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42

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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

PROJECT PAPER
PAKISTAN - SOCIAL MARKETING OF CONTRACEPTIVES
391-0484

MARCH 1984

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AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET		1. TRANSACTION CODE <input checked="" type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number _____	DOCUMENT CODE 3
2. COUNTRY/ENTITY PAKISTAN		3. PROJECT NUMBER <input type="checkbox"/> 391-0484 <input type="checkbox"/>		
4. BUREAU/OFFICE ASIA <input type="checkbox"/> 04 <input type="checkbox"/>		5. PROJECT TITLE (maximum 40 characters) <input type="checkbox"/> Social Marketing of Contraceptives <input type="checkbox"/>		
6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 1 2 3 1 8 9		7. ESTIMATED DATE OF OBLIGATION (Under 'B.' below, enter 1, 2, 3, or 4) A. Initial FY <input type="checkbox"/> 8 4 <input type="checkbox"/> B. Quarter <input checked="" type="checkbox"/> 2 C. Final FY <input type="checkbox"/> 8 7 <input type="checkbox"/>		

8. COSTS (\$000 OR EQUIVALENT \$1 = RS 13.50)						
A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	3,735	1,765	5,500	13,635	6,365	20,000
(Grant)	(3,735)	(1,765)	(5,500)	(13,635)	(6,365)	(20,000)
(Loan)	()	()	()	()	()	()
Other U.S. 1.						
Other U.S. 2.						
Host Country						
Other Donor(s)						
TOTALS	3,735	1,765	5,500	13,635	6,365	20,000

9. SCHEDULE OF AID FUNDING (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) ESF	401	400		-	-	20,000	-	20,000	-
(2)									
(3)									
(4)									
TOTALS						20,000		20,000	

10. SECONDARY TECHNICAL CODES (maximum 5 codes of 3 positions each) 460 968				11. SECONDARY PURPOSE CODE 489	
12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)					
A. Code _____ B. Amount _____					

13. PROJECT PURPOSE (maximum 480 characters)

To increase contraceptive usage by promoting family planning and expanding the availability of contraceptives through the private sector.

14. SCHEDULED EVALUATIONS Interim MM YY MM YY Final MM YY 0 9 8 5 0 2 8 7 0 5 8 8	15. SOURCE/ORIGIN OF GOODS AND SERVICES <input checked="" type="checkbox"/> 000 <input type="checkbox"/> 941 <input checked="" type="checkbox"/> Local <input type="checkbox"/> Other (Specify) _____
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16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment.)

17. APPROVED BY FM - Leon Vaughn <i>Leon Vaughn</i>	Signature: Donor M. Lion <i>Donor M. Lion</i> Title: Mission Director Date Signed: MM DD YY 1 3 2 8 8 4	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS. DATE OF DISTRIBUTION MM DD YY
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11.

PROJECT AUTHORIZATION

Name of Country: Pakistan

Name of Project : Social Marketing
of Contraceptives

Number of Project: 391-0484

1. Pursuant to Section 531 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Social Marketing of Contraceptives Project for the Islamic Republic of Pakistan involving planned obligations of not to exceed U.S. Dollars Twenty Million (U.S. \$20,000,000) in grant funds over a five (5) year period from the date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs for the Project.

2. The Project is designed to increase contraceptive usage by promoting family planning and expanding the availability of contraceptives through the private sector. Components to be financed by A.I.D. include: (a) operating costs of the social marketing program; (b) technical advisory assistance; (c) a management information system, market assessments and evaluation activities; (d) advertising, product promotion, packaging and product distribution; (e) training; and, (f) contraceptive supplies and other required supplies and equipment.

3. The agreement(s) which may be negotiated and executed by the officer(s) to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority shall be subject to the following essential terms, covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate.

a. Source and Origin of Goods and Services

Goods and services financed by A.I.D. under this Project shall have their source and origin in Pakistan or in the United States except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the Project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States and Pakistan.

b. Covenant as to Operational Autonomy of Firm

The Parties agree to make every reasonable effort to assure that the firm selected to carry out the purposes of this Project is allowed maximum operational autonomy and that, to the extent possible, this firm is provided the latitude for managing its operations, including product introduction and marketing, as is the practice in the Pakistan private sector.

11

c. Covenant as to Communication Strategy

The Grantee shall, no less than every twelve (12) months from the date of the signing of this Agreement, review all communication strategies and policies for this Project in order to assess the maximum permissible use of media for the promotion of contraceptive products under this Project. The Grantee shall, no less than every twelve (12) months from the date of the signing of this Agreement, furnish to A.I.D., in form and substance satisfactory to A.I.D., a written report of its deliberations and review, setting forth therein the permissible communication strategies and policies for the promotion of contraceptive products under this Project for the next twelve month period.

d. Covenant as to Pre-Launch Evaluation

Prior to the nationwide launch of product distribution of contraceptives under this Project, the parties agree to conduct a joint evaluation of the performance and experience of the initial, limited distribution activity under this Project. The Parties agree that, based on this evaluation and the review by A.I.D. of communication strategies and policies to be provided to A.I.D. as set forth in Section c. above, A.I.D. will be making its determination as to the reasonableness, desirability and prudence of continued A.I.D. funding of this Social Marketing of Contraceptives Project.

e. Covenant as to Project Evaluation

The Parties agree to establish an evaluation program as part of this Project. Except as the Parties may otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter:

- i. evaluation of progress towards attainment of the objectives of the Project;
- ii. identification and evaluation of problem areas or constraints which may inhibit such attainment;
- iii. assessment of how such information may be used to help overcome such problems; and,
- iv. evaluation, to the degree feasible, of the overall development impact of the Project.

111

f. Covenant as to Post Training Employment

Except as the Parties may otherwise agree in writing, the Grantee, acting through its Population Welfare Division, shall make every reasonable effort to require that each person trained under this Project works in activities related to social marketing of contraceptives in Pakistan for not less than three times the length of time of his or her training program provided, however, that in no event shall such an individual be allowed to work in social marketing of contraceptives activities for less than one year nor be required to work in social marketing of contraceptive activities for more than five years from the date of that individual's completion of training.

g. Covenant as to Abortion/MR

The Grantee shall not use any of the assistance provided by A.I.D. under this Project for abortion and/or menstrual regulation ("MR") related activities, including specifically but not limited to, information, education, lobbying, training or communication programs that seek to promote abortion and/or MR as a method of family planning. A.I.D. may, from time to time, further specify prohibited abortion and/or MR related activities by Project Implementation Letters.

h. Covenant as to Sterilization

The Grantee shall not use any of the assistance provided by A.I.D. under this Agreement for any sterilization related activities.

4. The following waivers of A.I.D. regulations are hereby approved: a waiver of FAA Section 636(1) and a source/origin/nationality waiver from A.I.D. Geographic Code 000 to Code 935 to permit USAID/Pakistan to procure one right-hand drive station wagon under the project in accordance with the vehicle waiver request in Annex H.

Donor M. Lion

Donor M. Lion
Mission Director
USAID/Pakistan

3/28/04

Date

14

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TABLE OF CONTENTS

	<u>Page</u>
Title Page	1
Project Data Sheet	11
Project Authorization	111
Table of Contents	vi
List of Tables and Figures	1x
List of Abbreviations and Definitions	x
I. SUMMARY AND RECOMMENDATIONS	
A. Recommendations	1
B. Summary Project Description	1
C. Summary Findings	3
D. Statutory Checklists	3
E. APAC Concerns and Design Guidelines	3
F. Project Issues	3
G. Contributors to the Project Paper	6
II. BACKGROUND	
A. USG-GOP Negotiations	6
B. Demographic Characteristics	8
C. Population Program Experience	11
D. Major Lessons Learned	17
E. Other Donor Assistance	18
F. Relationship to GOP Policy, A.I.D. Strategy, Other A.I.D. Projects and A.I.D. Policy	19
G. Project Rationale	21

