

## Eldis Health Key Issues

### Market development approaches

Market development approaches (MDAs) to reproductive health are initiatives that work towards enhanced financial sustainability, improved access and expanded choice. The term “market development approach” encompasses a very broad set of approaches to health care delivery, but by definition involves the commercial sector. To date, most of the analysis of MDAs has focused on those that receive donor support, although initiatives by the commercial sector on their own are perhaps the purest market development approach.

This key issues guide is a tool for donors, governments and implementers to learn about MDAs for reproductive health and begin thinking of options and issues to encourage, design, implement, manage and evaluate MDAs.

An online version of this guide is available at:

[www.eldis.org/healthsystems/mda/index.htm](http://www.eldis.org/healthsystems/mda/index.htm)

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#### Contents:

<b>Background and overview</b> .....	<b>2</b>
Why are market development approaches becoming such an area of interest? .....	2
What is the role of the commercial sector in reproductive health? .....	2
What is social marketing? .....	4
<b>Tools for design, implementation and evaluation</b> .....	<b>5</b>
Marketing assessment .....	5
Targeting .....	6
Market segmentation .....	6
Willingness to pay .....	7
4 Ps: product, price, place, promotion .....	7
Tools to measure impact .....	8
<b>Examples</b> .....	<b>9</b>
Innovations in financing .....	9
Commodity cost reduction .....	10
Expanding distribution and availability .....	12
<b>Country case studies</b> .....	<b>14</b>
<b>References and summaries</b> .....	<b>16</b>

## Background and overview

This section of the guide provides a background on market development approaches (MDAs) for those who may be less familiar with the concept or want a broad overview. Donors and governments may find this section particularly useful to obtain some necessary background quickly.

### Why are market development approaches becoming such an area of interest?

There are a number of factors that are changing the current environment and increasing interest in MDAs.

The decrease in funding from USAID and other donors in many countries is creating a funding gap while demand for reproductive health services continues to grow. UNFPA (United Nations Fund for Population Activities [www.unfpa.org](http://www.unfpa.org)), a long-term supplier of contraceptives, has regular annual budget fluctuations that can disrupt supplies. Similarly, lack of predictability at national level results from funding fluctuations, weak policies and systems of donors, governments and implementers, and particularly lack of co-ordination between these actors.

For more on this, see:

- ⇒ Supplies Initiative website: [www.rhsupplies.org/index.shtml](http://www.rhsupplies.org/index.shtml)
- ⇒ **Access to condoms and HIV/AIDS information: a global health and human rights concern**
- ⇒ **Reproductive health commodity security (RHCS) country case study synthesis**, a four country study commissioned by DFID and the Netherlands Ministry of Foreign Affairs.

Donors are increasingly focused on sustainability. Some view the **2005 Paris Declaration on Aid Effectiveness** as a mandate to shift control more to local governments who will need a range of options for ensuring contraceptive security. Some donors are looking for ways to co-finance programmes and make them more cost-effective.

Meanwhile, the global market is expanding. More suppliers in developing countries have emerged as national players with potential to gain a foothold in international markets as intellectual property and technology barriers decline with some of the older contraceptives. With the expansion of markets, donors are gradually untying aid to their home-country manufacturers in search of more cost-effective supplies.

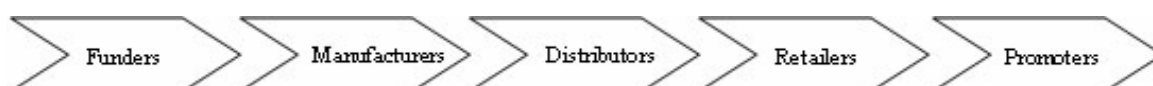
New donors and implementers with a potentially more market-oriented view on solutions are increasingly involved in reproductive health supply issues. MDAs can respond to these circumstances by addressing sustainability, access and choice through greater involvement of the commercial sector.

### What is the role of the commercial sector in reproductive health?

In even the poorest countries, the commercial sector makes products and services available to consumers around the world. (The “commercial” sector refers to for-profit entities, while “private” sector may also include any non-government organisation, such as non-profit organisations.) These are market development approaches in their purest form. Donor and government support to the commercial sector can enhance its ability to reach consumers across social, economic and geographic groups.

Virtually all health approaches have some degree of commercial involvement. Even the most public sector based approach generally has some minimum level of commercial involvement: for example, there are very few approaches involve manufacturing products within the public sector.

Commercial entities may be involved in all steps of the value chain to deliver reproductive health to consumers including financial support, manufacturing, distribution, retail and promotion. In other words, commercial companies take part at all stages that lead to product and service delivery to the consumer.



Many commercial health approaches receive some degree of public funding. MDAs aim to expand the role of the commercial sector to:

- enhance financial sustainability by lowering costs to consumers and/or donors/governments,
- improve access by making products more available and affordable
- expand choice by making a wider array of products available.

A good starting point for thinking more about how markets can be used to meet the needs of the poor and how support to the commercial sector can support this transition is DFID's work on making markets work for the poor. See **Making market systems work better for the poor (M4P): an introduction to the concept, 2005**.

**Private sector participation in health**, commissioned by the German Development Bank KfW ([www.kfw.de/EN\\_Home/index.jsp](http://www.kfw.de/EN_Home/index.jsp)), considers how the private sector (including commercial) can be involved in delivering health care. Chapter two looks at private sector health expenditures in low- and middle-income countries and how poor people make decisions about expenditures. The document examines a range of possible approaches open to donors and governments, some of which are already supported by KfW.

While the commercial sector can be highly effective in the delivery of health care products and services, it is important to consider the trade-offs of public and private provision of health care. For MDAs, a key issue is the degree of commercial involvement and the resulting effectiveness and efficiency. Hanson et al, in **Ends versus means**, provides an overview of some of the pros and cons of private and public contraceptive delivery.

Another important consideration for MDAs is the impact of public funding on commercial markets. The commercial sector has been used to varying degrees to increase availability and choice of contraceptives in financially sustainable ways. But sustainability can also have trade-offs; high level of commercial involvement may have high financial sustainability from the donor and government viewpoint, but may also be expensive to the consumer.

An important consideration is the long-term impact of public/donor support to markets. While there is some concern that donor/government funding (i.e. subsidy) distorts markets, the evidence of the results of MDAs and particularly their impact on markets is inconclusive. In **Supplying subsidised contraceptives**, Hanson et al discusses the impacts of subsidy and reflects on the results of contraceptive subsidisation, including the impacts on cost-effectiveness and on markets. 'Crowding-in' (the entry or growth of more brands and contraceptives on a market) and "'crowding-out' (the exit or absence of brands and contraceptives from a market) due to the presence of a subsidised product are discussed.

Further details on MDAs and their structure may be found in section 3.2 of Market development approaches scoping report: [www.eldis.org/healthsystems/mda/pdfs/mda\\_report.pdf](http://www.eldis.org/healthsystems/mda/pdfs/mda_report.pdf)

## What is social marketing?

Social marketing programmes comprise the largest and most diverse collection of MDAs and therefore merit discussion as part of the background on MDAs. Since the late 1960s, social marketing has been used to expand access to reproductive health supplies and, later, services. Social marketing also provides some basic concepts that have framed much of the thinking around MDAs.

Recognising the failure of markets to meet contraceptive needs, social marketing was employed as a means to market development. The assumption (based on some degree of empirical evidence) was that commercial entities (i.e. condom, injectable and pill manufacturers) would not enter developing country markets without added incentives. Assistance to commercial entities was intended to kick-start the commercial sector involvement.

Traditionally, there have been two theoretically opposing approaches to social marketing: the 'Manufacturer's Model' and the 'NGO Model.' While both terms are now outdated and few, if any, interventions fall squarely into one or the other box any more, it is worth using these terms as a starting point to explore the dimensions of MDAs in some more detail.

The Manufacturer's model has relied to a large extent on an established commercial partner (or supplier), who is provided with incentives (e.g. marketing support) to enter a new market, but who continues to operate as an independent, commercial, for-profit player. The manufacturer maintains control over the brand, and is usually responsible for sales and distribution. A manufacturer's model can have varying degrees of market intervention: large subsidies can support brand building, distribution, product price reduction, etc over a long period of time; alternatively temporary brand building and market support with quick transition to independence and subsidy withdrawal can be provided.

The NGO model also uses a commercial approach and works with commercial suppliers, but is reliant on building an entity which is both commercially-oriented and not-for-profit (typically the NGO or an affiliate). The entity usually conducts its own procurement and creates its own brand, marketing and sometimes distribution systems and research.

One of the reasons for the move away from the two models relates to proving where and why the models are successful. **Ends versus means** provides some comparison of the models. Additionally, with PSP One's **When donor support ends** reviews the long-term success of the manufacturer's model brands that were supported by donor funds for a limited time.

The sections of this site on **Examples** and **Country case studies** detail specific more contemporary social marketing programmes and other MDAs. Meadley et al, in **Review of DFID approach to social marketing**, provide a thorough analysis of social marketing, including an overview of social marketing.

## Tools for design, implementation and evaluation

Governments, donors and implementers need to understand markets for reproductive health products better. For instance, understanding consumer **ability** to pay and also **willingness** to pay, based on underlying attitudes, is a key success factor in any marketing programme. Greater understanding of market segmentation is needed not just by implementers, but also at a strategic level in order that programmes are appropriately designed and evaluated.

By design, market development approaches (MDAs) use commercial sector techniques to create public health impact. MDAs therefore have borrowed and adapted a number of tools from the commercial sector.

Such tools can be used to:

- identify and understand markets
- assess how markets can be used to improve reproductive health
- determine needs and possible areas for market expansion
- define the potential target audience(s) for market development approaches

There are not enough easy to use, low-cost tools available to understand and measure markets. One of the challenges is that some market assessment tools can be expensive to use, and donors have been reluctant to fund their use.

This section outlines the step by step process to conduct essential market research using some widely recognised tools and processes for MDA design, implementation and evaluation.

These include:

- Market assessment
- Targeting
- Market segmentation
- Willingness to pay
- 4 Ps: product, price, place and promotion
- Tools to measure impact

Further details on these approaches can be found in section 7.1.1 of Market development approaches scoping report ([www.eldis.org/healthsystems/mda/pdfs/mda\\_report.pdf](http://www.eldis.org/healthsystems/mda/pdfs/mda_report.pdf)) and **Assessment manual: a handbook for conducting private sector country assessments**.

