the confidence inspired in the communities served as the affordable prices of the medicines offered.

HealthStore clinics offer nurses the potential to earn a safe, comfortable salary while serving their communities, helping to decrease the trend of »brain drain« plaguing Africa and resulting in the loss of trained and educated nurses. Sustainable and profitable job opportunities for trained, Kenyan medical personnel are essential to improve the quality of medical care by keeping that medical expertise in the country.

With its success, HealthStore is demonstrating that primary healthcare delivery is not the exclusive remit of the public sector. Delivery systems are often a choke-point in low-income and rural communities and the success of HealthStore's Kenya Network shows that the market for private healthcare services is both sustainable and socially significant. For Crendence, the micro-franchise model allows her to do for her community what she is trained and capable of doing. And from her efforts, an entire community benefits.



**Did
you
know**

To serve the additional 5 billion people expected to live on the planet by the year 2050, sewerage facilities must be provided at an average of 383,000 new customers a day.

A child in the developing world is 10 times more likely to die of a vaccine-preventable disease than a child in the industrialized world.
Source: WHO World Health Report, 1999: Making A Difference

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