V

III. DETAILED PROJECT DESCRIPTION	
A. Sector Goal and Project Purpose	22
B. Project Inputs	23
C. Project Outputs	23
D. Project Assumptions	24
E. Project Components	24
1. Organization and Management	24
2. Contraceptives	29
3. Packaging and Distribution	30
4. Product Pricing	36
5. Promotion	36
6. Market Assessments	38
7. Orientation and Training	39
8. Evaluation	39
IV. IMPLEMENTATION PLAN	
A. Implementation Schedule	43
B. Administrative and Monitoring Arrangements	43
C. Procurement Plan	46
1. Technical Assistance	46
2. Marketing Firm	48
3. Commodities	49
D. Market Assessment Plan	50
E. Promotion Plan	50
F. Printing and Packaging Plan	50

G.	Distribution Plan	51
H.	Orientation and Training Plan	51
I.	Evaluation Plan	51
V.	PROJECT ANALYSES	
A.	Administrative Analysis	52
B.	Technical Analysis	54
C.	Social Soundness Analysis	61
D.	Economic Analysis	61
E.	Financial Analysis	63
F.	Environmental Statement	68
G.	Narcotics Impact Statement	68
VI.	CONDITIONS, COVENANTS AND NEGOTIATING STATUS	
A.	Conditions Precedent to First Disbursement	68
B.	Covenants	68
C.	Negotiating Status	70
VII	ANNEXES	
A.	APAC PID Approval Cable	
B.	Project Checklist	
C.	GOP Letter of Request for Assistance	
D.	Logical Framework	
E.	Draft Congressional Notification	
F.	Draft Project Description for Inclusion in Project Agreement	
G.	Contributors to the Project Paper	
H.	Vehicle Waiver Request	
I.	Participant Training Travel Waiver	

LIST OF TABLES AND FIGURES

<u>Table No.</u>	<u>Title</u>	<u>Page</u>
1	Population Growth in Pakistan, 1901-1981	9
2	Average Reported Monthly Off Takes of Condoms and Orals in the Government Program (January 1978 - December 1983)	15
3	Illustrative Staffing Pattern of the Social Marketing of Contraceptives Unit in the Firm	26
4	Annual Targets of Couple Years of Protection (CYP), 1984-1989	31
5	Annual Targets for Condoms and Orals by Couple Years of Protection (CYP), 1984-1989	32
6	Annual Targets of Consumer Purchases of Condoms and Orals, 1984-1989	34
7	Projected Contraceptive Inventories and Costs by Method and Year, 1984-1989	35
8	Projected Annual Couple Years of Protection, Effective Users and Births Averted, by Method, 1984-1989	42
9	Proposed Implementation Schedule	44
10	Proposed Technical Assistance Plan	47
11	Summary of Project Costs by Project Component, Expense Category and Fiscal Year	64
12	Summary of Project Costs by Expense Category and Foreign Exchange and Local Costs	65
13	Methods of Implementation and Financing	67
 <u>Figure No.</u>		
1	Illustrative Organization Chart of the Social Marketing Unit within the Private Sector Firm	27
2	Projected Couple Years of Protection by Method and Year	33

Viii

LIST OF ABBREVIATIONS AND DEFINITIONS

AID	Agency for International Development
BA	Births Averted
CDSS	Country Development Strategy Statement
CMS	Continuous Motivation Scheme
CPS	Contraceptive Prevalence Survey
CYP	Couple Years of Protection
FPAP	Family Planning Association of Pakistan
FWC	Family Welfare Center
FX	Foreign Exchange
FY	Fiscal Year
GOP	Government of Pakistan
IUD	Intra-Uterine Device
KAP	Knowledge, Attitude and Practice
MCFA	Married Couples of Fertile Age
MIS	Management Information System
NDFC	National Development Finance Corporation
OPEC	Organization of Petroleum Exporting Countries
PID	Project Identification Document
PIDE	Pakistan Institute of Development Economics
PSC	Personal Services Contract
RA	Resident Advisor (Long-Term)
SMC	Social Marketing of Contraceptives
TA	Technical Assistance
UNICEF	United Nations Children's Emergency Fund
USG	United States Government

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I. SUMMARY AND RECOMMENDATIONS

A. Recommendations

1. Funding

It is recommended that an ESF grant of \$20 million be authorized for the Social Marketing of Contraceptives (SMC) Project, which has a Project Assistance Completion Date (PACD) of December 31, 1989.

2. Geographic Code

The project authorization should specify that except as A.I.D. may otherwise agree in writing:

a. Goods and services financed by A.I.D. under this Project shall have their source and origin in countries included in A.I.D. Geographic Code 000 or Pakistan; and,

b. Ocean shipping of all commodities financed by A.I.D. under this Project shall be only on flag vessels of the United States or Pakistan.

B. Summary Project Description

1. Nature of the Project

The proposed nearly six-year A.I.D. Project consists of a \$20 million ESF grant to finance the establishment of a Social Marketing of Contraceptives Project in Pakistan. The Project will be carried out by an existing, indigenous private sector firm (the Firm) which distributes consumer products nationwide. The Firm, which will be funded under a host country contract, will create a special Social Marketing of Contraceptives Unit (SMC Unit) to manage Project activities. In addition to funding appropriate operating costs of the SMC Unit, A.I.D. will finance all contraceptive commodities required for the Project, technical assistance (TA), training/orientation, equipment/supplies, vehicle operating costs, evaluation costs, and other costs associated with marketing such as market research, printing, packaging and product promotion. Specific objectives of the Project are to:

a. increase the number of retail outlets which stock condoms or oral contraceptives (orals) from the currently estimated 27,000 to at least 54,000;

b. distribute from the Firm at least 209,000,000 condoms and 10,659,000 cycles of orals;

c. provide at least 2,135,000 couple years of protection (CYP); and,

d. avert about 450,000 births.

A combination of market assessments (conducted by the Firm) and a management information system (MIS) will be used to assess technical performance. These complementary methods plus the results of two contraceptive prevalence surveys (CPS) and three comprehensive evaluations will provide the necessary data for evaluation. Market assessments are critically important to this Project. They will be used extensively to study and analyze every element which will be communicated to the public and to develop and refine detailed marketing plans. They will include measurements of perceptions and needs of different segments of the fertile population regarding contraceptive methods, product design, prices and promotion. Retailers will also be surveyed to ascertain their needs for and perceptions of Project products. Thus, in a very real sense, potential customers will be critically involved in the design of the products they will later purchase and use.

2. Management of the Project

The Firm, through its SMC Unit, will undertake the day-to-day management of the marketing activities. The management team for the SMC Unit will probably consist of a senior Pakistani marketing manager assisted by two experienced middle-management supervisors. In addition to support staff, the SMC Unit will probably also include "product-promoters" who will assist in the distribution and promotion of Project products nationwide. The Firm, itself, will undertake as many marketing activities as possible, and will contract out for other activities, such as market assessment or printing, as required.

In addition, there will be an SMC Advisory Board which will determine GOP policies for the social marketing of contraceptives program and review and approve annual marketing plans before they are implemented by the Firm. The Population Welfare Division will communicate all decisions of the SMC Advisory Board to the Firm. Within the Population Welfare Division of the GOP, an SMC Cell will be formed. This Cell will provide staff functions to the SMC Advisory Board and identify issues for consideration by the Board. The SMC Cell will generally coordinate project activities and perform regular project monitoring activities for the GOP. The Resident Advisor will offer expert advice and guidance to the SMC Advisory Board, the GOP, USAID and the Firm. Marketing policies for Project products will be developed with the assistance of market assessments and with guidance by the GOP, USAID, the SMC Advisory Board and the Resident Advisor. The National Development Finance Corporation (NDFC) will serve as general consultants to the GOP for SMC activities.

3. Involvement of the Commercial Sector

An effective system for marketing consumer goods already exists in the Pakistan private sector. Therefore, the Project will utilize an existing private sector Firm with an effective system for distributing consumer products. In addition, the Project will draw almost exclusively on local commercial expertise to design and implement the program. For example, the majority of the SMC Unit staff will be drawn from Pakistan's commercial sector; many aspects of the Marketing Plans will be developed from the results of market assessments undertaken

by highly competent local market research firms; and product packages and promotional materials will be designed with the assistance of local advertising/promotion agencies and printed by local printing firms.

C. Summary Findings

This project is ready for implementation and is considered socially, financially, and economically sound, and administratively and technically feasible.

D. Statutory Checklists

The project meets all applicable statutory criteria. Appropriate checklists are included in Annex B.

