

Contraceptive Security

Ready Lessons II

7



**Fostering Public-Private
Collaboration for Improved
Access**



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Contraceptive Security

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Leverage the respective assets of the public and private sectors to achieve sustainable contraceptive supply through the whole market approach.

What Can a Contraceptive Security Champion Do?

- **Ensure effective market segmentation that allows public, donor, and private investment to be maximized.**
- **Promote a stewardship role for the public sector, going beyond its role as a direct provider of products and services.**
- **Facilitate clarification of terms and an openness to the process of implementing a whole market approach.**
- **Monitor availability and cost of contraceptives through market assessments and audits.**
- **Support research activities leading to identification of relevant market segments.**
- **Support demand-side interventions to decrease unmet need for family planning.**
- **Advocate for policies that free up markets for the private sector.**
- **Use social marketing programs to correct supply gaps and grow the total market through advertising and behavior change campaigns.**
- **Seek common ground, leverage existing public/private partnerships, explore innovative partnerships, and engage new commercial partners.**
- **Advocate for commercial sector and non-governmental organization stakeholders to be involved in CS committees and CS planning.**

Key Concept — Utilizing the Whole Market for Contraceptive Security

For family planning, a whole market approach considers the entire market for commodities and services in a country or region to ensure the needs of all clients are best met. This broad market is served by supply and demand channels for goods and services, which operate in all sectors – public, commercial, non-governmental, faith-based, and others.

Employing a whole market approach requires understanding in some detail how the market is segmented. For contraceptive security purposes, the whole market approach:

- Uses population-based segmentation research to identify client segments according to a variety of criteria, such as contraceptive use, socio-economic level, willingness to pay, and/or attitudes and behavior;
- Analyzes the current market for contraceptives to identify incentives (or lack of incentives) for private sector involvement;
- Develops or revises policies to promote private sector involvement in contraceptive supply;
- Provides a framework to define roles for the public, commercial, and non-governmental organization (NGO) sectors in meeting these clients' needs, identifying segments that can be used to develop strategies and policies to meet the needs of the whole market;
- Develops strategies to better meet demand for contraceptives; for example, targeting subsidies to low-income clients and encouraging the private sector to serve those who can afford to pay for commodities (see *Ready Lesson 1 #3: Taking a Whole Market Approach*).

The whole market approach can lead to more sustainability, increased demand for contraceptives, increased number of people with access to contraceptives, increased CPR, better allocation of resources, and the achievement of national family planning goals. This Ready Lesson describes recent successes in implementing whole market approaches as well as the challenges of adopting such an approach.

Context: Understanding and Applying a Whole Market Approach

Given limited resources and competing demands, public policy makers need innovative approaches to utilize available resources for greatest impact, to maximize the contribution of private and other sectors to meet the needs of all clients, and to address the needs of the underserved (see *Ready Lesson II #6: Mobilizing Financial Resources* and *Ready Lesson II #9: Reaching the Underserved*). Such a strategy requires a whole market approach in which all sectors are engaged as much as possible and have rational, complementary roles to fulfill. For family planning, the whole market includes the various sectors providing family planning products and services including public sector programs, non-governmental and faith-based organizations, socially marketed products, private pharmacies, private providers and clinics, commercial manufacturers, suppliers, and distributors.

In an effective whole market approach, family planning stakeholders must understand their mutual roles and contributions to the whole market. While these roles will vary significantly from country to country and within each sector, the following are lessons based on country experiences and challenges.

Stewardship Role of the Public Sector

In a whole market approach, the public sector undertakes a stewardship role where they coordinate the various sectors in a collaborative plan of action. The responsibilities of stewardship include monitoring contraceptive security and progress towards national family planning goals, coordinating collaboration among stakeholders to ensure comprehensive coverage of services and supplies, reducing policy barriers that may hinder private sector participation, and promoting private sector provision of goods and services to meet the needs of market segments with the willingness and ability to pay for contraceptives.

The stewardship role of the public sector may require strengthening its ability to monitor the contraceptive market — including the availability and cost of different methods, the quality and accuracy of information received by consumers, and the stated ability and willingness to pay of current and potential users. This information should be collected by the respective sectors (public, commercial, and NGO) and can be obtained through population-based research, market audits, and regular communication with various stakeholders. The regulatory and enforcement capacity of the public sector may also need strengthening to ensure that products and services offered in the private sector meet high quality and safety standards.