## Market Assessment

As a first step to understanding a market, MDA designers and implementers need to gather data about the reproductive health market. This data provides information about contraceptive usage, barriers to use, access to supplies (where obtained and at what price), etc. Financing and procurement of supplies is also part of this equation. Such data might be obtained from in-country resources like the Ministry of Health, donor reports and the **Demographic and Health Surveys**. Other data about in-country pharmaceutical markets, such as that collected by market research firms like **IMS**, might also be incorporated to determine total market size for each contraceptive. However, reliable market data is not collected by research firms in all countries. Ideally, more in-depth information about the consumer and providers is obtained as the programme determines its objectives and approaches.

## Targeting

With an overview of the market, designers and implementers can consider which parts of the population to target. Kara Hanson et al, in **Targeting services towards the poor** provides some very helpful background to conceptualising the need for and role of targeting in health programmes aiming to reach the poor. The chapter explains why targeting is important for reaching the poor, provides examples of what methods can be used to target different populations and reviews the evidence of six different approaches to targeting.

For more on targeting populations, see Targeting the very poor, from the dossier "Meeting the health-related needs of the very poor."

([www.eldis.org/healthsystems/dossiers/v\\_poor/targeting.htm](http://www.eldis.org/healthsystems/dossiers/v_poor/targeting.htm))

## Market Segmentation

Once the programme is designed, implementers need to understand how target audiences can be segmented in order to develop appropriate marketing strategies to increase contraceptive use. A principle aim of market segmentation is to match users and potential users with the appropriate source of contraceptives. Currently, market segmentation is addressed by a few groups.

The POLICY Project ([www.policyproject.com/](http://www.policyproject.com/)) has developed a market segmentation analysis that uses the DHS (Demographic and Health Surveys) data, asset indices and market data to divide women into distinct categories primarily based on socio-economic indicators. See **Family planning market segmentation in Jordan**. The POLICY Project analyses have been used primarily as policy tools. For example, POLICY's market segmentation analysis in Romania was used to demonstrate the large size of the segment that needed free government contraceptives. The POLICY segmentation methodology is established, but is not widely available and may be costly to conduct. While their segmentation studies provide an overview of the total market, they may lack detail about the social and lifestyle characteristics of the segments that is needed to develop marketing messages to reach particular target audiences.

The Population Services International (PSI) ([www.psi.org](http://www.psi.org)) and London School of Hygiene and Tropical Medicine (LSHTM) ([www.lshtm.ac.uk](http://www.lshtm.ac.uk)) working paper **Segmentation and a total market approach** outlines ideas on how a market segmentation tool could work with population data along with data on effectiveness, equity and efficiency. The analysis would include factors on risk behaviour among users and non-users. Also, interestingly, it would include data about the preferred reproductive health supplier and brand including both public and private sector products. The paper suggests summarising data in two tables: one about what to do to grow the market (increase consumption) and the other about how to improve market dynamics by identifying levers to motivate potential users. While the data would be highly practical for programme managers and others interested in the market, the challenge is that to date very few countries have all of the necessary data available from population based surveys.

Chemonics ([www.chemonics.com/](http://www.chemonics.com/)) is developing a customer segmentation tool that will quantify the commercial potential in each segment. The study, along with DHS analysis and a willingness to pay survey, is to be conducted in the Philippines for an estimated US\$200,000. If Chemonics will be able to share this tool, it may be of some use to other programmes in more developed markets, especially if the price charged for conducting the study can be reduced by using an already developed tool.

As part of its work on making markets work for the poor (M4P), the UK Department for International Development (DFID) ([www.dfid.gov.uk](http://www.dfid.gov.uk)) has commissioned **The access frontier as an approach and tool in making markets work for the poor**. The tool segments the market into five groups, and focuses on how to increase the proportion of the eligible population who can access the product. The approach takes particular notice of the impact of public sector on markets and would seem useful to reproductive health. However, little is known about the applicability of this approach to family planning.

## Willingness to pay (WTP)

Once the target audience is selected, implementers need to understand everything about these potential consumers. Implementers need to understand not only consumers' ability to pay but also their willingness to pay. WTP studies help implementers understand the implications of a product's price. In 2005 PSP-One ([www.psp-one.com](http://www.psp-one.com)) conducted a seminar on WTP to discuss tools that can be used to make decisions about increasing or setting prices for health products in developing countries (see [www.psp-one.com/content/announcements/detail/2219](http://www.psp-one.com/content/announcements/detail/2219)). The Foreit tool is one of the most commonly accepted among MDA practitioners to understand what prices can be set. See [Willingness to pay surveys for setting prices for reproductive health products and services](#).

However, WTP does have limited applicability as additional information may also need to be collected. The key to using the WTP tool is understanding which data is sought and ensuring that the study obtains that data. For instance, PSI uses WTP studies as a basis of segmentation, by analysing the access and psycho-social determinants of consumption. However, decisions are not based on this data alone and it needs to be situated within other identifiable WTP determinants. WTP can also highlight a "price gap" between very low priced products and commercial products. For instance, PSI used WTP to make the decision to increase condom prices in South Africa to improve cost-recovery.

Most implementers agree that WTP alone is not necessarily a reliable indicator of what people would do if the prices went up. An examination of other barriers, other market activities, other players, alternatives, etc, would also be required to get the full picture. Revealed data - data obtained from analysis of consumer behaviour faced with a number of products on the market at a range of price points - is the approach usually taken by the commercial sector. It provides an even more reliable indicator of willingness to pay because it reflects the behaviour of the consumer when faced with a choice, and ultimately, this is what marketers need to know. However, programmatic constraints and branding biases can cloud results. Collecting revealed data can also be very expensive.

## 4 Ps: product, price, place and promotion

Based on the collected consumer and market research, an implementer can use the "4 Ps" of product, price, placement and promotion to ensure that their product (or service) is appropriately targeting the chosen segment of the market. For each target group to be reached, implementers need to consider each element:

**Product:** How the product (or service) should look and function to meet the needs of the target audience(s). This includes considerations of packaging, branding and product formulation.

**Price:** What the product (or service) costs to the consumer. This price should fit the target audience's ability to pay, and may also need to factor in incentives such as margins for wholesale and retail traders or providers who ensure that the product is delivered to the customer.

**Placement:** Where the product (or service) is available. Placement should factor in the type of outlet (e.g. clinic, store, bar, pharmacy) but also the operating hours of such outlets.

**Promotion:** What advertising and communications are used to encourage consumer uptake of the product or service. The channels selected must be those that reach the target audience(s).

The key point is that the strategy should be internally consistent within the 4 Ps and tie in closely with the market research carried out.

## Tools to measure impact

One of the complaints about social marketing programmes is that they do not know who they are serving. PSI has developed some tools to address this concern such as **MAP (Measuring access and performance)** and **TRaC (Tracking results continuously)**. These tools examine issues such as: equity of access, product coverage, awareness and exposure and self reported risk reducing behaviour. MAP and TRaC appear to be highly effective for measuring results and guiding marketing. The **Dashboard** tool presents the data in a format that can be easily used by implementers to make marketing and programmatic decisions.

The Futures Group Europe ([www.futuresgroup.com](http://www.futuresgroup.com)) has proposed a Market DHS to measure market characteristics on a regular basis. Just as the DHS is used to measure and evaluate changes in health, a market DHS could examine changes in the market, including prices, availability and other factors. Such a tool would be standardised with a study conducted at periodic intervals. Like the DHS, data would be comparable year on year. The tool itself could build on existing data collection tools such as PSI's MAP, TRaC and market segmentation methodology. Such a tool has potential to help focus donors, governments and implementers on achievement of the objectives of MDAs. However, some worry that a new potentially costly study is not necessary as many of the data already exist that would simply need to be compiled. An example of such a compilation is PSP-One's **Private sector wall chart**.

The above list is not exhaustive, but does reflect the relatively few tools available to design, manage and evaluate MDAs. Readers are encouraged to recommend additional tools to be included in this site. More tools need to be developed to better understand who consumers are (and are not) and how markets can be used to deliver reproductive health products. And the tools need to be used. All implementers should be encouraged – and funded - to conduct more consumer research and to share results.

## Examples

This section compiles examples of market development approaches (MDAs) to demonstrate what sorts of programmes have been undertaken. A very wide range of programmes can be classified as MDAs. Not all MDAs are included here, but these examples demonstrate how diverse programmes use different elements, or “building blocks” of market approaches to design and create an MDA to suite the country, market and programme objectives. The following selection is designed to reflect the variety and innovation of MDAs.

These include:

- MDA innovations in financing, including vouchers, user fees, cross-subsidy and output-based aid
- Commodity cost reduction, including differential pricing, out-licensing, generics, buying commitments and pooled procurement
- Expanding distribution and availability, including social marketing, social franchising and bottom of the pyramid approaches

MDAs expand sustainability, choice and access to products by five primary means:

- Shifting costs from public purse to private pockets so poor and vulnerable can be better served
- Reducing the cost of the products
- Reducing the costs and/or increasing the effectiveness of distribution
- Creating a policy enabling environment that encourages competition and choice
- Creating demand through marketing

## Innovations in financing

New market approaches are continually sought to ensure that the subsidy is received by those who need it. This section examines the use of: vouchers, user fees, cross-subsidy and output-based aid.

### Vouchers

One approach is to target subsidies directly to the consumer rather than via product. Targeting the consumer allows resources to be spent on precisely those who most need subsidy, and does not adversely affect commercial entrants to the market due to artificial and unfair competition. Vouchers are one example of how such direct targeting can be achieved. The World Bank has conducted an extensive study of vouchers in health. See **A guide to competitive vouchers in health**.

For malaria prevention, vouchers for insecticide treated nets put the subsidy directly in the hands of the consumer (see PSI's programmes in Kenya and Tanzania) or go to the community via the distributor (see the Malaria Consortium's [www.malariaconsortium.org](http://www.malariaconsortium.org) programme in Mozambique). Voucher programmes are relatively new and not extensively studied. However, some experts have argued that a voucher system has the potential to reinforce and strengthen a commercial sector delivery system. In this way, it could contribute to sustainability. See **Targeting services towards the poor**.

### User fees

User fees in the public system are considered to be a market approach focused on efficiency and financial sustainability benefits, rather than on direct commercial involvement. User fees raise concerns about equity. Means testing (user fee exemptions) in public or private clinics, whereby individuals may be assessed for eligibility for free or subsidised government services, has not proven effective as the poor are often denied exemptions from user fees or other benefits.

