

Advancing the sustainability of key population-led organizations in Vietnam through a social enterprise approach

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BACKGROUND

Despite Vietnam's persistent HIV epidemic among key populations (KPs), external donor financing has declined markedly over the past decade, putting at risk the long-term viability of KP-led organizations that drive community HIV service delivery. A social enterprise (SE) approach may allow KP-led and KP-owned organizations to self-sustain and grow their impact and income.

DESCRIPTION

From 2014-2021, the USAID/PATH Healthy Markets project partnered with KP-organizations to support them in advancing along a continuum of business development. A package of support was tailored to assist KP-organizations wishing to develop SE-clinic models. This included:

- 01 Conducting market and consumer surveys, using results to inform targeted market entry for HIV/health goods and service.
- 02 Conducting collaborative assessments of KP-organization capabilities.
- 03 Assisting KP-organizations to develop initial business models and plans, register as SEs, establish clinics, and expand offerings and service models.
- 04 Delivering technical assistance for marketing HIV/health goods and services and service quality assurance and improvement.
- 05 Facilitating mentoring, coaching, and training from a local SE incubator.
- 06 Providing start-up grants, mapping financing options, and supporting groups to access capital.
- 07 Brokering strategic partnerships with private- and public-sector partners, including other SEs and community-based organizations.

During this period, we measured progress toward sustainability through a tailored organizational capacity assessment and investment readiness tool that measure self-identified and externally-identified capabilities and areas that require strengthening to shift from a partially to a completely financially sustainable organization and/or to add new services to the business model.

LESSONS LEARNED

A 2021 assessment evaluated the organizational capacity and financial viability of three private clinics operating under SE arms, referred to here as clinics A, B, and C. Their mean profit and revenue (from both commercial and nonprofit project sources) increased from US\$17,063 and \$298,867 in 2019, to \$51,299 and \$578,916 in 2021, respectively. Despite a series of severe COVID-19 lockdowns and impacts that occurred throughout much of 2021, all three clinics' annual revenues and profits were larger in 2021 compared to previous years (Figures 1-3). The losses observed in 2018 (Clinic B) and 2019 (Clinic C) are attributable to the clinics' large investments into business start-up and scale of recurring costs.

Figure 1. Clinic A: annual revenue and profit, 2018 – 2021 (US Dollars)