The public sector must identify the most beneficial role for its own provision of services and supplies while also creating an enabling environment for private suppliers and service providers. Restrictive importation and tax regulations may limit the number of products available on the market or create artificially high prices. Some public sector policies, such as untargeted free contraceptives for all, can lower demand for contraceptive products in the private sector. Partnering with the private sector requires consensus building by all parties (public sector, donors, and private sector suppliers) and may require public policy changes (i.e., more favorable importation laws or targeted public programs) to facilitate the growth of market segments for the private sector. Greater engagement of the private sector will, in turn, allow the public sector to better use its limited resources to address the needs of the underserved.

Engaging the Private Commercial Sector

Finding common ground between public and private interests is necessary to secure mutual commitment, and to avoid investing public resources in programs that disproportionately benefit wealthy users. A key principle of the whole market approach is that the commercial sector should serve users who can afford commercial prices, while NGOs and the public sector have a key role in reaching underserved or low-income groups. A coordinated whole market approach must be relevant to and specific for the local context. The ability and willingness of private sector suppliers to contribute to contraceptive security efforts is largely influenced by current and potential demand, population size, GDP per capita, policy and regulatory environment, commercial presence and investment, and publicly-funded efforts to increase contraceptive use.

It is important to emphasize that governments and donors cannot mandate private sector expansion and roles. However, by clearly demonstrating the opportunities for private sector involvement in the contraceptive market, and by fostering an enabling policy environment, they can create favorable conditions that induce private providers to expand their participation in the reproductive health/family planning market. This may include active encouragement of the private sector to demonstrate a stated commitment to contraceptive security goals through tangible market initiatives, and advocating that socially responsible behavior by the private sector can improve its social image and attract more business.

The following principles form the basis of a whole market approach:

Evaluate the capacity of the private sector. The first component of the whole market approach is to evaluate the current capacity of the private sec-

tor: What segments of the population does it serve with what services? What are the current incentives for the private sector? What limitations affect the way it functions? This evaluation will serve as the basis for any strategies to encourage and engage the private sector.

Develop rational targeting strategies. In some countries, contraceptive manufacturers already invest substantial resources in promoting and distributing a wide range of contraceptives. The simplest way for the public sector to collaborate with these suppliers is to allow them to reap the benefits of their investment by targeting their resources to serve different client segments than those which the private sector is well positioned to serve. The public sector must assume the challenge of developing effective targeting strategies to focus on those segments not addressed by the commercial or NGO sectors (see *Ready Lesson I #3: Taking a Whole Market Approach* and *Ready Lesson II #9: Reaching the Underserved*). Increasing market size by decreasing unmet demand will also improve profitability for private sector organizations, and thus attractiveness of the market to them.

Improve the opportunity for choice. The products offered by the private sector should complement the formulations and brands of contraceptives offered by the public sector. One strategy for governments is to provide a full method mix while limiting the number of subsidized brands per method thus maximizing the utilization of public resources. The government can also generate overall demand through IEC campaigns and provider training. This strategy helps build a market for contraceptive methods beyond public service delivery outlets, and motivates the private sector to offer a greater choice of brands and services.

Introduce mid-priced products. In highly subsidized markets where there is little opportunity for commercial suppliers to offer products affordable to most clients, one approach to building market sustainability is to introduce commercially sustainable mid-priced products (see Nigeria example, on next page). Mid-priced products are often generics that are marketed to an untapped middle-income niche. Mid-price strategies may be appropriate where a sizable proportion of the user population can afford more than subsidized prices and where new brands sold at commercially sustainable prices can be successfully marketed. Due to their profitability, mid-priced products can be sustainably provided without external financial support, unlike socially marketed or other subsidized products. Introduction of mid-priced products is therefore especially appropriate in countries where free and subsidized commodities are being phased out and create a vacuum for the private sector.