E. APAC Concerns and Design Guidelines

The PID approval cable (Annex A) identified the following areas of concern: (1) nature and functions of implementing entity, whether newly created or pre-existing; (2) the appropriate funding mechanism for implementation; (3) the role of the commercial sector and the implications of the project for the commercial market; (4) the roles and relationships among A.I.D., the implementing entity and the long-term advisor; (5) program self-sustainability and recurrent cost implications; (6) a possible project objective of raising the population's knowledge of specific contraceptive methods; (7) the need for and scope of impact research; (8) the need for and scope of market research; and (9) available communication media. These concerns are all addressed in Section III.D, Project Components, as well as in Section V, Project Analyses.

F. Project Issues

1. Sensitivities to the Marketing of Contraceptives

Cultural and religious sensitivities toward family planning and the promotion of contraceptive products exist in Pakistan. These sensitivities are very important in the consideration and design of a Social Marketing of Contraceptives Project. Nevertheless, sensitivities, similar to those found in Pakistan, are not new to the social marketing discipline. Three of the most successful social marketing of contraceptive projects are operating in Egypt, Bangladesh and Sri Lanka where cultural or religious constraints exist. The strength of any social marketing project is in its ability to respond to such sensitivities and account for them in the design of its various components. Project planners in Pakistan are keenly aware of the socio-cultural and religious sensitivities and will be guided by these in the selection and planning of the promotion and distribution components of the Project. The useful roles of market assessments in addressing these sensitivities are discussed in Section III.D., Project Components, and in Section V.B., Technical Analysis.

2. Product Pricing

Product prices will be set low enough to make them easily affordable by the majority of married couples, yet high enough to convey the image of a quality product in the eyes of potential customers. Prices should also be high enough to cover all distribution costs, namely all costs associated with moving the packaged products from the Firm to the consumer, using existing distribution networks. Using these criteria as guidelines, it should be possible, with the help of appropriate product design, distribution and promotion, to increase contraceptive use substantially.

3. Self-Sustainability

Given the fact that financial self-sustainability has not been achieved in other "successful" social marketing programs worldwide, it is not a goal of this Project. However, the anticipated product pricing structure is likely to result in prices exceeding the costs of moving the packaged products through the wholesale and retail networks, thereby producing revenue, which will be used by the Firm to offset marketing costs. This issue is discussed in Section V.B., Technical Analysis.

4. Impact Upon the Commercial Sector

Based upon experience in nearby countries with similar cultures and similar marketing sectors, the Program should have a positive impact upon the commercial sector. Between 8 and 10 importers currently market about forty brands of relatively high-priced condoms and about six brands of relatively high-priced orals in Pakistan. While these importers may experience an initial decrease in the sales of their existing contraceptive products, in fact most of the people who can afford these higher-priced brands will continue to purchase them from their usual sources. On the other hand, the entire market will be expanded greatly by the introduction of popularly-priced contraceptives. This will result in the sale of Project products through the same relatively few retailers who sell the expensive brands, plus sales through a much larger number of retailers. The total number of retailers who stock and sell condoms or orals is expected to increase by at least 100 percent by 1989 from the current estimate of 27,000. This issue is addressed in more detail in Section V.B., Technical Analysis.

5. Available Promotion Media

The increased contraceptive prevalence predicted as a result of this Project will require not only increased distribution of Project products at affordable prices, but also adequate promotion of the products required to create demand. Successful SMC Projects in other countries such as Bangladesh, Sri Lanka and Egypt have used a mixture of media including personal promotion and mass media. This Project will use personal promotion in the form of retailers (including point of sale promotion) and product-promoters, but for optimum success will also need

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access to mass media, particularly radio. Exploring the judicious use of radio, as it applies to the promotion of contraceptives in the Islamic Republic of Pakistan, is discussed in Section V.B., Technical Analysis.

6. Social Marketing Guidance and Monitoring

Social marketing of contraceptives is a function of two different but related considerations: harmonizing profit-making motivations of the private sector with the marketing of products for social benefits rather than simply monetary gain; and, the need to use marketing activities which reflect national family planning policies. In Pakistan, family planning policies include increasing the availability of and access to contraceptives in order to help decrease population growth rates. The strategy to implement these policies (as reflected in the Fifth and Sixth Five Year Plans) is to increase the availability of family planning services by using non-government organizations and the private sector to complement the efforts of the public sector program. The recognition of the two SMC considerations is reflected in the administrative structure of the Project and in the type and degree of guidance provided to the Project by the selected Firm, the GOP, the SMC Advisory Board, and USAID.

Successful SMC Projects in other countries usually provide a strong commitment to social benefits through a very carefully designed pricing structure for their products, namely prices aimed at maximizing sales volumes. Within this context, the Firm will seek to maximize its revenues and profits. The pricing structure is usually controlled through an administrative system which employs a contractor to either set up its own distribution system or to contract with an existing firm for the distribution activities only. The contractor is therefore well-positioned to prevent conflicts of interest between the Project's needs for affordable retail prices and the distribution firm's needs for profit.

This Project, however, is using a slightly different administrative system in which the GOP will contract directly with an existing distribution firm to undertake all marketing activities. When using this approach, the major factor influencing successful implementation will be the use of a reliable firm. The GOP will contract with a reliable firm selected from the small number of manufacturing distributors of consumer products which have sound business practices and long records of success. Policy guidance to the Firm will be provided by the SMC Advisory Board.

A second factor for success will be the adequate use of market assessments to assist in determining the most appropriate pricing structure in keeping with the concept of social marketing. Another important contribution to success will be the use of an experienced and successful social marketer of contraceptives as Resident Advisor throughout the duration of the Project. The Resident Advisor or an experienced expert obtained on a short-term basis will assist with

initial market assessments, advise on the organization of the SMC Unit in the Firm, and, assist with strategic planning, reflected in the Annual Marketing Plans. These key components are described in Section III, and analyzed in Sections V.A. and V.B.

For implementation to be successful, there are several important considerations. The first is the selected Firm's own marketing policies and procedures for new products. Reputable firms are prudent with respect to packaging, distribution and promotion of their new products, preferring adequate use of market assessments, surveys and pre-testing to identify and analyze consumers' views on acceptability. Reputable firms are also very conscious of the need to be judicious in use of package designs and promotional messages in order to enhance the reputation of the products and of the firm, itself. Another important area will be the role of the SMC Advisory Board in providing guidance in the form of family planning policy guidelines and in reviewing and approving the Annual Marketing Plan prior to implementation. The Advisory Board will have to be sensitive to the needs of the private sector and timely in the provision of guidance and decisions.

The importance of market assessments in answering marketing questions and in developing the Annual Marketing Plan; the nature of the Annual Marketing Plan; and, the roles of the GOP, the SMC Advisory Board, and USAID are described in Section III, Project Components; Section IV, Implementation Plan; and Sections V.A. and V.B., Project Analyses.

G. Contributors to the Project Paper

See Annex G.

II. BACKGROUND

A. USG - GOP Negotiations

1. Overview

The United States and the Government of Pakistan are into their third year of a renewed and strengthened effort to increase their economic and development cooperation. This effort was marked by high level U.S.-GOP consultations in 1981 which culminated in the negotiation of a \$3.2 billion package of military and economic assistance which the U.S. will seek to provide to Pakistan between U.S. FY 1982 and U.S. FY 1987. The economic assistance component was designed not only to maximize its development impact but also to produce as favorable balance of payments effects as possible. The balance of payments objective reflects two critical purposes of the agreed upon economic assistance program: (a) to ameliorate the burden created by Pakistan's increased military expenditures; and, (b) to reduce the constraints on development which balance of payments strains generate. In this manner, the economic, development and security interests of both nations are inter-related and supported.