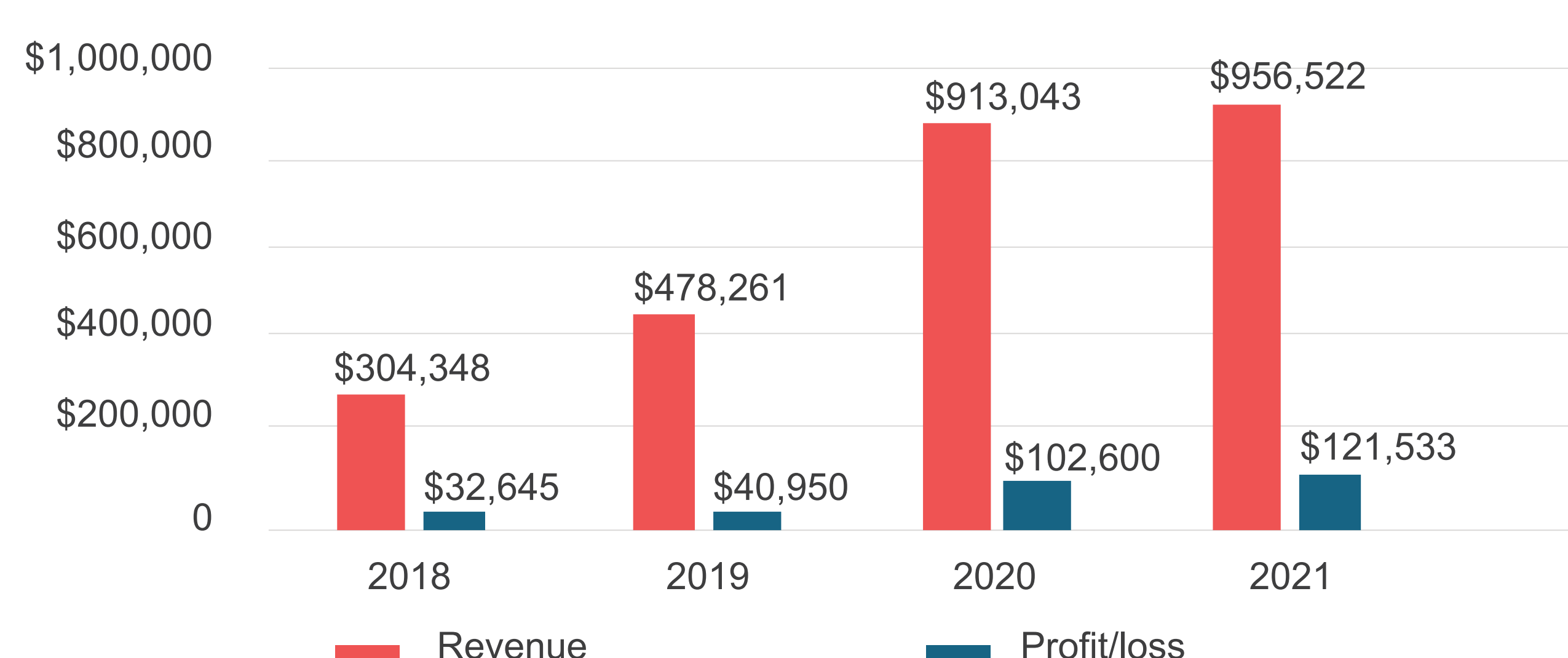


Figure 2. Clinic B: annual revenue and profit/loss, 2018 - 