Join forces with the private sector. In countries where commercial presence and investment are low, or where prices are too high for the average user, it may be necessary to actively engage the private sector in addressing supply

gaps. Partnerships can be used to introduce new methods, increase the use of low-demand methods (see *Ready Lesson II #8: Expanding Contraceptive Choice by Supporting Underutilized Methods*), increase overall use of contraceptives, and/or build sustainability in highly subsidized markets. Achieving effective and active participation of the private sector, however, is challenging. For commercial suppliers and NGOs to have a vested interest in this approach, they must be convinced of its added value for their own programs. In developing public/private partnerships, the differing capabilities and investment capacity among potential partners must be considered. Multinational and some local brand-name pharmaceutical companies are more likely to co-fund consumer campaigns and expand product distribution in countries where there is true market growth potential. Their willingness to offer low-price products outside government procurement programs, however, may be limited. In recent years, large Asia-based generic manufacturers with the capability and willingness to offer affordable commercial products have shown interest in entering developing markets. This type of supplier can be engaged in new forms of public/private partnerships that may also involve local distributors or social marketing organizations.

Identify the right “proxies”. The wide array of private sector organizations involved in health care — private pharmacies, clinics, manufacturers, individual service providers — do not self-organize as one group. Because of this, the public sector may need assistance in identifying partnership opportunities and in negotiating roles for a national contraceptive security effort. Coordination might also prove challenging among private sector organizations hesitant to communicate their business strategies openly in an environment with healthy competition. To overcome such barriers, the public sector can work with established professional associations, industry groups, NGOs and civil society groups that can effectively represent subsets of private sector organizations and openly partner with and negotiate with the government.

Building a mid-price market in Nigeria

A 2006 assessment of the Nigerian contraceptive market found commercial oral contraceptive brands to be several times more expensive than social marketing products. The absence of affordable commercial brands, together with users’ reliance on free and subsidized commodities, was in sharp contrast with other pharmaceutical categories. Using average drug prices in pharmacies as a basis of comparison, the assessment team concluded that a mid-priced oral contraceptive product priced below \$1.50 would likely be affordable to mainstream users.

Marketing a product at a commercially sustainable price in a largely subsidized market, however, is extremely challenging. In order to build added value (and justify a higher price), a different formulation would be needed. In addition, the brand would need dedicated promotional support above and beyond what the current market potential might call for until a critical market share was achieved. Beyond this period, revenue generated by product sales would have to cover the cost of marketing, distributing, and promoting the brand.

Following the assessment, donors encouraged discussions between potential suppliers for the **Nigeria** market, and local pharmaceutical distributors. Generic manufacturers in India and Thailand demonstrated a willingness to register and sell a new brand of oral contraceptive at much lower prices than Western-based companies, but were not able to provide much marketing support to the proposed new brand. On the distribution side, a local social marketing organization (the Society for Family Health, SFH) expressed strong interest in marketing a mid-price brand and was committed to invest time and resources in the project. After implementing market research and negotiating the terms of the partnership, SFH signed an exclusive contract and MOU with a reputable Indian manufacturer (FamyCare) in March 2007.

This public/private partnership proved innovative in several areas: it allowed for the introduction of a commercial product in a highly subsidized African market; encouraged a generic manufacturer to market products commercially in a developing country; introduced a new contraceptive formulation in a market where consumers previously had little choice; and helped a local NGO grow its social marketing program in a financially sustainable manner.

Complementary Role of Non-Governmental and Faith-Based Organizations

NGOs, including faith-based organizations (FBOs), take on various roles in the family planning market. In some cases, these organizations may operate more like the commercial sector, charging competitive fees for services or supplies. Others may focus exclusively on the underserved. Still others may

strategically position their services and products in a way that complements both the public and private sectors. Because of the varying roles NGOs and FBOs can play, it is important to clarify and reconcile mandates with respective sectors and to be sure that subsidies to these organizations do not undermine the commercial market. For example, an NGO in Latin America that had a mandate to reach the poor recently began to impose a cost-recovery scheme to attain financial sustainability, due to declining funding. A subsequent market segmentation study revealed that, under this new strategy, the NGO was competing with the private clinics while leaving a gap among the poorest and rural clients. Many NGOs, especially those that are faith-based, are immensely successful in reaching the most underserved. However, this example highlights the potential for both gaps and overlaps in service provision. A well-coordinated whole market approach can ensure that gaps are filled, overlaps are avoided, and resources are used efficiently.