Providers may be conflicted by the need to grant exemptions while at the same time generate revenues for the clinic.

Comprehensive coverage of this topic can be found on the key issues guide on user fees for health: [www.eldis.org/healthsystems/userfees/](http://www.eldis.org/healthsystems/userfees/)

A variant on means testing being tried in Cambodia involves setting up an Equity Fund to pay for services of those eligible for free care. The idea is that the community determines eligibility for free care, rather than the providers. See **Access to health care for all? User fees plus a health equity fund in Sotnikum, Cambodia.**

### Cross-subsidy

Cross-subsidisation is another way that programmes have lowered prices for poor people in a financially sustainable way. Cross subsidy may be within a product category (e.g. high- and low-priced condoms), across product categories (subsidising contraceptives with revenues from pregnancy test kits) or across countries within an implementer's overall portfolio of programmes or a MDA partner's overall activities (e.g. pharmaceutical companies using revenues to cross-subsidise less profitable activities). Aravind Eye Institute ([www.aravind.org](http://www.aravind.org)) where one-third of patients pay for the free eye care of the remaining two-thirds of the patients, provides an excellent example of cross-subsidy, albeit outside the reproductive health sector.

By creating a "platform" from which several different health products can be marketed, some social marketing organisations have achieved a somewhat different means of cross-subsidy. By sharing staff, office space, distribution and other cost-elements over several products, social marketers have lowered the cost of marketing each product.

See the section on **Country case studies** in this guide.

### Output-based aid

Output-based aid, whereby donor funds are provided on a "per service provided" basis, is being piloted with KfW support by Marie Stopes International ([www.mariestopes.org.uk](http://www.mariestopes.org.uk)) in Uganda. The project aims to improve access to STI (sexually transmitted infection) diagnosis and treatment by providing subsidised vouchers to lower income individuals to receive STI services from accredited and trained private sector providers. From a donor perspective, output-based aid seeks to increase efficient use of donor resources and ensure measurable results.

## Commodity cost reduction

This section examines how differential pricing, out-licensing, generics, buying commitments and pooled procurement have been used to reduce the costs of reproductive health commodities.

### Differential pricing

When manufacturers agree to offer products at a lower cost in certain markets, this is termed "differential pricing." The practice is now common particularly with expensive drugs. Most pharmaceutical companies now offer some drugs at lower prices in developing country markets, primarily anti-retrovirals and anti-malarials. Arguably, this trend began with contraceptives; the lower price that USAID and other large procurers have negotiated for contraceptives in developing countries for years is a form of differential pricing. The Morocco case study provides an example of contraceptive differential pricing (see: [www.eldis.org/healthsystems/mda/pdfs/morocco\\_case\\_study.pdf](http://www.eldis.org/healthsystems/mda/pdfs/morocco_case_study.pdf)).

For more on differential pricing see:

- ⇒ **Increasing people's access to essential medicines in developing countries: a framework for good practice in the pharmaceutical industry**
- ⇒ **Equitable pricing of newer essential medicines for developing countries: evidence for the potential of different mechanisms**

- ⇒ Access to medicines (ATM) section on Health Systems Resource Guide:  
[www.eldis.org/healthsystems/access/index.htm](http://www.eldis.org/healthsystems/access/index.htm)
- ⇒ DfID ATM resources from the policy division:  
[www.dfid.gov.uk/aboutdfid/organisation/accessmedicines.asp](http://www.dfid.gov.uk/aboutdfid/organisation/accessmedicines.asp)

### Out-licensing

Another product cost reduction strategy is to out-license a branded product, which may or may not still be on patent, to a generic manufacturer in developing countries. Organon ([www.organon.com](http://www.organon.com)) has done this with oral contraceptives (OCs). For Cyclofem, the Concept Foundation ([www.conceptfoundation.org](http://www.conceptfoundation.org)) is the master licensor to commercial companies and licenses the product to Pharmacia in the US and a generic Mexican licensee for manufacturing and sales in Latin America. Such out-licensing enables the pharmaceutical company to provide product at a lower price in developing country markets, while avoiding pressure to charge the same low price in developed country markets due to reference pricing.

### Generics

As technology and intellectual property rights barriers decline for older contraceptives, emerging market generic companies have increased their presence as suppliers to programmes. To date, generics have been supplied to domestically based reproductive health programmes (**Pakistan case study**), but the market share of developing country manufacturers in their own markets as well as in other countries is unknown at present. Concept Foundation and others have suggested that non-indigenous manufacturers may never sell into some markets such as India and China, where the barriers to entry may be too high or the potential for profit too low. They also believe it may be unrealistic to expect generic manufacturers to enter developing country contraceptive markets without assistance, given the minimal prospects for revenue relative to other markets. However, strong presence of emerging market manufacturers in the EPI (Expanded Program on Immunization) vaccine business shows potential for interest in low-margin business. We also know that 56 per cent of India's exports of active pharmaceutical ingredients and finished products went to developing country markets in 2003, so clearly these markets are of some overall commercial interest to Indian firms, at least in some product sectors. See **The effect of changing intellectual property on pharmaceutical industry prospects in India and China: considerations for access to medicines**.

Assistance to generic manufacturers (especially “southern” low-cost manufacturers) may expand the availability of low-cost generics by assisting with registration, market sizing and scoping, business planning support, marketing and policy issues as well as providing assurances of increased volume in particular markets. Direct incentives might also be possible in the form of a loan or cash grant.

For more on the role of generics and developing country production of medicines, see:

- ⇒ **Processes and issues for improving access to medicines: the evidence base for domestic production and greater access to medicines** (MSH/DFID)
- ⇒ **Improving hormonal contraceptive supply: the potential contribution of manufacturers of generic and biosimilar drugs** (PSP-One)

Partnership with generic manufacturers has recently emerged under the new label of “Tier 2,” though the concept of tapping into emerging market suppliers with their lower cost structures has existed for many years (it was planned for Egypt and India in 1998). Key Social Marketing in Pakistan (Pakistan case study), PSI in Nigeria ([www.psi.org/where\\_we\\_work/nigeria.html](http://www.psi.org/where_we_work/nigeria.html)), **ICON** in Romania, Honduras, Jordan and other “Tier 2” study countries and Concept Foundation in many countries are all existing or emerging “Tier 2” examples.

### Buying commitments

Another MDA advocated by some is for donors, governments and/or implementers to make buying commitments for set quantities of products. The concept of long-term buying is already practiced by USAID using their contraceptive contracts with the R&D- (research and development) based industry and at least one social marketing organisation has signed 5-6 year buying agreements. For examples of how demand pooling and bulk purchasing can lead to decreased prices or increased supply security, when procuring vaccines and TB drugs.

### Pooled procurement

This is an MDA that could lower product costs by increasing the volume of purchases and thereby lower the price. Programmes or countries would join together to procure products. The logistical challenges of multi-programme and international procurement may add a prohibitive cost. Complexity and resulting costs were key factors in the DELIVER Project's assessment of the feasibility of a West Africa regional procurement, as they determined that the lack of standardisation of essential medicines lists, drug protocols, product registration and packaging increased the complexity of pooled procurement for the region to a prohibitive degree. Added complications (and potential costs) include the logistics of regional warehousing and transporting the products around several countries, communications and financing by each country. See **The West Africa reproductive health commodity security study: summary of findings from phase one**. Nevertheless, pooled procurement may be viable in some situations, and in fact essential for supply security in some product sectors, such as vaccines.

### Expanding distribution and availability

MDAs can improve distribution effectiveness and reduce the costs of distribution. This section considers how social marketing, social franchising, and bottom of the pyramid approaches can play a role.

#### Social marketing

Social marketing has expanded distribution and availability of many health products in a variety of ways too numerous to include here. The **Country case studies** section provide a few examples, and more are available from the social marketing organisations themselves:

- Population Services International (PSI): [www.psi.org](http://www.psi.org)
- Marie Stopes International (MSI): [www.mariestopes.org.uk](http://www.mariestopes.org.uk)
- Futures Group: [www.futuresgroup.com](http://www.futuresgroup.com)
- DKT: [www.dktinternational.org](http://www.dktinternational.org)
- Academy for International Development (AED) [www.aed.org](http://www.aed.org)
- International Planned Parenthood/Icon (IPPF/ICON) [www.icon-ippf.com](http://www.icon-ippf.com)

#### Social franchising

Social franchising aims to make quality health care services available and affordable via the private sector. It uses commercial franchising techniques which leverage branding, economies of scale and a balance of economic incentives between franchisor and franchisee. Social franchising is most commonly used in the reproductive health sector, but has also been applied in the supply of basic and essential drugs, water services, and more recently, in the supply of TB, HIV and AIDS products and services.

An MDA that has expanded access to a wide range of quality medicines and healthcare services is the CFW shops ([www.cfwshops.org](http://www.cfwshops.org)) in Kenya (also known as the HealthStore Foundation). Helped by seed funding from the Bill & Melinda Gates Foundation ([www.gatesfoundation.org](http://www.gatesfoundation.org)) channelled via Management Sciences for Health ([www.msh.org](http://www.msh.org)), CFW is a franchise network with 54 clinics and drug shops across Kenya. The drug shops have served over 700,000 patients, providing basic medicines in rural areas, whereas the more urban based clinics provide health services and products requiring a higher skilled healthcare worker.

A range of basic drugs and supplies, including family planning products, of guaranteed quality and standard price are provided by community health workers in the drug shops. The ready availability of these health workers has enabled the model to reach rural areas as has the economics of offering a wide range of products. Some of the CFW shop owners/franchisees also employ bottom of the pyramid thinking and employ itinerant sellers with some community health training. These health workers do not require (costly) premises from which to work, but they enable the franchisee to expand the potential catchment area to which he can sell product & therefore increase sales volumes. The model improves service quality and value for money as

well. An additional benefit is that CFW provides the training in patient symptom management and counselling. Not only are the products consistently available at standard prices in the CFW shops and clinics, but studies have shown that competing pharmacies have had to lower their prices when CFW shops entered their region/area.