2021 (US Dollars)

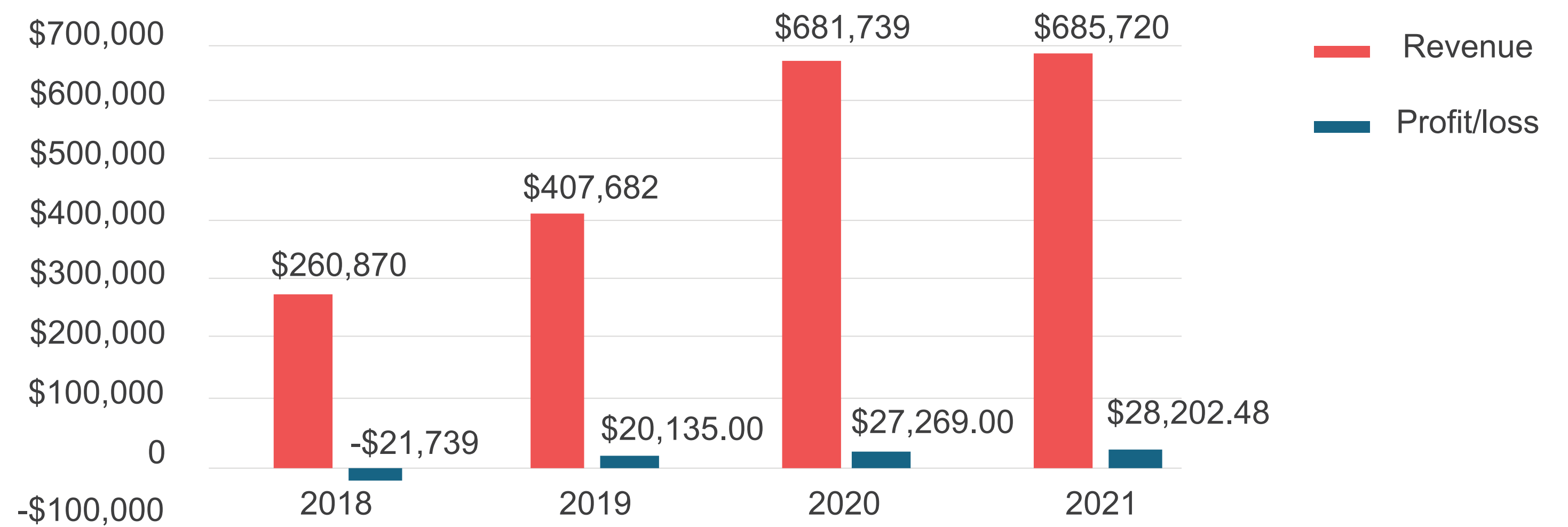
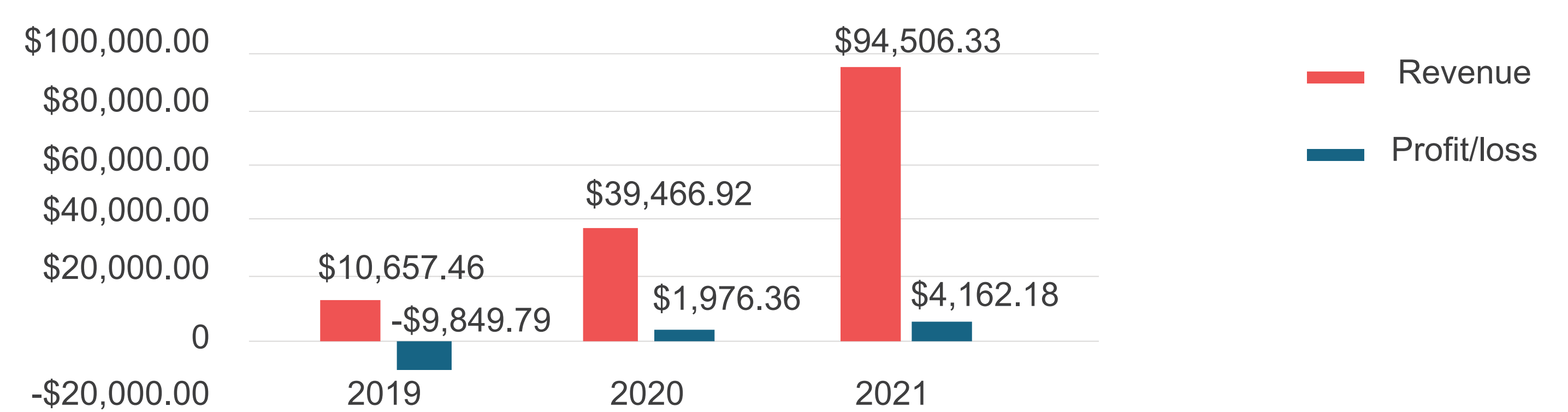