2. Strategy

The assistance package is one of the strategic elements of the renewed and expanded USG-GOP relationship. It is one of the instruments required to achieve the U.S. and GOP's mutual goals with respect to security and economic development. The assistance package is seen as an indispensable contribution to the shaping and implementation of a new U.S.-Pakistan relationship and to the critical role in the region which the U.S. Government seeks to assist Pakistan to play. The military-security-political position of Pakistan, including the burden of a massive refugee influx, accentuates the development problem to which the proposed U.S. economic assistance package responds. The economic assistance program is designed to help Pakistan, one of the world's largest and poorest nations, fulfill the basic human needs of its people. At the same time, it is designed to address the country's foreign exchange needs through quick disbursing activities while laying the foundation for more rapid economic growth. The program is shaped to assure the widest possible distribution of benefits. The program agreed to by the GOP and U.S. negotiating teams will:

- a. reactivate a long-term development assistance relationship, which the U.S. views as important because of Pakistan's size, poverty, strategic location, and other multi-faceted U.S. interests;
- b. provide balance of payments support to help address short and medium-term foreign exchange shortfalls, thereby reducing development constraints and strengthening the economy;
- c. address key economic problems, which will help enable Pakistan to achieve self-sustaining growth and manage its debt burden;
- d. complement and support IMF, IBRD and other donor assisted programs, and improve their overall impact; and,
- e. expand resource availability for local cost financing.

It was in this context and because of the high priority assigned by the GOP and the USG to the population sector that A.I.D. agreed to support a Social Marketing of Contraceptives (SMC) Project in Pakistan. The SMC activity was one of the components of the GOP's Population Welfare Plan for the period PFY 1980-83 and has also been included in the GOP's Sixth Five Year Plan covering the period PFY 1983-88.

B. Demographic Characteristics

In January 1984, the population of Pakistan was estimated to be 91.5 million. Approximately 72 percent of the population is rural, with about 55 percent engaged in agriculture. The population is distributed unevenly among the four provinces, with about 56 percent residing in the Punjab. Nearly 45 percent of the population is under the age of 15. The fact that such a large number of people is moving into the reproductive age group is compounded by the additional fact that 1 in 5 of the present population is a female already in the reproductive age group. With the average age at marriage at less than 20 years, these factors indicate that high levels of fertility will continue unless the determinants of fertility are somehow influenced.

The demographic changes which have occurred in Pakistan since the turn of the century characterize most low-income countries. The level of mortality has declined by more than half while fertility has remained relatively unchanged at very high levels. As a result, the rate of population increase, as of January 1984 of about 3 percent per year, if maintained, would lead to a doubling of Pakistan's population in less than 25 years. Pakistan, with nearly 46 percent of its population under the age of fifteen, has a very young age distribution, which could contribute to a continuing high growth rate. With such a large number of young people moving into the reproductive age group over the next 20 years, an active family planning and population program becomes even more critical to bring about lowered fertility. Table 1, which was compiled using data from the Pakistan Fertility Survey (1975) and preliminary results from the 1981 Housing and Population Census, shows that the population of Pakistan has increased five-fold thus far this century.

1. Fertility

A comparison of the findings of the Population Growth Estimation Project (1962-1965) and the Population Growth Survey (1968-1971) suggests that relatively little change in fertility has occurred since the early 1960s. Although some decrease in age-specific marital fertility was observed among the younger age cohorts, this was largely offset by the rise in fertility among older women. Estimates of the U.S. Bureau of the Census (1971) indicate a slight increase from 7.2 to 7.3 in the number of children per female of reproductive age between 1961 and 1972. The 1975 Pakistan Fertility Survey also shows no decline in fertility. The 1981 census shows practically no decline in the birth rate. The GOP Planning Commission currently estimates the crude birth rate at 39.8/1000 and plans to decrease it to 36/1000 by 1988, the end of the Sixth Five-Year Plan period.

TABLE 1

POPULATION GROWTH IN PAKISTAN, 1901-1981

<u>Census Year</u>	<u>Population (in thousands)</u>	<u>Intercensal Growth</u>	
		<u>Percent</u>	<u>Annual Rate^{a/}</u>
1901	16,576 ^{b/}	-	-
1911	19,382	16.9 (7.1) ^{c/}	1.6 (0.7) ^{c/}
1921	21,109	8.9	0.8
1931	23,542	11.5	1.1
1941	28,282	20.1	1.9
1951	33,740	19.4	1.8
1961	42,880	27.0	2.4
1972 ^{d/}	65,309	52.3	2.9 ^{e/}
1981 ^{f/}	83,782	28.3	3.0
1984 ^{g/}	91,500	9.2	3.0

Source: Pakistan Fertility Survey (1975) and preliminary results of the 1981 Housing and Population Census.

- a/ Compounded to the nearest tenth of 1%.
- b/ Excluding population of the Frontier Regions.
- c/ Excluding 1,622,000 persons of the Frontier Regions in 1911.
- d/ The 1961-1972 intercensal period was 11.7 years.
- e/ Rate corrected for estimated underenumeration in the 1961 census.
- f/ The 1972-1981 intercensal period was 8.5 years.
- g/ Estimated.

The high levels of marital fertility reflect the facts of nearly universal marriage and the relatively young age at marriage. According to data from 1965, the percentage of never-married females in Pakistan is only 0.9. Although reliable data on female age of marriage (legally 16) are difficult to obtain, estimates from the 1975 Pakistan Fertility Survey place the average between 16 and 17.

2. Mortality

With the exception of an influenza epidemic in the early 1900s and the civil disturbances at the time of Partition, the decline in mortality has been steady since 1900. The decline in overall mortality can be attributed to a general improvement in living conditions. Improvements in transportation, communication, and agricultural production helped to stabilize food supplies, which, in conjunction with later preventive health programs, reduced the susceptibility of much of the population to disease and famine. During this period of mortality decline, the crude death rate declined gradually from about 40 per thousand to 30 per thousand by 1950.

Between 1950 and 1960, this decline accelerated, dropping from 30 per thousand to 19 per thousand. The decline continued at a much slower pace during the 1960s, with recent comparative data suggesting a slow decline between 1962 and 1984. For planning purposes, the Government of Pakistan estimates that the crude death rate was 11.6 per thousand in 1983 and will be 10.2 per thousand by the end of the Sixth Five-Year Plan period (1988). Given the experience of the last decade, it seems doubtful that mortality will decline substantially over the next 5-10 years.

3. Migration

One unique feature of Pakistan's demographic past is the migration between India and Pakistan which occurred at the time of Partition. Estimated in-migration was about 2 million, with a large portion of these refugees settling in urban areas. Although the social disruption and urban or semi-urban settlement of the refugees might have been expected to result in lowered fertility, research findings indicate that this was not the case. Although international migration during other periods of time has been fairly significant, it is not expected to be a major factor in considering population growth in Pakistan in the near future. Large-scale short-term migration of males to the Middle East does not appear to have had a major impact on rural-urban population distribution. The large influx of Afghan refugees is assumed by the GOP to be temporary. They are not included in the 1981 census figures or in the 1984 population estimates.

C. Population Program Experience

The preceding discussion clearly indicates that fertility is the demographic variable that must be affected if a reduction in population growth rates is to be achieved. In recognition of this fact, the Government has established a demographic goal of reducing the crude birth rate from 40.0 per thousand to 36.2 per thousand by 1988.

1. Previous Programs

Thus far, the major effort to reduce fertility in Pakistan has been through family planning programs. The first organized program was started in 1952 by the Family Planning Association of Pakistan (FPAP), a private group which served to pave the way for involvement by other groups. Between 1955 and 1960, the Government provided support to these activities with an allocation of Rs 500,000 (\$105,042)^{1/}. In the Second Five Year Plan (1960-1965), the Government began providing family planning services, mostly IUDs, at maternal and child health clinics operated by the Ministry of Health and Social Welfare, and used field workers to extend the outreach capability of the program.

In the Third Five-Year Plan (1965-1970), an autonomous family planning organization was created to administer a vertical type program. The program concentrated on the use of dais (village midwives) for motivation and service, and the IUD was emphasized. The program was interrupted between 1969 and 1971 by the political changes which brought about the division of Pakistan into four provinces and the conflict which resulted in the loss of East Pakistan. The program lost considerable momentum due to the Government's preoccupation with these problems and the loss of foreign aid during this time.

In the Fourth Five-Year Plan (1970-1975), the program emphasis shifted from the use of midwives to full-time field motivation teams while largely abandoning the IUD in favor of condoms and orals. A new approach, initiated in 1972, the Continuous Motivation Scheme (CMS), emphasized the importance of continued use rather than initial acceptance through regular visits by field workers to the homes of acceptors to motivate potential clients and to supply contraceptives.