Many social marketing programmes have expanded from purely product marketing to marketing of services including family planning, sexual transmitted infections treatment, primary health care and Voluntary Counselling and Testing (VCT). GreenStar in Pakistan and Janani in India demonstrate how social franchising is used to make not only products but also quality services more available and affordable. (**India case study** and **Pakistan case study**).  
Bottom of the pyramid approaches

These approaches demonstrate that it is possible to be a 100 per cent commercial venture, and still target the poor with good results. The thinking recognises that 70 per cent of the world's population has a per capita income of less than US\$1,500, and 16 per cent of the world's population lives on less than US\$1/day. These potential consumers have traditionally been ignored by large international companies, but in fact represent a very considerable profit opportunity, if a strategy is adopted to pursue low-cost/high volume opportunities, along with low capital intensity.

There are very many successful examples of business ventures succeeding on the basis of this realisation, perhaps some of the more famous ones being the Grameen Bank's Microfinance programme in Bangladesh and the Unilever low-cost detergent "Wheel" in India (see: [www.grameenfoundation.org/resource\\_center/news/~story=147](http://www.grameenfoundation.org/resource_center/news/~story=147)). For further background on the bottom of the pyramid concept, see **What works: serving the poor, profitably**.

A purely commercial pharmaceutical network in India, and now other parts of Asia, called the Medicine Shoppes demonstrates how the commercial sector is creating more efficient distribution in poor countries (see: [www.retailyatra.com/Default.asp](http://www.retailyatra.com/Default.asp)). This franchise, a subsidiary of the US-based Cardinal Health ([www.cardinal.com](http://www.cardinal.com)), the world's fourth largest community pharmacy franchise, is the largest chain of pharmaceutical retail outlets in India, with shops operational in Mumbai, Navi Mumbai, and at several other cities in Maharashtra, Gujarat, West Bengal, Goa, Karnataka and Andhra Pradesh. The Medicine Shoppe franchise prides itself in the value-added services that the franchisee provides beyond merely selling quality drugs. For example, it offers SMS reminders for medicine refills, free and periodic medical camps and free diagnostic services.

## Country case studies

This section features five case studies, which provide examples of how different “building blocks” can be applied to create a variety of market development approaches (MDAs). Some of the choices and challenges presented by MDAs are highlighted and additional resources for each country are provided.

Case studies on this page:

- **Pakistan**
- **Philippines**
- **Uganda**
- **India**
- **Morocco**

### Pakistan

The Pakistan case study highlights several different MDA, building blocks, including:

- the use of a local generics manufacturer to lower the price of oral contraceptives,
- the use of a large platform of clinics to make a wide range of low priced contraceptives available, and
- the 'bottom of the pyramid' concept of using rurally based female entrepreneurs as distribution channels, as an effective means of scaling up with low capital intensity.

The case study highlights some of the trade-offs between financial sustainability and access, and discusses cost efficiency issues. Finally, the joint financing of two social marketing programmes, which at times are thought to be competing with each other, is explored.

Pakistan case study: [www.eldis.org/healthsystems/mda/pdfs/pakistan\\_case\\_study.pdf](http://www.eldis.org/healthsystems/mda/pdfs/pakistan_case_study.pdf)

See also:

- ⇒ Country profile of Pakistan: [www.psp-one.com/content/resource/detail/1004/](http://www.psp-one.com/content/resource/detail/1004/)
- ⇒ **Deep dive: an exploration for innovation**
- ⇒ **Social franchising as a strategy to expand access to reproductive health services: a case study of the Green Star service delivery network in Pakistan**

### Philippines

The Philippines case study explores the long-standing debate about sustainability and subsidy. Two donor-funded programmes are described and their different approaches to expanding contraceptive choice and access are highlighted. The case demonstrates the delicate balance between “crowding in” and “crowding out” and the need for market segmentation. Donor strategies are also discussed.

Philippines case study: [www.eldis.org/healthsystems/mda/pdfs/philippines\\_case\\_study.pdf](http://www.eldis.org/healthsystems/mda/pdfs/philippines_case_study.pdf)

See also:

- ⇒ **Potential market for expanded private-sector family planning in the Philippines**
- ⇒ **Support to contraceptive social marketing in the Philippines, performance and prospects**

### Uganda

The Uganda case study discusses the pros and cons of publicly funded competition amongst rival social marketing brands. The study provides a view of market segmentation via revealed results rather than market segmentation studies.

Uganda case study: [www.eldis.org/healthsystems/mda/pdfs/uganda\\_case\\_study.pdf](http://www.eldis.org/healthsystems/mda/pdfs/uganda_case_study.pdf)

See also:

- ⇒ **Partnering with the private sector to meet Uganda's health care needs**
- ⇒ Marie Stopes International Uganda programme: [www.mariestopes.org.uk/ww/uganda.htm](http://www.mariestopes.org.uk/ww/uganda.htm)

### India

The India case study focuses on an innovative social franchising model comprised of over 40,000 clinics. Using a social franchising model with high volume, low cost in order to reach poor clients, the network has provided family planning products to over 1.68 million people. The operating principle – that everything has a price (even if it is a small one) – is discussed alongside sustainability issues.

India case study: [www.eldis.org/healthsystems/mda/pdfs/india\\_case\\_study.pdf](http://www.eldis.org/healthsystems/mda/pdfs/india_case_study.pdf)

See also:

- ⇒ The Janani website: [www.janani.org/marketresearch.htm](http://www.janani.org/marketresearch.htm)

### Morocco

The Morocco case study is an example of how donor support to contraceptive social marketing has created a sustained commercial market for oral contraceptives. The study notes the incentives used to create commitment of oral contraceptive manufacturers to the programme. The use of an “umbrella brand” and the importance of donor investment are discussed and the programme's long-term sustainability is highlighted.

Morocco case study: [www.eldis.org/healthsystems/mda/pdfs/morocco\\_case\\_study.pdf](http://www.eldis.org/healthsystems/mda/pdfs/morocco_case_study.pdf)

See also:

- ⇒ **When donor support ends: the fate of social marketing products and the markets they help create**
- ⇒ **Improving hormonal contraceptive supply: the potential contribution of manufacturers of generic and biosimilar drugs**

## References and Summaries

### 1. When donor support ends: the fate of social marketing products and the markets they help create

#### **Can the results of social marketing of contraceptives survive the ending of donor support?**

*Agha, S.; Do, M.; Armand, F. / Private Sector Partnerships-One (PSP-One) (2005)*

This report is part of the Global Research Report series published by USAID's Private Sector Partnership for Better Health (PSP-One). It assesses the performance of social marketing interventions in providing a sustainable supply of family planning products in middle-income countries. The report focuses on social marketing initiatives which follow the manufacturer's model and gives case-studies of such interventions in four countries: Morocco, the Dominican Republic, Peru and Turkey.

The report finds that these interventions resulted in increased use of the commercial sector by lower and middle-income women and that this increase may remain after donor support for the brand is withdrawn. However, these results depend on a number of factors. One is the absence of competition from other sources, including the public sector. Another factor is that the commercial sector should be involved in the supply of contraceptives prior to the social marketing intervention. It is also necessary that a substantial level of acceptance and use of the specific contraceptive method should exist before the intervention. The sustainability of the social marketing intervention also depends on the commercial partner being committed to continue funding promotional activities after the donor support is withdrawn.

Available online at: [www.psp-one.com/files/2878\\_file\\_Global\\_Research\\_Report\\_Final\\_001.pdf](http://www.psp-one.com/files/2878_file_Global_Research_Report_Final_001.pdf)

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### 2. Social franchising as a strategy for expanding access to reproductive health services

#### **Social franchising as a strategy for expanding access to reproductive health: the evidence from Pakistan**

*Ahmed, R.; McBride, J. / The Commercial Market Strategies (CMS) project (2001)*

This report from the Commercial Market Strategies (CMS) project examines the use of social franchising as a mechanism for increasing access to affordable family planning services in developing countries. The report provides a case study of the Green Star Network in Pakistan which illustrates the successful application of this approach.

The case study outlines the planning, design and implementation of the Pakistan project. This began in 1996 and was a joint initiative of Population Services International (PSI), Social Marketing Pakistan (SMP) and the Pakistan government. Green Star is a network of family planning franchises. These are privately owned and managed clinics and pharmacies in low-income urban areas that offer reliable family planning services and contraceptive products under the Green Star logo. The project has been very successful and the report outlines the conditions which made this success possible. These include a high level of unmet need for family planning services, a population willing to pay for such services and an untapped capacity among private medical practitioners. The report also outlines the necessary elements of a social franchising approach, such as developing a business model and providing training, and outlines some of the lessons that can be learned from the Green Star project.

Available online at: [www.psp-one.com/content/resource/detail/900/](http://www.psp-one.com/content/resource/detail/900/)

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### 3. West Africa reproductive health commodity security study: Ghana reproductive health commodity security country assessment

#### **Developing regional strategies to secure the supply of reproductive health services in West Africa: the evidence from Ghana**

*Amenyah, J.; Rao, R.; Shea, E.; Oubnichou, M.; Nazzar, A.; Addico, G. / Deliver (2005)*

This country assessment from USAID and DELIVER examines the supply of reproductive health commodities in Ghana. The assessment was commissioned as part of the West Africa Reproductive Health Commodity Security study. The study is directed towards developing a strategy for strengthening reproductive commodity security in the region through developing a mechanism for pooled procurement of reproductive health commodities, and through the expansion of private sector participation in their supply.

The country assessment found strong support in Ghana for a pooled procurement mechanism at a regional level. There are no obstacles to the development of such a mechanism at the level of policy, procedures and financial management. However, product selection and registration are not currently co-ordinated across the region, and a quality harmonisation scheme would need to be developed. The short and medium term financing of reproductive health commodities is secure, but the longer term financing is more uncertain. The study found that the private sector currently has only a small role in reproductive health services but that the capacity exists for expanding this role considerably. The success of social marketing initiatives in the country indicate that social marketing could play a significant part in the expansion of private sector involvement in delivering reproductive health services.

Available online at:

[http://portalprd1.jsi.com/pls/portal/url/item/F7DE87A088E4EB4FE030007F0\\_1001F13](http://portalprd1.jsi.com/pls/portal/url/item/F7DE87A088E4EB4FE030007F0_1001F13)

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### 4. Improving hormonal contraceptive supply: the potential contribution of manufacturers of generic and biosimilar drugs

#### **The role of generic manufacturers in improving the supply of hormonal contraceptives in developing countries**

*Armand, F. / Private Sector Partnerships-One (PSP-One) (2006)*

This technical paper from the Private Sector Partnership for Better Health (PSP-One) project of USAID examines the factors determining the supply of hormonal contraceptive products in developing countries. The paper argues that a combination of generic substitution programmes, market- building policies and competitive forces can bring users in the developing world a choice of sustainable, high-quality products at prices they can afford.