Figure 3. Clinic C: annual revenue and profit/loss, 2019 - 2021 (US Dollars)



Additionally, we assessed the change in revenue streams of each clinic from 2018 through 2021. All of the clinics saw an overall increase in the proportion of business income during this period. In 2021, Clinics A, B, and C generated 50%, 80%, and 28% of their revenues from commercial business sources (i.e., clinic services and pharmacy sales), respectively, as shown in Figures 4-6.

Figure 4. Clinic A's income sources in 2021

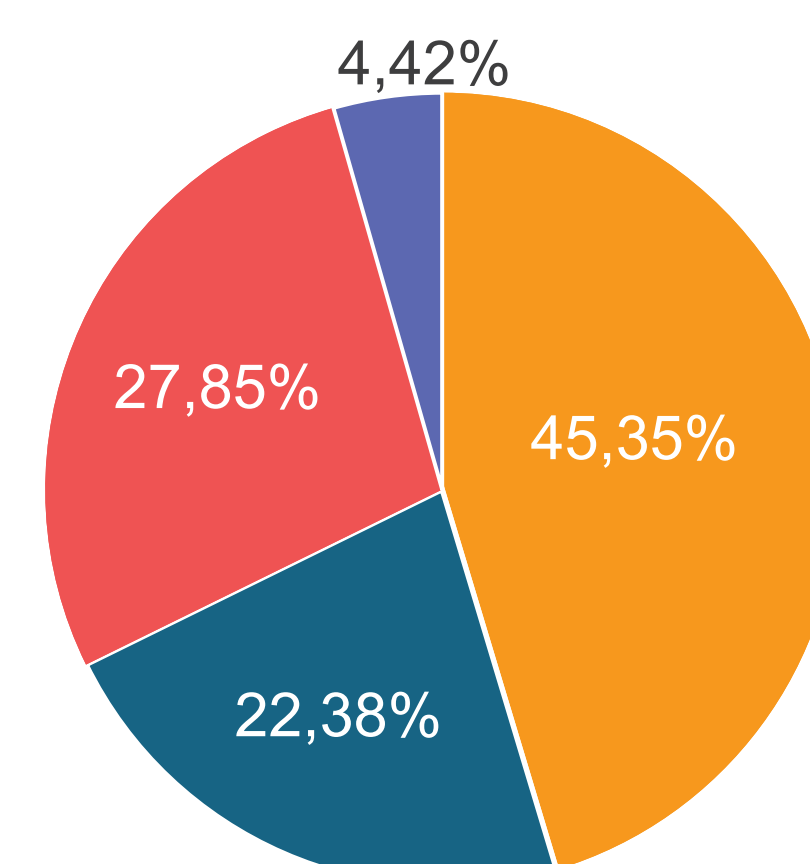


Figure 5. Clinic B's income sources in 2021

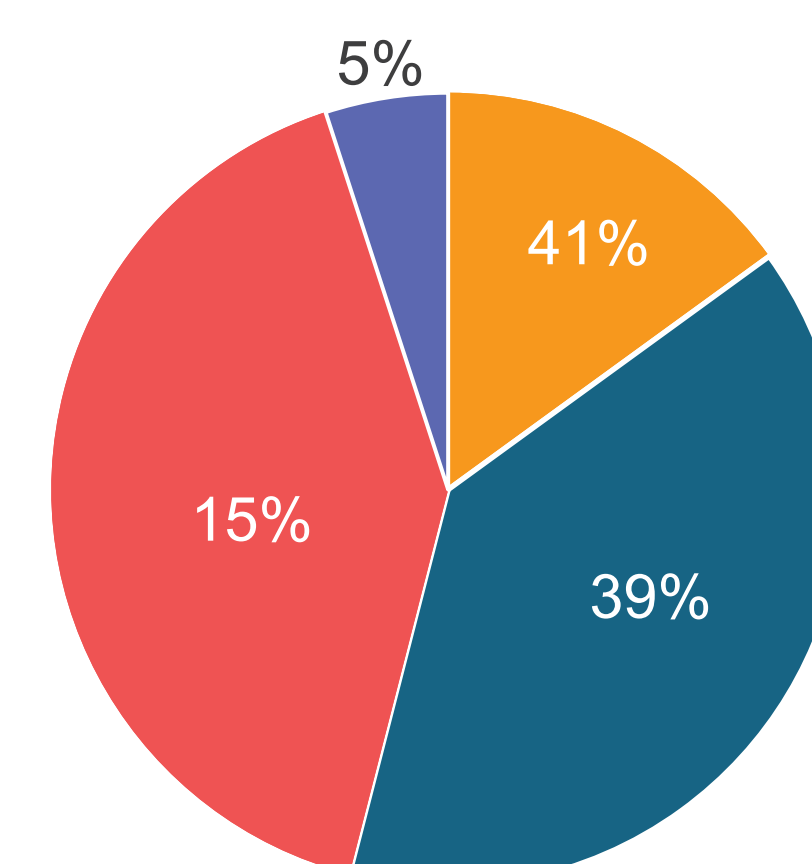
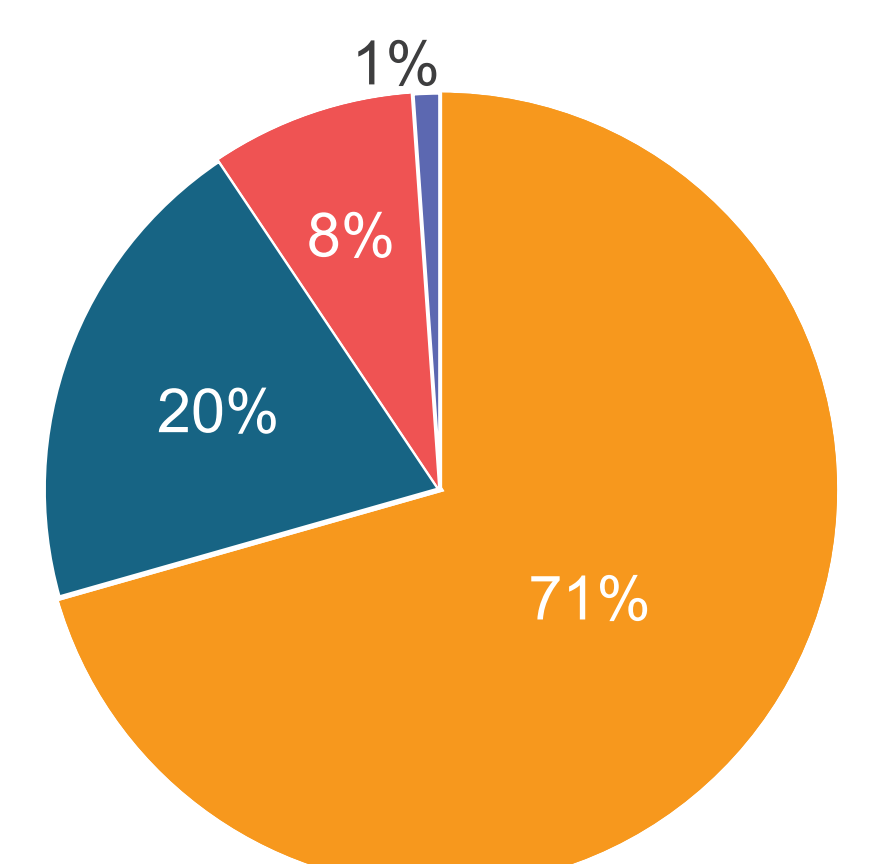
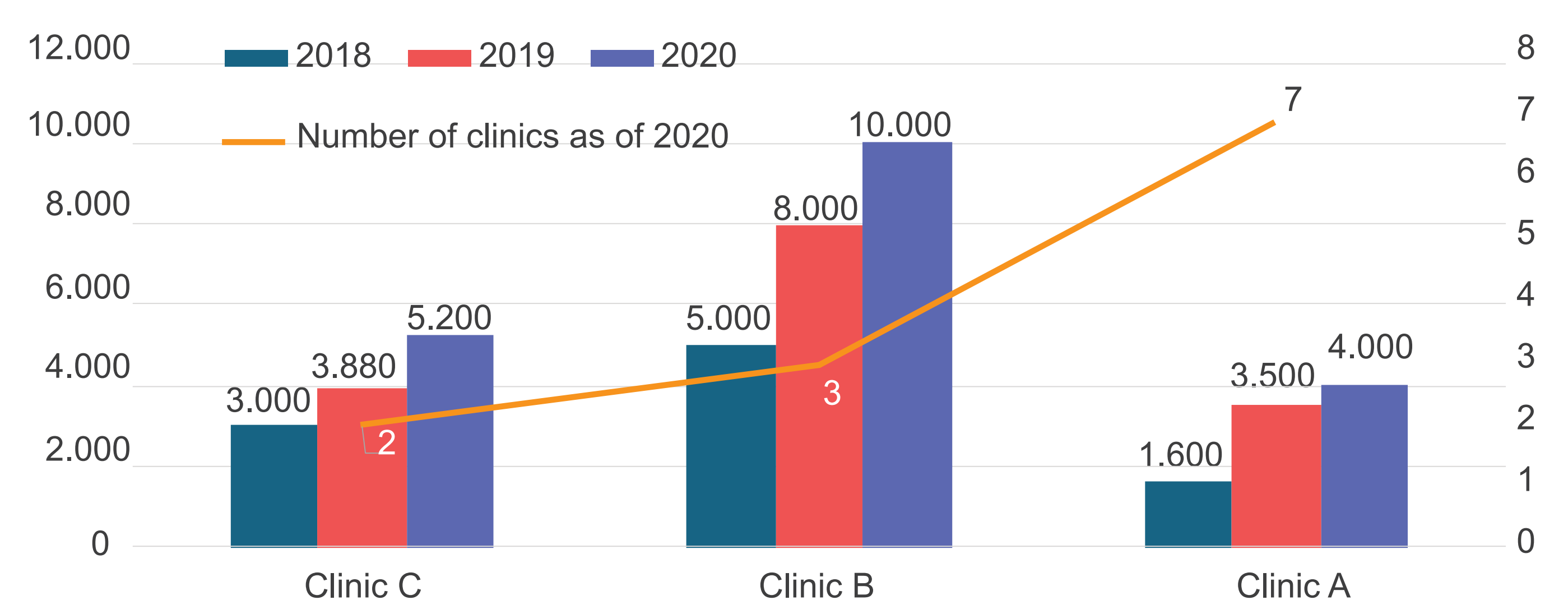


Figure 6. Clinic C's income sources in 2021



Clinic A, B, and C's total client bases (a key indicator of market growth) grew by 250%, 200%, and 173%, respectively, from 2018 through 2020, as shown in Figure 7.

Figure 7. Clinics' client base (number of clients served annually) from 2018 – 2020.



During this period, all groups scaled their models: Clinics B and C each opened two new clinics, while Clinic A opened six. The clinics attribute service and client diversification as most valuable for enabling increases in revenues, profits, client base, and scale.

CONCLUSIONS

Operating private clinics and pharmacies is one way for KP-SEs to generate sustained income while serving their social missions and continuing to seek focused donor grant funding to expand their business models. The clinics presented in this abstract have all demonstrated growing revenue from their commercial business sources and SE-clinic models. Moving forward, it will be important to provide targeted capacity-strengthening to enable greater investment-readiness of KP-SEs so they are able to further scale their promising business models and secure greater financial independence.