Following a review of the program in 1972, family planning was established as a vertical program within the Ministry of Health and Social Welfare with a two-year budget of Rs 204 million (\$18,545,454)^{2/}. Shortly thereafter, the Government decided to

^{1/} Exchange rate between 1955-1960 was \$1.00 = Rs 4.76

^{2/} Exchange rate in 1972 was \$1.00 = Rs 11.00.

initiate an intensive effort to minimize inadequate contraceptive supply as a barrier to acceptance, by pursuing a strategy of "contraceptive inundation", using both Government and private distribution channels. The inundation program began in March 1975 with A.I.D. providing the bulk of the orals and condoms required. The inundation program in Pakistan represented one of the first full-scale national level efforts to assess the extent to which the failure to use a modern method of contraception was due to the unavailability of contraceptives.

A.I.D. and the Government of Pakistan jointly undertook an evaluation during 1977 to assess both the operational performance and demographic impact of the program. This evaluation^{3/} indicated substantial weaknesses in almost every aspect of the public sector population program ranging from the lack of a sustained political commitment to promote population activities to poor planning, administration, and service delivery capabilities. Several of the recommendations of the evaluation, specifically the placement of population within the Ministry of Finance and Economic Affairs, the appointment of an energetic leader for population matters, and increased policy support to population activities from national leadership were accepted and implemented.

2. Recent Developments

In May 1976, the leadership of the Population Planning Program in Pakistan was elevated to that of a full Secretary. The new Secretary took over at a time when program morale was particularly low. The two major program approaches pursued by the GOP, namely, the contraceptive inundation approach and the Continuous Motivation Scheme (CMS), failed to bring about greater acceptance and increased use of contraceptive methods. In addition, the administrative and logistics support necessary to provide adequate supplies of contraceptives at the village level was not effectively provided. The 1975 Pakistan Fertility Survey showed that less than eight percent of eligible couples have ever used any form of effective contraception. This finding necessitated a major reassessment of the existing strategy.

However, just as a newly developed strategy was being completed and implementation was initiated, the political disruptions that accompanied the national election of March 1977 and subsequent events led to the suspension of population program field activities. This decision set in motion a series of complicated internal reforms, reorganizations, and program realignments that had the cumulative effect of suspending field activities through 1979. Indeed, even up to the present, the program still has not operated at its pre-1977 level.

^{3/} A review of Pakistan's Expanded Population Planning Program, Family Health Care, Inc., December 23, 1977

At about the same time that the suspension of field operations occurred, foreign donor agencies began questioning the basic design and the actual implementation of the CMS/Inundation approach. The findings of the A.I.D.-GOP evaluation referred to above were confirmed by an early 1978 World Bank assessment and a German Government study, both of which raised further doubts concerning the design and execution of the program. Donor support virtually dried up. Between 1978 and 1982, only the United Nations Fund for Population Activities (UNFPA) maintained an active although small program of financial assistance. A.I.D.'s population program support terminated at the end of 1977. The German and British Governments and several small donor agencies also ended their support at that time. The World Bank, which had hoped from 1975 onward to provide a population loan, signed a project agreement only in May 1983. External support declined from a high of around \$13 million in 1974-1975 to less than \$1 million in 1978-1979. Thus, by the end of 1978, the public sector family planning program in Pakistan was practically moribund.

After some administrative changes, the responsibility for public sector population activities was transferred to the Ministry of Finance and Economic Affairs. A new and comprehensive Population Welfare Plan was developed for the period 1980-1983 emphasizing a revised and reinvigorated "integrated approach" to population planning. This plan included the distribution of contraceptives through government-operated clinics, as well as a social marketing of contraceptives program. The latter was included in recognition of the need for both private and public sector distribution of family planning services and commodities if the rate of population growth is to be reduced. The same national strategy has been included in the GOP's Sixth Five Year Plan for the 1983-1988 period.

3. Contraceptive Usage and Availability

a. The Government Program

The contraceptive use pattern in most countries indicates that couples often initiate contraception using readily available methods such as condoms, orals, and foams, and later move towards clinical and surgical methods. In Pakistan, the condom has been by far the most popular contraceptive method followed by oral pills. In the mid-1960s, the GOP population program included foams, foaming tablets, IUDs, and diaphragms, in addition to condoms. However, because of higher cost, lower rate of effectiveness and special storage requirements, diaphragms, foams and foaming tablets were discontinued. The GOP at that time decided to give high priority to IUDs. In 1974-1976, while the program focused on condoms and orals, foam was again distributed but on a limited scale.

During 1977-1982, there was no new U.S. assistance to the population program, other donors also withdrew their support, and the program was reorganized substantially, culminating in an extensive reduction of redundant field staff. During this period, delivery of contraceptives to clients became erratic as did the availability of contraceptive supplies for the program. Because of this situation and a lack of reliable information, it is difficult to calculate actual contraceptive prevalence with precision.

All contraceptives available through the government distribution network are sold at uniform prices whether they are sold by population field staff at Family Welfare Centers (FWC), door-to-door (by other government agencies), or by non-salaried selling agents (mostly shopkeepers), appointed by the population staff. Many of these shops also sell condoms and orals supplied by the private sector. The only data available on contraceptive practice in Pakistan is the reported monthly sales of orals and condoms in the Government program. It should be noted that all reported sales do not necessarily represent sales to the users because supplies delivered to those retail outlets, which pay cash at the time of receiving the supplies, are also reported as 'sales'.

These conditions make it difficult to use these data to accurately estimate contraceptive prevalence. Furthermore, the sales data are not reported or available for the small quantities of condoms and orals sold to the consumers through the commercial sector and through private voluntary organizations. However, it is generally accepted that the current contraceptive prevalence rate is around 5 percent. Of these current users, it is estimated that approximately 25 percent obtain their contraceptives from the private sector, while 75 percent use government facilities.

A price change for government-supplied orals and condoms occurred in the last quarter of 1980 when the price of orals was increased from Rs 0.25 to Rs 1.00 per monthly cycle, and condoms increased from Rs 0.25 to Rs 4.00 per dozen. As seen in Table 2, this was accompanied by a dramatic decline in sales, which persisted till the end of 1981. The GOP increased the price for two major reasons: (i) it was felt that the low price conveyed the image of an inferior product, especially when compared with the orals and condoms available through the private sector; and, (ii) because of the low price of these commodities, some of the population field staff were suspected of buying contraceptives with their own money, thereby inflating sales reports to exaggerate their own performance. Thus, sales reported prior to September 1980 as shown in Table 2 are regarded as somewhat on the high side.

TABLE 2

AVERAGE REPORTED MONTHLY OFF TAKES OF CONDOMS AND
ORALS IN THE GOVERNMENT PROGRAM
January 1978 - December 1983

<u>Year</u>	<u>Quarter</u>	<u>Condoms (000 pieces)</u>	<u>Orals (000 cycles)</u>
1978	Jan-Mar	3,667	86
	Apr-Jun	2,533	73
	Jul-Sep	5,033	119
	Oct-Dec	6,233	174
	Total	17,466	452
1979	Jan-Mar	5,294	165
	Apr-Jun	5,738	170
	Jul-Sep	5,805	255
	Oct-Dec	7,583	318
	Total	24,420	908
1980	Jan-Mar	6,328	291
	Apr-Jun	8,677	298
	Jul-Sep	7,126	275
	Oct-Dec ^{a/}	967	40
	Total	23,098	904
1981	Jan-Mar	324	40
	Apr-Jun	322	48
	Jul-Sep	263	23
	Oct-Dec	463	49
	Total	1,372	160
1982	Jan-Mar ^{b/}	1,646	45
	Apr-Jun	1,664	23
	Jul-Sep	2,098	24
	Oct-Dec	3,658	30
	Total	9,066	122
1983	Jan-Mar	3,632	32
	Apr-Jun	13,491 ^{c/}	140
	Jul-Sep	9,600	129
	Oct-Dec ^{d/}	11,000	153

a/ The dramatic decline in sales in the last quarter of 1980 is attributed mainly to the significant increase in the sales price of both orals and condoms, coupled with the subsequent reduction-in-force of population field staff.

b/ Price of condoms was reduced in March 1982 and many FWCs became operational.

c/ The dramatic increase in offtakes for this quarter is partially due to the removal of rationing which was in place the previous quarter and the resulting "restocking" which took place.

d/ Quantity for December 1983 was estimated.