The paper outlines the various types of hormonal contraceptives currently available and the different types of manufacturers. The sector is dominated by large multinational pharmaceutical manufacturers, known as research and development companies (R&D). However, as the patents on these products expire there are increasing opportunities for generic manufacturers, based in middle- and low-income countries. The paper analyses the key barriers to expanding the supply of hormonal contraceptives to developing countries. In particular it examines the barriers facing generic manufacturers when trying to win procurement contracts and when attempting to compete in the commercial market. The most significant barrier facing generic manufacturers is meeting the stringent quality standards set by international procurement agencies. The presence of subsidised contraceptive supplies in the market is also a barrier and the paper advocates the planned phase-out of donated commodities in some countries.

Available online at: [www.psp-one.com/files/2831\\_file\\_Technical\\_Report\\_002\\_Final.pdf](http://www.psp-one.com/files/2831_file_Technical_Report_002_Final.pdf)

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## 5. Segmentation and a total market approach

### **A market segmentation approach to increasing access to reproductive health services and products**

*Chapman, S.; Collumbien, M.; Karlyn, A. / Population Services International (PSI) (2006)*

This paper from Population Services International (PSI) outlines a method for segmenting populations as part of a Total Market approach to designing, managing and evaluating reproductive and sexual health interventions in developing countries. The approach is demonstrated using data from South Africa. Until now market segmentation analysis has mainly focused on people's ability to pay. However, this approach applies the Making Markets Systems Work Better for the Poor (M4P) concept and identifies five issues which effect people's take-up of reproductive health services. These are: vulnerability, consumption, access and psycho-social determinants of consumption (which includes willingness to pay), equity- based measures and preferences for sources of supply.

The South African study focused on condom use among sexually active young men vulnerable to HIV. This showed that approximately half of those surveyed used condoms consistently. Of those who used condoms, about half used condoms from the public sector, twenty one per cent used socially marketed brands and three per cent used commercial sector brands. There was no difference in ability to pay between consistent and inconsistent condom users, or between users of public, socially marketed or commercial sector brands. The authors argue that this approach can yield information which is more useful for deciding reproductive healthcare policy than those market segmentation approaches which concentrate on ability to pay. However, this approach requires greater levels of data collection and is more expensive to conduct.

Available online at: [www.eldis.org/healthsystems/mda/pdfs/Total\\_market\\_approach.pdf](http://www.eldis.org/healthsystems/mda/pdfs/Total_market_approach.pdf)

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## 6. Uganda: Partnering with the private sector to meet Uganda's health care needs

### **Social marketing of reproductive health products in Uganda**

*Commercial Marketing Strategies / Commercial Marketing Strategies (2003)*

This report from the USAID project Commercial Marketing Strategies (CMS) provides an overview of the organisation's social marketing of reproductive health products in Uganda. This work has focused on a number of branded contraceptive and sexual health products, as well as products which improve maternal and child health. The main objectives were to increase accessibility and distribution of commercially available products.

The report provides detailed information on how the multiple strategies of this social marketing intervention have been carried out. The results of this intervention were increased use of all contraceptive methods, and in particular increased access to condoms and the creation of a strong condom market. CMS also marketed a number of new health products, including a safe delivery kit for midwives and the first commercially available insecticide- treated nets (ITNs), and through advertising stimulated demand for them. The report indicates a number of lessons learned from this project. The introduction of new products can face obstacles caused by government policies. In Uganda the introduction of a kit for treating sexually transmitted infections (STIs) which CMS were marketing was hampered in this way. The experience of CMS in Uganda also suggests that dialogue between competing social marketing programmes can be very productive and that population-based research provides essential insights for developing targeted social marketing strategies.

Available online at: [www.psp-one.com/files/1007\\_file\\_56\\_Country\\_Profile\\_Uganda.pdf](http://www.psp-one.com/files/1007_file_56_Country_Profile_Uganda.pdf)

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## 7. Assessment manual: a handbook for conducting private sector country assessments

### **How to measure the market for private sector family planning services**

### *Commercial Market Strategies / The Commercial Market Strategies (CMS) project (2001)*

This handbook from the Commercial Market Strategies (CMS) project at the USAID Center for Population, Health and Nutrition is a guide for conducting technical assessments to determine the potential for private sector involvement in the provision of family planning services. This assessment process is used by CMS to evaluate the market for family planning services in selected countries. The results of this process then inform CMS's recommendations for interventions to increase the use of family planning and related health services supplied through the commercial sector.

The handbook outlines the five key areas analysed in the assessment process. These are: general background information on the country; the demand for family planning services; the current supply of these services; how this supply is currently financed and the policy and regulatory environment. For each of these areas the handbook provides a detailed analysis of the different elements that need to be researched and provides an extensive checklist of the relevant questions which should be answered. The discussion of the assessment process in the handbook is situated within CMS's framework for analysis as well as being informed by feedback from previous experience conducting it.

Available online at:

[www.psp-one.com/files/982\\_file\\_42\\_Assessment\\_Manual\\_for\\_Country\\_Assessments.pdf](http://www.psp-one.com/files/982_file_42_Assessment_Manual_for_Country_Assessments.pdf)

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## **8. Support to contraceptive social marketing in the Philippines, performance and prospects - final report**

### **Social marketing and contraceptive self-reliance in the Philippines**

*Connell, P.; Cisex, C.; Robertson, J. / Private Sector Partnerships-One (PSP-One) (2005)*

This report from the USAID project Private Sector Partnership for Better Health (PSP-One) gives an assessment of a USAID-funded social marketing intervention in the Philippines. As part of this project the donor agency funded the social marketing of a range of contraceptive products by one of the largest commercial suppliers for a three year period beginning in 2002. One of the main objectives was to prepare the Philippines for the withdrawal of all USAID supplies of contraceptives to the public sector there by 2008.

The report makes a number of recommendations for action by USAID if it is to further assist the Philippines to meet its goal of contraceptive self-reliance and maintain the demand for family planning products. These include promoting the consolidation of procurement procedures among local government regions to make orders for contraceptives larger and more attractive to commercial suppliers. An important factor is ensuring that the local commercial sector becomes involved in the procurement of contraceptives for free distribution since the poor will be most at risk during the phasing out period. The report also recommends increasing the number of referrals out of the public sector, encouraging the involvement of the commercial sector in family planning services and developing the application of market segmentation analysis. This would allow the commercial and public sector to clearly identify and target specific sections of the population.

Available online at: [www.psp-one.com/files/2310\\_file\\_final\\_report\\_public.pdf](http://www.psp-one.com/files/2310_file_final_report_public.pdf)

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## **9. Making market systems work better for the poor (M4P): an introduction to the concept**

### **Creating pro-poor development through the market**

*DFID / Department for International Development (DFID), UK (2005)*

This paper from UK's DFID (Department for International Development) provides an introduction to an emerging framework for development called Making Markets Work Better for the Poor (M4P.) This framework is founded on the belief that the best way to create development which benefits the poor is through encouraging access for the poor to well-functioning markets.

The paper argues against government and donor intervention, in the form of subsidies or the public provision of services. Instead the authors advocate facilitation to allow the market to work better for the poor. This involves making the market accessible to the poor and supporting the poor in their roles as entrepreneurs, employees and consumers. One element of this facilitation is conducting extensive market analysis to understand how a market is currently functioning in relation to the poor and where the potential lies for change and growth. Another element is to identify and encourage what the authors term, "drivers for change". These include institutional changes to reconfigure the roles of the public, private and non-profit sectors, policy changes and providing support to the market through, for instance, developing improved infrastructure.

Available online at:

[www.dfid.gov.uk/news/files/trade\\_news/adb-workshop-conceptualapproaches.pdf](http://www.dfid.gov.uk/news/files/trade_news/adb-workshop-conceptualapproaches.pdf)

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## 10. Increasing people's access to essential medicines in developing countries: a framework for good practice in the pharmaceutical industry

### **Pharmaceutical companies should use differential pricing to increase access to their medicines**

*DFID / Department for International Development (DFID), UK (2005)*

This document, from the UK Department of International Development, describes the current situation regarding access to essential medicines in developing countries, and aims to provide guidance to pharmaceutical companies on how they can help to improve this situation. It reviews efforts by governments and the pharmaceutical industry to provide essential medicines and explains the obstacles to access that have persisted. It finds that donations do not provide a solution to the general long-term needs for essential medicines, because companies cannot give away their products indefinitely and in significant quantities. By contrast, the document argues that differential pricing of essential medicines for developing countries is economically and commercially viable.

It suggests that pharmaceutical companies are making significant progress in increasing access to their medicines, but argues that they could do more. It recommends that they engage in widespread differential pricing, especially in the poorest countries, to support the development of viable markets. They could also increase research and development investment for diseases affecting developing countries, including through public-private partnerships. In order to support these efforts by the industry, health systems need to be strengthened, financing from national and international agencies for the purchase of medicines increased, and more assistance given to research and development.

Available online at: [www.dfid.gov.uk/pubs/files/pharm-framework.pdf](http://www.dfid.gov.uk/pubs/files/pharm-framework.pdf)

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## 11. Reproductive health commodity security (RHCS) country case studies synthesis: Cambodia, Nigeria, Uganda and Zambia

### **Increased coordination, support and national accountability needed in reproductive health commodity security**

*Druce, N. / Department for International Development (DFID) Health Resource Centre (HRC) (2006)*

This report, commissioned by the UK Department for International Development and the Netherlands Ministry of Foreign Affairs, analyses the key factors that influence the financing, procurement, forecasting, and supply of reproductive commodities and how national and international agents interface and co-ordinate their activities. Findings show that while there have been some successes to strengthen commodity supply, there are continued limitations in national capacity. They also highlight how the role of external agencies in financing and procurement tends to undermine ownership and discourage national government accountability.