Public-private partnership expands access to contraceptives in Nicaragua

In **Nicaragua**, an important family planning provider is the Nicaraguan Social Security Institute (INSS), which exemplifies one of the most innovative social security schemes in Latin America. INSS covers 10% of primary health care needs through its beneficiaries, who live mainly in urban areas. Since 1993 INSS has been contracting with private medical providers (known as Empresas Médicas Previsionales, EMPs). INSS does not own its own clinics or hospitals; rather all services are contracted to EMPs. The EMPs, which function as private businesses, are located in private and public health facilities that have their own infrastructure and resources. They provide a large array of primary and secondary health care services to beneficiaries. INSS pays the equivalent of US\$13 per family per month to each of its participating providers to cover beneficiaries, their spouses and children under 12 years of age. These funds come from contributions that are taken directly from employee paychecks; in some cases a percentage is covered by the employer. INSS services include curative care, some prevention services, family planning, prenatal care, labor and delivery, and postpartum care, as well as diagnostic testing and essential medicines.

Under the INSS benefit package, family planning services are only provided to those who are actually affiliated with INSS (employees), not spouses. FP services include a wide range of temporary and permanent methods, including oral contraceptives, injectables, intrauterine devices (IUDs), and condoms. In 2004 the EMPs reported delivery of 1,339 couple years of protection, but by 2005 this amount had increased five-fold to 6,792 couple years protection. This demonstrates a willingness on the part of the INSS and hence the EMPs to increase preventive care/FP services as well as an increased demand by the population for FP services. There is much room to increase INSS coverage, and INSS is currently reviewing the per capita structure to possibly include a wide gamut of preventive services, including the provision of family planning services to the spouses (wives or husbands) of beneficiaries. INSS is committed to expanding access to family planning in coming years.

This model illustrates innovative ways that public institutions can utilize partnerships with the private sector to improve coverage for distinct segments of the population. In addition, this example illustrates beneficial market segmentation amongst health service organizations: INSS increased its services to those in the formal sector who were legally covered by social security, allowing the Ministry of Health to focus its resources more on the underserved, most vulnerable and poorest populations.

The Whole Market: Strength in Coordination

While each sector has unique responsibilities and roles within a well-orchestrated whole market approach, there are also collective responsibilities:

- **Monitoring:** Stakeholders play a critical role in ensuring routine monitoring of prices and product/service availability. Data from market studies and from organizations in different sectors are needed to effectively coordinate and ensure a well-orchestrated whole market; data sharing by all sectors is therefore critical for a successful whole market approach. In Albania, for example, sales and distribution data from the social marketing and commercial sectors are collected on a quarterly basis and combined with data on public sector consumption to present to the Contraceptive Security Committee. These data help

stakeholders to identify market trends early and manage the whole market better. Trust is needed between partners to ensure data is shared appropriately.

- **Coordination:** While there will likely not be a formal mechanism through which the public and private sectors coordinate collective responsibilities, it is important to include private sector stakeholders in the process. These stakeholders may be included as members of multisectoral planning groups for contraceptive security or other coordinating committees, or other opportunities may be used to encourage information sharing and build trust between the public and the private sector.
- **Communication interventions:** Demand is effectively increased through well-crafted communication interventions with messages that are relevant to identified audiences and consistent among sectors. Through sustained communication efforts (accompanied with strong service and product supply), family planning can become a social norm; when that happens, people are motivated to purchase contraceptives and receive clinical family planning services from private practitioners when they are not available from the public sector.
- **Correct inefficiencies:** The varying sectors should routinely monitor and reconcile their stated mandates against their actual practices to ensure that a well-coordinated and rational whole market is maintained.
- **Consider sustainability issues:** As a group, the stakeholders can envision the desired future, consider influencing factors (such as donor phaseout) and work together to achieve long term goals.

Further Reading

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The USAID Commodities Security and Logistics Division works to advance contraceptive security by providing global technical leadership and support to country programs in research and analysis, strategic planning, program design and implementation, and monitoring and evaluation.

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