In March 1982, the Government reduced the price of condoms from Rs 4.00 per dozen to Rs 1.00 per dozen in an attempt to increase demand. The price of orals has remained at Rs 1.00 per monthly cycle. The subsequent dramatic increase in condom sales can be attributed not only to the lowering of the price but also to the reactivation of FWCs after a suspension of field operations caused by a reduction in the work force and the need for retraining of FWC staff.

b. The Commercial Sector

Accurate information on the size of the commercial contraceptive market is not available. However, analysis of the findings of an independent commercial sector survey conducted in the urban areas in July 1980, as well as recent discussions with relevant marketing and distribution firms, indicate that this market is indeed very small. It is estimated that this market caters to the contraceptive requirements of only about 180,000 married couples of fertile age (MCFA). In other words, about 1.2 percent of MCFA (total of 15,100,000 in 1983) are currently reached through the private sector network.

As in the public sector, condoms represent the most prevalent method in this sector while orals constitute only a very small portion. Of the estimated 300,000 retail outlets in the country, it is estimated that 50,000 - 100,000 retail outlets are needed to make an impact on coverage. However, according to the July 1980 survey, only about 26,000 were stocking any contraceptives. Lack of effective demand and irregular supply were the main reasons given for not selling these items. Although condoms are imported commercially, the majority of retail outlets named the Government program as their main source of supply. Most commercial retail outlets stock several varieties of condoms. A recent small survey of a few drug and general stores in the metropolitan cities of Karachi, Lahore and Peshawar disclosed as many as 43 brands of condoms on sale. The majority of these brands is U.S. made, along with several Japanese and a few British, West German, Korean and Chinese brands.

Of the 43 brands, 19 were "exotics" (i.e. scented, ribbed, or dotted). Thirty of the brands are offered in the "envelope" type consumer packs with 3 condoms each, while 13 are in "box" type packs containing 3, 6 or 12 condoms each. The retail prices range from Rs 2.00 to Rs 6.50 per pack of three, with Rs 3.00 being the most common price. Since prices are not marked on the packages, the same product is sold for different prices in different outlets, and to different consumers by the same outlet, depending on the consumer's status or "what the traffic will bear".

D. Major Lessons Learned

1. Population Lessons Learned and Findings in Pakistan

The following reflects a number of lessons learned and findings over the years from population activities in Pakistan:

a. The approach to fertility reduction should not be based on a single-purpose program in Pakistan. A population program should be undertaken as an integral part of the national, social and economic development effort. Accordingly, in addition to making family planning services and commodities available, the total program must address the social, cultural and economic barriers to fertility changes;

b. The contraceptive prevalence rate, as implied from data available in Pakistan, is one of the lowest in the subcontinent and far below Pakistan's population program expectations and goals;

c. Reliable data on the extent and nature of the social and economic barriers to fertility changes either have not been available, or when available, not fully considered in policy, strategy or program management decisions;

d. Responsibility for population activities must be expanded from a single governmental unit to be shared by many ministries, other governmental organizations, and private and voluntary organizations;

e. Program efforts should pay adequate attention to creating demand for family planning services;

f. Active community level involvement and participation in the program are required for program success;

g. Contraceptives must be continuously and conveniently available to the consumer, and the consumer must be aware of their availability; and,

h. The commercial sector should be encouraged to participate in the family planning program, and resources available in this sector should be utilized for increasing the demand and expanding the supply and availability of contraceptives.

2. Lessons Learned from SMC Projects in Other Countries

Considerable experience has now been accumulated from SMC activities around the world. This experience indicates that SMC programs can deliver significant contraceptive services through the private sector. SMC programs consistently complement and reinforce public programs by increasing contraceptive users rather than luring

clients away from existing programs. The experience also indicates that the introduction of SMC products and SMC product promotion can actually increase the general demand for contraceptives, a situation which benefits existing public sector and, over a long period of time, existing commercial distribution systems. Universally, it has also been shown that the private sector can be reliably and effectively used to socially market contraceptives.

3. The Response

The GOP has embarked upon its Population Welfare Plan which represents an intensive, broad-based approach to fertility reduction. It takes into account social, cultural and economic variables related to fertility and provides for an increased availability and analysis of policy-relevant data. As noted above, the Plan also calls for a social marketing of contraceptives effort through the commercial sector.

It has long been recognized that the private sector possesses unique capabilities in making products generally available. The GOP, in 1975-76, began to develop a social marketing scheme for contraceptives in the private sector. However, due to poor communication between the GOP and the private sector, the scheme was never launched. Even so, the GOP plan for the scheme viewed the social marketing of contraceptives as a means to help create demand for family planning services and to complement the services provided through Government programs. The GOP recognizes that a private sector effort, to make contraceptives not only more widely available but also more widely used, needs independent, private sector management. It therefore is proposing that a social marketing of contraceptives activity be undertaken within the private sector and has asked A.I.D. to finance this program. (See Annex C).

E. Other Donor Assistance

Between 1965 and 1978, donors provided approximately \$86 million to the Pakistan population program. Of this, A.I.D. provided approximately \$59 million in both dollars and Mondale rupees and the UNFPA \$8 million. Between 1978 and 1981, UNFPA has been the only significant donor, providing a total of approximately \$3 million.

During the Sixth Plan period (1983-1988), population welfare activities are budgeted at Rs 2.3 billion (approximately \$170 million). At the present time, the World Bank, the Asian Development Bank (ADB), the United Nations Fund for Population Activities (UNFPA), the World Health Organization, UNICEF, the United Kingdom and the Government of Canada have committed a total of approximately \$33.4 million in grant and loan funds. An additional \$46.5 million in support is under negotiation from UNFPA, ADB and the United Kingdom.

No other donors are providing or plan to provide assistance to the proposed social marketing project. Due to A.I.D's ability to provide the substantial supply of contraceptive commodities needed for the program and because of A.I.D's broad experience in assisting social marketing projects in other countries, the U.S. is the most appropriate donor to support this effort. A.I.D's support of the project will not interfere with nor duplicate other donor efforts. Since the social marketing project will be entirely in the private sector, it will not depend on the pace of implementation of other donor programs, all of which are in the public sector. The promotional components of the project, in fact, are likely to increase the impact and effectiveness of the public sector programs

F. Relationship to GOP Policy, A.I.D. Strategy, other A.I.D. Projects and A.I.D. Policy

1. GOP Policy

As presented in the Sixth Five Year Plan, the GOP is seeking, generally, to reduce population growth and, specifically, to avert 2 million births between 1983 and 1988. To achieve a reduction in population growth, the GOP is continuing an approach it adopted in 1980. This approach emphasizes the need for multi-sectoral involvement, community participation, firm political commitment, improved administrative capabilities, sensitive handling of clients, and more effective communication strategies.

The multi-sectoral approach acknowledges the interaction of fertility management (family planning) with other developmental changes. Thus, improving socio-economic conditions is seen as a means to reduce desired family size. Increasing income, employment opportunities, health services, and educational opportunities is part of the multi-sectoral approach to reduce fertility.

Also related to the multi-sectoral approach is the involvement of government, non-government organizations, and the private sector in the delivery of family planning services. The SMC Project is the means to involve the private sector further in the delivery of these services. It is also one way in which the GOP can encourage and increase the involvement of the private sector in the attainment of its larger goal of reducing population growth.

2. A.I.D. Strategy and Other A.I.D. Projects

The United States commitment to global population issues, which is expressed in Section 104 of the Foreign Assistance Act of 1961, as amended, accords high priority to host country activities which seek to reduce the rate of population increase. The 1977 USAID/Pakistan Multi-Year Population Strategy endorsed active family planning services delivery, but also concluded that high fertility is so

much a part of the fabric of poverty, illiteracy, morbidity, and the status of women in Pakistan that it cannot be tackled in isolation from other problems.

Pakistan's population has continued to increase at a rate of approximately 3 percent a year. If this trend continues, the 1984 population of about 91.5 million can be expected to double in about 23 years. Such a growth rate would impose an enormous burden on Pakistan's economy. The high rate of population growth adversely affects Pakistan's ability to maintain food self-sufficiency and provide adequate transportation, water, health care, educational facilities, jobs, housing and energy for its people. Recognizing the seriousness of the population problem existing in Pakistan and its linkage to other development constraints, USAID/Pakistan has assigned the support of population activities in Pakistan its highest development priority.