The report recommends continued advocacy to include reproductive health and RHCS in national development and health policy plans, supported by domestic budgets allocations. It also highlights the need for financial mechanisms to facilitate more flexible and predictable donor financing, as well as to enable efficient procurement with lower costs. Other recommendations include: mainstreaming RHCS with wider health systems strengthening; repositioning reproductive health as a key but neglected driver in the reduction of child and maternal mortality, as well as a priority in its own right; and linking reproductive health services with care, treatment and prevention of STIs (sexually transmitted infections), HIV and AIDS. The report also recommends that international donors need to make more long term and predictable commitments to RH supplies, which should build national capacity for procurement and other supply functions. [adapted from author]

Available online at:

[www.dfidhealthrc.org/publications/srh/RHCS%20synthesis\\_Mar06\\_final.pdf](http://www.dfidhealthrc.org/publications/srh/RHCS%20synthesis_Mar06_final.pdf)

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## 12. Willingness to pay surveys for setting prices for reproductive health products and services

### **How to use willingness to pay surveys in reproductive health programmes**

*Fleischman Foriet, K; Foreit, J. / Population Council, USA (2004)*

This user's manual from the Population Council provides information to managers of reproductive health programmes on how to conduct willingness to pay (WTP) surveys. Programme managers can use these surveys to test their client's response to a hypothetical price or price increase and to assess how much they can charge for reproductive health services and products without reducing the demand for these services.

WTP surveys are simple and unobtrusive to carry out and can be completed by clients who do not have formal education. These surveys are also sensitive to client's characteristics, such as socioeconomic status. They can be used for assessing client's reaction to an increase in the charge for an existing service or for setting the charge for a new service or product. Since the survey will underestimate the maximum WTP price this protects programme managers against raising prices too high. It is important to consider a range of factors, such as project costs and the prices charged at competing outlets, when deciding on the hypothetical price range which is to be tested. Similarly, the results of the WTP survey need to be augmented by other types of research before a final decision on setting prices can be reached.

Available online at: [www.popcouncil.org/pdfs/frontiers/Capacity\\_Bldg/WTP\\_Manual.pdf](http://www.popcouncil.org/pdfs/frontiers/Capacity_Bldg/WTP_Manual.pdf)

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## 13. Equitable pricing of newer essential medicines for developing countries: evidence for the potential of different mechanisms

### **The price of equity: mechanisms for differential pricing of essential medicines**

*Grace, C.; Department for International Development (DFID): UK / World Health Organization (WHO) (2003)*

The disease burden in developing countries is large and growing, but funds to tackle it are limited. Differential drug pricing is one way to increase access to essential medicines. A study commissioned by the World Health Organization (WHO) and the UK Department for International Development (DFID) analyses the existing and potential impact of several differential pricing mechanisms. Each has pros and cons and the final choice of methods will depend on local circumstances.

The study assesses the impact of voluntary and other pricing mechanisms according to several criteria. These include: the effects on prices and further drug research and development; the potential scope of products, diseases and buyers affected; the size and socio-economic status of the population who would benefit; each mechanism's predictability, sustainability, transparency and political/legal feasibility.

Differential pricing is economically feasible because variable costs make up only 15 per cent of the total costs of producing a medicine and because poor countries contribute so little to overall pharmaceutical sales. Pharmaceutical companies could use differential pricing to maximise profits on products that are sold in both low and high income markets.

Looking at each mechanism in turn, the study finds that:

- bulk purchasing can reduce prices in many different environments and in combination with other differential pricing mechanisms
- voluntary tiered pricing agreements have had limited impact on disease scope and access. Concerns include a lack of transparency, anti-competitiveness and high transaction costs relative to benefits
- there are now a few examples of voluntary licences that have been issued for differential pricing. Their impact is not yet clear
- compulsory licences are potentially an important tool to increase access to medicines. No developing country has yet invoked a compulsory licence, but they have been an effective bargaining tool in negotiating reduced prices
- delayed patent protection could effectively achieve differential pricing in the short term. But most developing countries already observe patents and low-priced copies of patented drugs are increasingly rare, so this mechanism has little relevance
- patent waivers would apply only to drugs for diseases common in both developing and developed countries. They could provide a transparent, predictable and economically logical framework, but are unlikely to be politically feasible
- price controls at the retail level have the greatest potential to reduce the cost of drugs to the consumer, but could result in withdrawal of products from the market

The study does not try to prescribe which mechanisms should be used by policy-makers. Instead, the author highlights some general policy-related considerations:

- market segmentation is a crucial pre-condition to the willingness of firms to engage in voluntary differential pricing. All stakeholders, including developed and developing country governments and the pharmaceutical industry, must co-operate to tackle price and product leakage. International organisations can help this collaboration
- many governments could improve their procurement practices at country and regional level and increase demand pooling
- price is only one of the factors limiting access to essential drugs. Others include availability of resources, rational use and selection of medicines, health systems and infrastructure

Note: The full text links to a prepublication draft available from the DFID Health Resource Centre

Available online at:

[www.dfidhealthrc.org/publications/Issues\\_papers/equitable\\_pricing\\_essential\\_med.pdf](http://www.dfidhealthrc.org/publications/Issues_papers/equitable_pricing_essential_med.pdf)

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## 14. The effect of changing intellectual property on pharmaceutical industry prospects in India and China: considerations for access to medicines

### **How implementation of product patents affects access to medicines in India and China**

*Grace, C. / Department for International Development Health Systems Resource Centre (DFID HSRC) (2004)*

This HSRC report explores the implications of changing Intellectual Property (IP) on access to medicines (ATM) in India and China by asking two key questions: how will the implementation of product patents affect the pharmaceutical industries in these countries; and what will happen to the supply of low-priced medicines domestically and internationally. Both countries are currently important suppliers of low-priced pharmaceutical ingredients and products, domestically and for developing countries. Many fear that the introduction of product patents will destroy these industries and lead to increased drug prices.

This study reveals that enhanced IP protection in China and the approaching introduction of product patent law in India are already having an effect. Indian firms have increased their emphasis on exporting to the more profitable regulated markets and have increased focus on product innovation, with the most successful firms investing an increasing amount in R&D. China's strengths lie in low cost generic ingredient and finished product production, with Chinese firms focusing on opportunities with biotech and traditional medicine. However, the author finds that with new products, for which there is little therapeutic competition, there will be impeded access to medicines due to high costs. [adapted from author]

Available online at: [www.dfidhealthrc.org/publications/Issues\\_papers/ATM/Grace2.pdf](http://www.dfidhealthrc.org/publications/Issues_papers/ATM/Grace2.pdf)

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## 15. Processes and issues for improving access to medicines: the evidence base for domestic production and greater access to medicines

### **Domestic production of quality HIV/AIDS, TB and malaria drugs could be successful in sub-Saharan Africa**

*Guimier, J.; Lee, L.; Grupper, M. / Department for International Development Health Systems Resource Centre (DFID HSRC) (2004)*

This HSRC study explores whether the domestic production of HIV/AIDS, TB and malaria drugs in sub-Saharan Africa is sufficiently profitable to operate indefinitely, while at the same time increasing access to medicines by providing them at prices lower than from international sources. The study uses a model to simulate the cost structure of an imaginary enterprise manufacturing quality drugs. Three production scenarios were tested: baseline drugs to treat HIV/AIDS, TB and malaria; baseline drugs with those to treat non-communicable diseases; and baseline drugs with non- public health priority related medications

With all three scenarios providing profitable outcomes, the authors conclude that domestic production in sub-Saharan Africa has the potential to be financially viable and offer increased access to medicine if certain conditions are met. These include: that prices remain competitive with imported drugs; domestic production maintains a significant market share; and a stable political context. However, the financial viability of the enterprise would remain subject to two factors it cannot totally control: the price of the Active Pharmaceutical Ingredient (API) and the market share. The authors conclude that further research is needed in several areas, particularly those related to manufacturing, quality, distribution and intellectual property. [adapted from author]

Available online at: [www.dfidhealthrc.org/publications/Issues\\_papers/ATM/Guimier.pdf](http://www.dfidhealthrc.org/publications/Issues_papers/ATM/Guimier.pdf)

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## 16. Ends versus means: the role of markets in expanding access to contraceptives

### **Private and public contraceptive supply: making policy decisions which get the balance right**

*Hanson, K.; Kumaranayake, L.; Thomas, I. / Health Policy and Planning (2001)*

This review article from Health Policy and Planning examines the relationship between the public and private sectors in the provision of sustainable supplies of contraceptives. The article looks at the role of the public sector in providing contraceptives when the market fails to do so, the impact of public provision on the development of markets and the impact of price on demand.

The authors argues that policymaking needs to take into account the ways in which choices made about public provision will affect the potential for development of sustainable private sources of supply. Undertaking what the authors term a "market assessment" should be a key stage in the analysis of policy options. Such an assessment should address demand factors, health priorities, actual and potential sources of supply and the relationships between public and private supply. The strategies used to deliver contraceptives by the public sector should be based on the specific characteristics of the context. In particular, four variables are important in establishing this

context. These are: contraceptive prevalence rates, HIV prevalence, income level of country and the size and geographic spread of the existing private sector development.

Available online at: <http://heapol.oxfordjournals.org/cgi/content/abstract/16/2/125>

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## 17. Targeting services towards the poor: a review of targeting mechanisms and their effectiveness

### Targeting health services towards the poor: an assessment of the policy options

*Hanson, K.; Worrall, E.; Wiseman, V. / Health Systems Resource Guide (2006)*

This chapter analyses the alternative approaches to targeting the poor that have been used in healthcare delivery and draws together evidence from a range of countries about their effectiveness. The authors emphasise the importance of programme design and implementation issues and argue that successful programmes will need to identify these issues and devote adequate resources to overcoming them.

The authors propose a conceptual framework for understanding the key elements of targeting policies. These elements are: who is targeted; what is the targeted benefit; what is the targeting method; and what evaluation criteria are used to measure the impact. The paper then uses this framework to assess six different targeting mechanisms that have been applied in the health sector in a range of contexts. These approaches are: resource allocation formulae, contracting Non-governmental Organisations (NGOs), user fee exemptions, cash transfers, vouchers and market segmentation strategies using self-selection. A critical issue identified in the chapter is the availability of good information for programme design and evaluation. Most evaluations in this area have focused on the main targeting outcomes (coverage, under-coverage and leakage) and have neglected the other issues of concern to policymakers such as cost and sustainability. Future research in this area needs to consider a broader range of outcomes, and more systematically compare the costs and consequences of alternative methods of directing resources towards those most in need.

Available online at: [www.eldis.org/healthsystems/mda/pdfs/targeting\\_services\\_hanson.pdf](http://www.eldis.org/healthsystems/mda/pdfs/targeting_services_hanson.pdf)

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## 18. Access to health care for all? User fees plus a health equity fund in Sotnikum, Cambodia

### Health Equity Fund enables the poor to access hospital services in Cambodia

*Hardeman, W.; Van Damme, W.; Van Pelt, M.; Por, I. R. / Health Policy and Planning (2004)*

This paper, published in Health Policy and Planning, presents the experience of a Health Equity Fund managed by a local non-governmental organisation (NGO) in Sotnikum, Cambodia. The aim of the Health Equity Fund was to identify the poor and pay the costs of hospitalisation on their behalf (including indirect costs such as food and transportation). The paper identifies four major constraints to access faced by the poor: financial, geographical, informational and intra-household. Findings show that the Health Equity Fund was effective in helping the poor to overcome many of these constraints, leading to a steep increase in numbers of poor people accessing the hospital. The Fund effectively improved financial access for the poor, reduced expenditure on poor-quality private sector services, and was very cost-effective, with minimal "leakage" to non-poor.

The authors conclude that Health Equity Funds managed by motivated local NGOs can contribute more effectively to poverty reduction than a system of waivers for poor patients. However, they acknowledge that in the longer term, and on a larger scale, problems may arise such as leakage to non-poor who may adapt their self-reported status. Further research and experimentation are recommended in different contexts and with different set-ups. [adapted from authors]

Available online at: <http://heapol.oupjournals.org/cgi/reprint/19/1/22>

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## 19. Private sector participation in health

### **Improved government capacity needed for effective public- private partnerships**

*HLSP Institute / HLSP Institute, UK (2004)*

This document, from HLSP, examines a range of approaches to strengthening public-private sector partnerships in order to scale up affordable and quality-assured health services. The document summarises and assesses the evidence base for the impact of private sector interventions on the health of the poor and on the wider health systems. This includes both the supply side (contracting, social franchising and social marketing) and the demand side (vouchers, micro-credit and insurance schemes). This resource also includes four case studies involving Nicaragua, Cambodia, Pakistan and Tanzania.

The document outlines how governments need to have strong skills in market regulation and contracting to work effectively with the private sector. However, it notes that technical assistance will be required to build government capacity which is currently limited. The document also argues that principles of public-private-partnerships need to be agreed so that funding available through Sector Wide Approaches (SWAps) can be fairly allocated. Finally, the authors outline how most countries will need to use a combination of interventions for successful scale-up of health services. However, there also needs to be considerable improvement in management and technical capacity within the public sector, including both knowledge and human resources, before this can happen. [adapted from author]

Available online at: [www.hlspinstitute.org/projects/?mode=region&id=15043](http://www.hlspinstitute.org/projects/?mode=region&id=15043)

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## 20. Access to condoms and HIV/AIDS information: a global health and human rights concern

### **Call to end restrictions on condoms and censorship of HIV information**

*Human Rights Watch / Human Rights Watch (HRW) (2004)*

This Human Rights Watch briefing paper documents censorship of information, myths and restrictions on condoms in a number of countries. While condoms remain the single most effective device against sexually-transmitted HIV, they face government-imposed constraints in numerous countries worldwide. This brief outlines the United States' (US) "War on Condoms", and religious opposition. It then provides examples of country restrictions on condoms and HIV/AIDS information in India, Nigeria, Peru, Brazil and the United States

The report outlines how, in the US, government-funded "abstinence only" programmes censor science-based information about condoms and suggest that heterosexual marriage is the only reliable strategy for prevention of sexually transmitted HIV, despite evidence to the contrary. Moreover, governments in many countries bow to pressure from religious leaders to censor information about condoms in school-based or other HIV-prevention programmes. The report argues that while abstinence and fidelity may work in some cases, promoting this behaviour at the expense of condoms deprives people of complete information and services. It recommends that governments and donors should immediately lift restrictions on access to condoms and take concrete steps to guarantee comprehensive and science-based HIV-prevention services to all those who need them. [adapted from author]

Available online at: <http://hrw.org/backgrounder/hivaids/condoms1204/condoms1204.pdf>

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## 21. Review of DFID approach to social marketing

### **DFID support for social marketing produces results in healthcare**

*Meadley, J.; Pollard, R.; Wheeler, M. / Department for International Development (DFID) Health Resource Centre (HRC) (2003)*

This review, from the DFID (Department for International Development) Health Systems Resource Centre, argues that DFID should continue to expand its use of social marketing as a strategy for delivering healthcare interventions. DFID primarily funds social marketing initiatives for HIV prevention, family planning and malaria control. The review finds that since this funding began in 1991, social marketing has proven to be a flexible and efficient tool for expanding the distribution of health care materials such as condoms and insecticide-treated malaria nets, and for promoting behavioural change.

The review recommends that DFID should develop a "total market" approach to social marketing. This would involve an integrated, sector-wide view of healthcare that incorporates the private, NGO and government actors. National governments should be encouraged to be more actively involved in the planning and implementation of social marketing programmes, and programme planning needs to be more explicit about how the needs of the poor will be met. The review also recommends that DFID should: introduce a tendering process; develop a standardised approach to the funding of these programmes; and develop links with other international development agencies supporting work in this area.

Available online at: [www.dfidhealthrc.org/publications/srh/SM\\_review\\_Sept03.pdf](http://www.dfidhealthrc.org/publications/srh/SM_review_Sept03.pdf)

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## 22. Paris declaration on aid effectiveness

### **Ownership, harmonisation, alignment, results and mutual accountability**

*High-Level Forum on Aid Effectiveness / Aid Harmonization & Alignment (2005)*

Adopted at the High-Level Forum on Aid Effectiveness (March 2005) the Paris Declaration on Aid Effectiveness, has been prepared with broad participation from development practitioners, through a process coordinated by the High-Level Forum Steering Committee. The declaration will outline a set of joint commitments and targets for governments and multilateral donors to reach over the next five years.

Against the different key principles of the Rome Declaration (2003) and the Marrakech memorandum on Managing for Development Results (2004), the following commitments for donors and partners are highlighted in the Declaration:

- **Ownership** — Partner countries exercise effective authority over their development policies, strategies and national systems when relying, partially or entirely, on external resources.
- **Alignment** — Donors base their overall support on partner countries' national development strategies, systems and procedures. This creates mutual commitments. For partners, it means having sound and operational development policies and systems for managing aid. For donors it means using partner countries policies, institutions and systems as the framework of reference for providing aid.
- **Harmonisation** — Donors organise their multiple activities in ways that maximise their collective efficacy.
- **Managing for results** — Improves the performance and accountabilities in achieving sustainable improvements in development by focusing on development results.

Available online at: [www.oecd.org/dataoecd/0/27/34504737.pdf](http://www.oecd.org/dataoecd/0/27/34504737.pdf)

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## 23. The dashboard: a tool for social marketing decision making

### **A tool to help support marketing decisions in reproductive health commodities**

*Patel, D.; Chapman, S. / Population Services International (PSI) (2005)*

This paper, from Population Services International (PSI), describes the 'Dashboard' concept. In the Dashboard tool, evidence gathered through population and service delivery based studies is presented in the form of five standard tables. This categorisation is useful for making decisions relating to strategic, project and marketing planning. The aim of the PSI Dashboard is to provide

timely and easy to use marketing information for decision makers and is meant to complement their judgements relating to strategic, project and marketing planning.

The Dashboard provides a quick means for social marketers to identify those perceptions that drive behaviour change and supply source choice in HIV and AIDS, reproductive health, and maternal and child health. It also helps: track logical framework indicators and measures of product service and coverage, quality and access; and determine whether the marketing mix is effective and equitable in changing behaviour. The authors outline how significant efforts are required to design "TRaC" (Tracking Results Results Continuously) and "MAP" (Measuring Access and Performance) studies to produce updated Dashboards in a timely manner. They also argue that further development of the Dashboard is needed to understand issues in social marketing such as its impact on equity and the extent to which it produces unexpected positive or negative effects. [adapted from author]

Available online at: [www.carisma-pancap.org/Documents/Dashboard%202005%20PSI.pdf](http://www.carisma-pancap.org/Documents/Dashboard%202005%20PSI.pdf)

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## 24. Project TraC: tracking results continuously

### **Using tracking surveys to measure the impact of social marketing in reproductive healthcare**

*Population Services International (PSI) / Population Services International (PSI) (2003)*

This paper from Population Services International (PSI) outlines Project TraC, a four year project aimed at expanding the use of tracking surveys in the social marketing of reproductive healthcare services. Tracking surveys provide a mechanism for repeatedly measuring levels and trends of certain indicators over time. This includes measuring exposure to social marketing interventions and self-reported risk-reducing behaviours. The data collected in these surveys can then be used to increase the use of customer- based evidence in social marketing decision making.

One objective of the project is to build PSI's capacity to segment populations and identify target markets for marketing plans. Project TraC is also designed to monitor levels and trends in standard indicators of behaviour and opportunity, ability and motivation to change behaviour. The project aims to develop more efficient and rapid methods of data collection to replace the current methods. Tracking surveys will be conducted four times per year and the results will be available within three weeks of each survey. The authors argue that Project TraC will improve the impact of PSI's social marketing initiatives in terms of impact on behaviour change and health, cost effectiveness, equity and efficacy.

Available online at: [www.carisma-pancap.org/Documents/Project%20TRaC%20v2.pdf](http://www.carisma-pancap.org/Documents/Project%20TRaC%20v2.pdf)

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## 25. Project MAP: measuring access and performance: lessons learned and recommendations

### **New approaches to measuring equity of access to reproductive health**

*Population Services International / Population Services International (PSI) (2005)*

This report from Population Services International (PSI) outlines a pilot project that developed a system for measuring equity of access to reproductive healthcare products. Project MAP (Measuring Access and Performance) began in August 2003 and the report provides findings from the first year. The project measured coverage and quality of coverage in three countries: Burkina Faso, Mali and Guinea. Access and equity of access were measured in Thailand and Laos.

The pilot was conducted in HIV and AIDS, family planning and malaria programmes that deliver condoms, injectable and oral contraceptives and other healthcare goods. It was not extended to cover service delivery. The report outlines the technique used to measure access, and equity of access. Equity of access is defined as equality of access to delivery points of a minimum standard among populations of equal need or demand. Access ranged from 7 per cent to 88 per

cent among different target populations. The findings show inequity of access in all areas. The pilot project demonstrates that Project MAP is inexpensive, rapid and feasible to install.