Population's linkages to such sectors as agriculture, health, and energy are described in the 1986 USAID/Pakistan CDSS for the period U.S. FY 1986-U.S. FY 1990. The CDSS focuses upon contributing towards a socio-economic environment conducive to fertility reduction. The solution to high rates of population growth involves a coherent, integrated, across-the-board, long-term development effort. Clearly, any gains made in agriculture, health, nutrition, water supply, energy, and other sectors will be minimized or eroded if the rapid population growth rate continues. And shortfalls in the other sectors could adversely influence demographic patterns. Accordingly, the six-year A.I.D. economic assistance program to Pakistan responds to these linkages through projects in agricultural education, research and extension, on-farm water management, agricultural commodities and equipment, PL-480, malaria control, rural electrification, primary health care, development support training, energy planning, irrigation systems management, forestry planning, and food security management.

Reducing the rate of population growth in Pakistan is a priority for both the GOP and A.I.D. This priority has been manifested in the development of the A.I.D.-financed Population Welfare Planning Project which was designed to support the implementation of the GOP's Population Welfare Plan over the next three years. To further promote a reduction in the population growth rate, A.I.D. considers it essential to involve the private sector in population activities, specifically through the support of a social marketing of contraceptives project. USAID/Pakistan believes that a social marketing of contraceptives activity is a logical and necessary companion effort to the Population Welfare Planning Project. A.I.D.'s experience in supporting SMC efforts in other countries, such as Bangladesh, Egypt, and Nepal, has shown that such an approach can significantly increase contraceptive availability and use. This experience has also demonstrated that social marketing complements and can increase the effectiveness of public sector family planning efforts.

3. Relationship to A.I.D. Policy

The A.I.D. Policy Paper for Population Assistance (dated September 1982), defines the two-fold objective of A.I.D.'s assistance in population as follows: (a) to enhance the freedom of individuals to choose voluntarily the number and spacing of their children; and, (b) to encourage population growth consistent with the growth of a country's economic resources and productivity. The SMC Project contributes to the first objective by making contraceptives more widely available and more accessible within Pakistan. With respect to the second objective, the project is one activity the GOP has identified to help achieve the population growth targets established in the GOP's Sixth Five Year Plan.

The SMC Project also supports another area of emphasis in A.I.D.'s population assistance policy. As noted in the Population Assistance Policy Paper, A.I.D. is placing greater emphasis on increasing the involvement of the private sector in the delivery of family planning services. The SMC Project would be implemented entirely within the private sector and is designed to use established marketing networks to distribute contraceptives. Therefore, the SMC Project is fully consistent with A.I.D. policy for population assistance.

G. Project Rationale

There is an urgent need for new and innovative approaches in order to increase family planning practice beyond its present level and to assist the GOP in its efforts to tackle the population growth problem in Pakistan. What is needed is a system which is independent, cost-effective and flexible and one that can create new demand for contraceptives and meet this demand efficiently. Such a system lies dormant in the commercial sector in Pakistan. This project will utilize the resources available in this sector for the promotion and sale of contraceptives.

Pakistan enjoys a very well-developed and sophisticated commercial sector. Promotion and sale of all types of consumer goods on a national scale, through an extensive distribution network consisting of some 300,000 outlets, are accepted long-standing practices in this country. Contraceptives, especially condoms, are among the products which are stocked and sold by the commercial sector. However, because of their relatively high price and limited availability in retail outlets, these products are out of the reach of a majority of potential users who otherwise regularly and frequently visit these retail outlets for purchase of their other daily requirements. It is therefore logical and economical to take advantage of the facilities and expertise existing in the private sector for the promotion and sale of high quality contraceptives at subsidized prices. The potential to supply contraceptives in retail outlets is vast since there are no legal restrictions on the type of outlets which can sell contraceptives nor on their display or in-store promotion. A full range of consumer-related, product-promotional media also exists in Pakistan.

The capabilities of the private sector are very appropriate to the aims and objectives of the SMC Project. These include advertising agencies, distribution firms, management skills and market assessment facilities. There are large numbers of advertising agencies in the country, several with excellent experience in consumer-oriented product-promotion and with in-house creative and production facilities. Distribution of consumer goods is also well-developed, and both marketing and distribution firms have a tradition of distributing consumer goods to small retail outlets on a national scale. Because of the sophistication of the commercial sector, management resources in this sector are equally well-established. Utilization of market assessments as a management tool for decision-making and planning is relatively new in Pakistan and this capability has developed only in recent years. However, there is now adequate capability for standard consumer assessments which will be complemented with technical assistance provided under this project.

As has been substantiated in many countries, when effective distribution, regular supply and promotion are ensured, the commercial sector will be more than willing to stock contraceptive products. Gradually, the distributors learn to treat these products like any other consumer product and the clients grow accustomed to purchasing them as such. These elements, combined with a well developed, culturally sensitive demand creation campaign, will inevitably stimulate increased and sustained use. Given the sophistication of the commercial sector in Pakistan, it is possible that this social marketing project could surpass achievements of similar efforts in other countries.

Lastly, and importantly, the social marketing of contraceptives in the private sector complements the GOP's efforts to reduce population growth rate. It will be instrumental in increasing contraceptive prevalence rates, thereby helping to achieve the goals of the GOP's Population Welfare Plan. Government outlets for contraceptives serve a limited portion of the population. The availability of contraceptives at a subsidized price through the commercial market place has the potential of reaching a much larger population. With both the public and the enhanced private sector distribution of contraceptives, the availability of affordable, quality contraceptives will be dramatically increased.

III. DETAILED PROJECT DESCRIPTION

A. Sector Goal and Project Purpose

1. The sector goal is to reduce the rate of natural population increase as part of the goal of achieving national social and economic development.

Reducing the level of fertility in Pakistan is a priority for both the GOP and A.I.D. The GOP Population Welfare Plan projects a population growth rate of 2.7 percent by 1984, down from the 1972-1981 intercensal growth rate of 2.97 percent. This target

represents a beginning toward achieving a more optimal demographic profile. But, in the absence of other major demographic and social changes, this goal can only be reached through interventions to reduce the fertility component of the rate of population growth. Measurement of progress toward goal achievement will involve the analysis of data from the following sources: (a) decennial census figures; (b) contraceptive prevalence surveys; (c) birth and death registrations (vital statistics); and, (d) other relevant surveys. The most important assumption inherent in reaching this goal is that Pakistani couples of child-bearing age are interested in and will practice effective contraception.

2. The project purpose is to increase contraceptive usage by promoting family planning and expanding the availability of contraceptives through the private sector

By the end of the project, the selected Firm will be effectively managing the SMC Project nationwide. There will be a significant increase in the number of retail outlets offering contraceptives for sale. The geographic distribution of such outlets across the country will also have increased significantly. Adequate supplies of contraceptives will be regularly and easily available to these retail outlets. Through a management information system and other records, inventory, distribution and sales information will be readily available and maintained. Market assessments will be of high quality, timely, and used in program planning and decision-making.

B. Project Inputs

To achieve these results, the A.I.D. Project will finance: (1) technical advisory assistance; (2) contraceptives and other required commodities; (3) a major portion of the local costs required to implement the Project including appropriate budget support for the SMC Unit in the selected Firm and the costs of promotion, packaging, printing, and market assessments; and, (4) short-term orientation trips for Project personnel. The GOP will cover the costs of: (1) establishing and maintaining an SMC Cell in the Population Welfare Division; (2) the services and participation of the National Development Finance Corporation (NDFC); and, (3) establishing the SMC Advisory Board and the participation of GOP members at meetings of the Board.

C. Project Outputs

As a result of Project activities, the following outputs will be achieved: (1) an effective distribution system will have been established to move contraceptives from the port of entry into suitable packages and then through wholesale and retail outlets to consumers; (2) product promotion activities will be regular occurrences; (3) affordable, packaged contraceptives will be available for sale at a minimum of 54,000 retail outlets throughout the country; (4) the Firm will have distributed a minimum of 209 million condoms and a minimum of 10.6 million cycles of orals; (5) a minimum of 2.1 million couple-years of protection will have been provided; and a minimum of 450,000 births averted; and, (6) the Firm

will have experience in and increased capabilities to manage social marketing activities.