Available online at:

[www.carisma-pancap.org/Documents/Project%20MAP%20Lessons%20Learned%20andRecommendations%20-%20March%202005.pdf](http://www.carisma-pancap.org/Documents/Project%20MAP%20Lessons%20Learned%20andRecommendations%20-%20March%202005.pdf)

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## 26. The access frontier as an approach and tool in making markets work for the poor

### **Making markets work for the poor: the access frontier approach**

*Porteous, D. / Department for International Development (DFID), UK (2005)*

This paper from DFID sets out the "access frontier" approach to understanding how markets work, how they change over time and, in particular, how they work to increase access by poor people. The theoretical framework is illustrated by reference to the market for banking and mobile telephones in South Africa.

The paper outlines how the access frontier approach segments the market for any particular product into five groups: those who now use it; those who could have it but don't want it; those who are within reach of the market now; those who will be within reach of the market in the foreseeable future; and those out of reach of the market because of their low income. In particular the approach is focused on how to increase the proportion of the population who can access a product. This involves understanding the reasons why different groups are not using the market, and developing different levels of market policy in tune with this segmentation. In this way, state interventions to increase market access can be more accurately matched to the level of market development. Those in the private sector can also adjust their long-term strategies according to the projected development of the market in the future.

Available online at: [www.bankablefrontier.com/assets/access-frontier-as-tool.pdf](http://www.bankablefrontier.com/assets/access-frontier-as-tool.pdf)

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## 27. What works: serving the poor, profitably

### **Expanding the market to the bottom of the economic pyramid can alleviate poverty**

*Prahalad, C.K.; Hammond, A. / World Resources Institute (WRI) (2002)*

This article, from the World Resources Institute, considers how the global market system could be expanded to provide direct benefits and opportunity to poor communities. There are nearly 4 billion people who live in relative poverty, forming a market which the article refers to as the bottom of the economic pyramid (BOP). The authors argue that multi-national corporations could use their reach, scale and resources to bring poor communities into the market and provide them with affordable basic goods and services.

The report: addresses the misperceptions of this notion; documents the business case for private sector involvement at BOP; illustrates the possibilities of ICT (information and communication technologies) as a development tool when linked to appropriate business models; and describes corporate strategies for making this happen.

The authors argue that there are powerful business drivers for expanding the market at the BOP. They also argue that there is an undeniable social need for this: jobs, access to affordable basic services and other social benefits could emerge from this sort of engagement. Moreover, the creation of markets and workable business models could be a more effective solution to poverty than increased foreign aid alone. The authors conclude that the real needs and opportunities at the BOP mean that the private sector needs to engage and learn.

Available online at: [http://pdf.wri.org/whatworks\\_serving\\_profitably.pdf](http://pdf.wri.org/whatworks_serving_profitably.pdf)

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## 28. State of the private health sector wall chart

### **The expanding role of the private sector in healthcare provision**

*Private Sector Partnerships - One / Private Sector Partnerships-One (PSP-One) (2005)*

This wall chart from the Private Sector Partnerships - One project of the US Agency for International Development (USAID) provides detailed information on the extent of private sector involvement in health services across developing countries. The data indicates a wide variety in the mix of public and private healthcare provision in different regions, but in all regions people are spending a substantial amount of personal resources in the private health sector.

In the five countries where the private sector is most heavily involved in the provision of reproductive healthcare services, over 60 per cent of those accessing family planning services do so in the private sector. Those who use short-acting contraceptive methods (SAM) are more likely to access the private sector than those using long-acting and permanent methods (LAPM). This is partly because of the higher cost of providing LAPM. However there is considerable scope for the private sector becoming more involved in the provision of LAPM. The document identifies a number of barriers to the private sector becoming more heavily involved in healthcare. These include the perception of government corruption, tax and regulatory constraints and price controls. The authors argue that fostering favourable market conditions through a supportive policy environment is central to achieving greater private sector involvement in healthcare.

Available online at: [www.psp-one.com/files/2676\\_file\\_wallchart\\_final.pdf](http://www.psp-one.com/files/2676_file_wallchart_final.pdf)

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## 29. Family planning market segmentation in Jordan

### **Targeting public and private family planning services: the market segmentation approach**

*Sharma, S.; Almasarweh, I. / Policy Project, Futures Group, Washington (2004)*

This report from the POLICY project at USAID uses a market segmentation approach to analyse the provision of family planning services in Jordan. Market segment analysis is used to identify which parts of the population the public, commercial and NGO (non-governmental organisation) sector providers of family planning services should target.

The report analyses the scale and the type of the services provided by each of the sectors, and profiles the current and potential users of each one. The analysis uses various socioeconomic and demographic factors to create this profile – including age, education, income and urban or rural residence – and an important feature is determining household's ability to pay. The report also investigates which part of the population would be most at risk if contraceptives were no longer available in the public sector. It finds that there is unmet demand for commercial products among current users of subsidised products. The report recommends greater co-ordination between the different sectors to define their respective roles and target groups. It also recommends the greater involvement of the commercial sector, which would allow the public and NGO sectors to target their services at those in most need.

Available online at: [www.policyproject.com/pubs/countryreports/JOR\\_MS.pdf](http://www.policyproject.com/pubs/countryreports/JOR_MS.pdf)

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## 30. Deep dive: an exploration for innovation

### **Social marketing: a case study from Pakistan**

*Shepherd, C. / Futures Group (2005)*

This case study provides an overview of the work of the Key Social Marketing (KSM) organisation in Pakistan. Since 1997 the organisation has aimed at raising awareness about, and the use of, three hormonal contraceptives among lower income population groups. It has achieved over 90

per cent awareness levels and its branded products account for 30 per cent of all contraceptive pills used in Pakistan.

KSM has recruited and trained a network of doctors, pharmacists and health workers who can provide clients with information, contraceptive counselling and advice on managing side-effects. It has also used mass media and public relations (PR) campaigns, and has produced an audio-cassette for distribution among potential users of its products. The use of the audio cassette is a useful tool for clients with low literacy levels. All KSM products and services carry a distinctive logo and this branding contributes to the client's familiarity with, and confidence in, its products. KSM believes that the success of its work is evidence of the effectiveness of branding and social marketing in the dissemination of healthcare education and information and the provision of healthcare products. It also believes that there are considerable advantages to the branding of free public sector health products.

Available online at: [www.psp-one.com/content/resource/detail/2392/](http://www.psp-one.com/content/resource/detail/2392/)

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## 31. Economic rationale and programme issues for promoting sustainability

### **Subsidised contraceptives: ensuring access and long-term sustainability**

*Thomas, I.; Hanson, K.; Kumaranayake, L. / Options Consultancy Services (1999)*

This paper, prepared by Options Consultancy for the UK's Department for International Development (DFID), gives an analysis of the economic issues related to the supply of subsidised contraceptives to low-income countries by donors. The authors outline the importance of two key issues: ensuring a sustainable supply of contraceptives; and ensuring that the poor have access to them. They recommend that DFID continues to subsidise the supply of contraceptives as an essential part of achieving its overall goal of eliminating poverty.

In the long run, the supply of contraceptives should predominantly be provided by the private sector. DFID must be careful when funding the supply of subsidised contraceptives not to disrupt local markets and the achievement of this long-term goal. Providing a subsidised supply of contraceptives should be accompanied by efforts to strengthen local institutions, and targeted policy. At low-income levels the goal should be widening access to free or low cost contraceptives, and at higher income levels this should shift to the targeted supply of subsidised products. Different issues need to be considered when planning for situations where HIV risk is high and those where contraceptives are mainly used for family planning.

Available online at: [www.options.co.uk/images/thomas-hanson-Supplying-contraceptives.doc](http://www.options.co.uk/images/thomas-hanson-Supplying-contraceptives.doc)

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## 32. The potential market for expanded private-sector family planning in the Philippines

### **Expanding the private sector supply of family planning services in the Philippines**

*Winfrey, W.; Scribner, S.; Armand, F.; Carlson, C.; Dougerty, L. / The Commercial Market Strategies (CMS) project (2003)*

This report, part of the Country Research Series from the Commercial Market Strategies (CAM) project at USAID, provides information on the growing numbers of those using family planning products and services in the Philippines. As USAID funding for public sector contraceptive supplies is being phased out, there is a growing potential for increased private sector involvement. The report analyses current contraceptive use patterns and presents a market segmentation analysis by contraceptive method and by population group. It makes a number of recommendations for policy changes and programme interventions to assist the growth of the private sector.

The report recommends two types of strategies for increasing the use of public sector family planning products and services. Targeted-supply activities would include geographic targeting of public sector services, and the introduction of mechanisms such as means testing and user fees.

This would result in moving those able or willing to pay into the private sector. Demand-creation activities would involve making the private sector products and services more attractive to users. This would include mass advertising campaigns about specific contraceptive methods which would direct users to private sector products and outlets, increased training for private providers and marketing of affordable brands.

Available online at:

[www.psp-one.com/files/935\\_file\\_17\\_Expanded\\_Family\\_Planning\\_in\\_the\\_Philippines.pdf](http://www.psp-one.com/files/935_file_17_Expanded_Family_Planning_in_the_Philippines.pdf)

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### 33. A guide to competitive vouchers in health

#### **Steps to creating a voucher system that widens access to private healthcare**

*World Bank / World Bank (2005)*

This World Bank guide examines voucher schemes as a means of subsidising healthcare goods and services for the poor. It focuses on schemes that involve some form of competition between service providers, which provide the recipient with choices and which involve the private sector. It does not examine voucher schemes where vouchers can be exchanged for cash as an incentive to use health services.

The guide discusses the reasons why policymakers would choose a voucher system, and the advantages and disadvantages of it. The former include the fact that compared to other demand-side health subsidies vouchers can be more effectively targeted and so the subsidy can reach a higher proportion of its intended recipients. One of the disadvantages is the higher level of administrative costs. The guide provides a step-by-step analysis of the different stages involved in the introduction of a voucher scheme. The preliminary stages involve conducting feasibility studies, costing the scheme and building partnerships. This is followed by the design and implementation stages. The guide also includes information on putting in place monitoring and evaluation systems for the scheme.

Available online at: [www.psp-one.com/files/2169\\_file\\_VouchersFULL.pdf](http://www.psp-one.com/files/2169_file_VouchersFULL.pdf)

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