D. Project Assumptions

There are several important assumptions concerning the transformation of Project inputs into outputs. They are as follows: (1) a qualified Resident Advisor will be identified; (2) a qualified Firm will be identified; (3) the use of a Resident Advisor in the program and the creation of an SMC Unit in the selected Firm will provide the necessary social marketing commitment; (4) while seeking to maximize profits, the Firm will continue to operate within SMC guidelines; (5) the Firm will have the autonomy required to implement the project on a day-to-day basis; (6) review and approval processes for the Annual Marketing Plans will provide the necessary basis for the continuation of marketing activities as planned by the Firm; (7) promotional activities as planned by the Firm will be implemented in accordance with GOP policy; (8) demand creation will be pursued by an expanding use of the media; and (9) the GOP will continue its strong commitment to the SMC Project.

E. Project Components

1. Organization and Management

The Project will be implemented through an existing marketing/distribution Firm contracted by the GOP. The firm will be selected jointly by the GOP and USAID, and it will have the following minimum qualifications:

- a. legal incorporation in Pakistan;
- b. at least ten years of experience (ten years or more) in the successful marketing of consumer products such as household medicines, toiletries or packaged food, preferably manufactured by the firm;
- c. a nationwide distribution capacity; and,
- d. demonstrated financial soundness.

The selected Firm either directly or by sub-contract will probably:

- a. create a small SMC Unit within its corporate structure which will have responsibility for the social marketing of contraceptives as its sole purpose;
- b. provide office space to accommodate the SMC Unit;
- c. provide three experienced senior professional marketing staff plus supporting staff to operate the SMC Unit;

- d. consult with, as appropriate, a full-time Resident Advisor who will be under contract to USAID;
- e. perform strategic market planning, market assessments and product management activities;
- f. receive contraceptives from USAID;
- g. print all necessary overpacking materials and package inserts;
- h. overpack the contraceptives into consumer packs, retailer display packs and shipping packs;
- i. sell the packaged products into the distribution system of wholesalers, retailers, and the like, using a pricing framework consistent with social marketing policy (i.e. one which will ensure a retail price affordable by the target couples while at the same time providing an appropriate financial return to each level of the distribution system including the Firm itself);
- j. undertake promotional activities;
- k. provide approximately fifteen product-promoters whose sole purpose will be to promote the purchase of Project products by retailers and potential users nationwide;
- l. provide vehicular capacity for the product-promoters and other SMC Unit staff;
- m. work within relevant A.I.D. regulatory requirements as to competitive procurement, pricing of contracts, and the like;
- n. provide financial and other reports in keeping with GOP and A.I.D. requirements; and
- o. prepare and submit detailed Annual Marketing Plans to the SMC Advisory Board for approval.

For illustrative purposes only, the proposed staffing pattern of the SMC Unit is shown in Table 3. The proposed structure is shown in Figure 1. All staff for the Unit will be provided by the Firm. The Unit Manager will have overall responsibility for strategic planning, designing a management information system, and designing an internal accounting system which is compatible with the Firm's system and with the

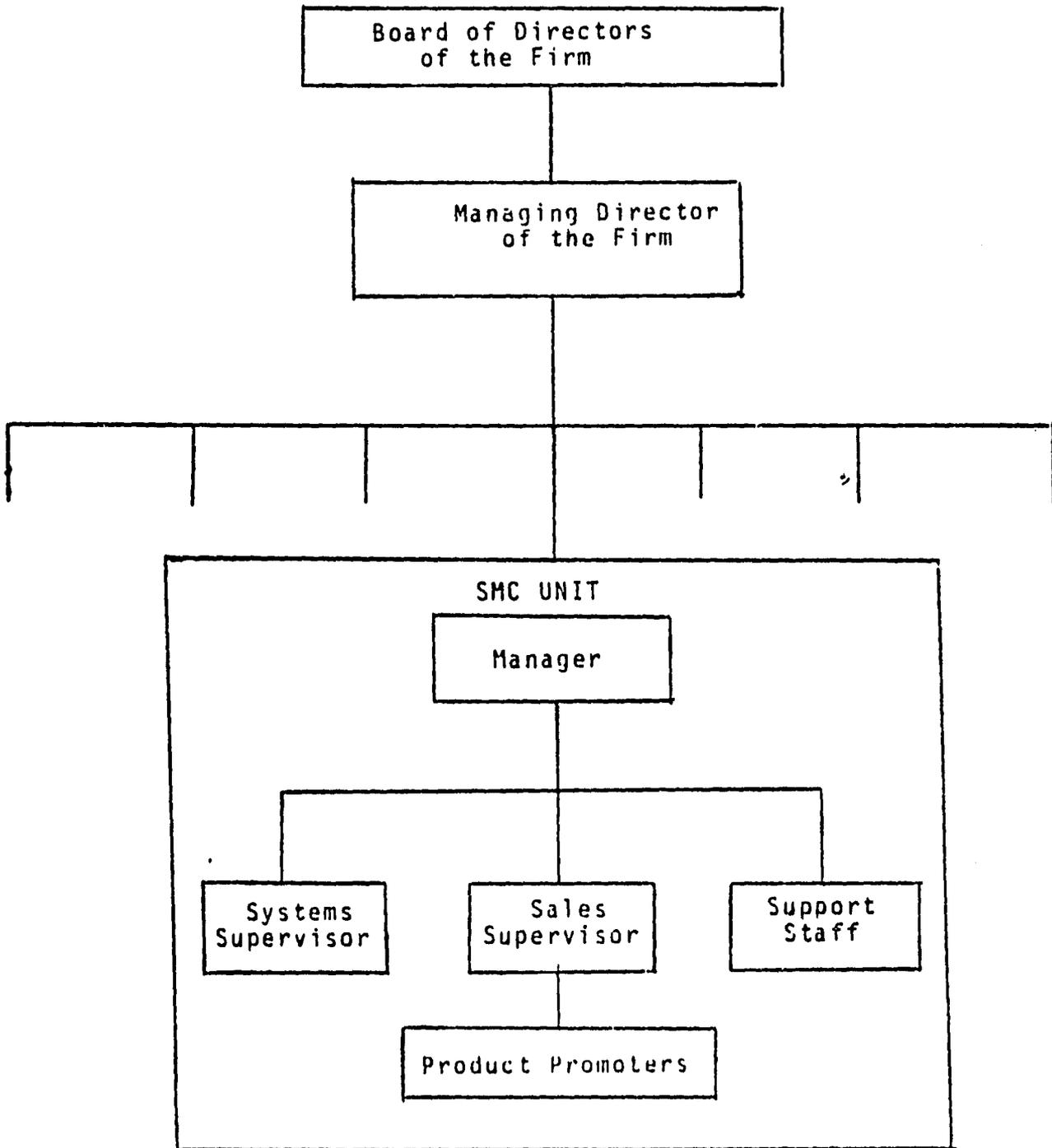
TABLE 3

ILLUSTRATIVE STAFFING PATTERN OF THE
SOCIAL MARKETING OF CONTRACEPTIVES UNIT IN THE FIRM

<u>Level</u>	<u>Title</u>	<u>Quantity</u>
Executive	Manager	1
Middle	Systems Supervisor	1
	Sales Supervisor	1
Field	Product-Promoters	15
Support	Secretary/Bookkeeper	2
	Office Assistant	1
	Drivers	2
	Total	<u>23</u>

FIGURE 1

Illustrative Organization Chart of the SMC Unit within the Private Sector Firm



GOP's and A.I.D's requirements for fiscal reporting. He will be assisted by a Systems Supervisor and a Sales Supervisor. The Systems Supervisor's responsibilities will include implementing the management information system and the accounting system and preparing monthly program and financial reports. The Sales Supervisor's responsibilities will include implementing and monitoring field promotion activities such as the product-promoters who will travel throughout the country promoting Project products at the wholesale, retail and consumer levels. An expatriate Resident Advisor (RA) for Social Marketing will advise USAID, the GOP and the Firm about social marketing concepts and social marketing technical activities. In addition, short-term technical assistance will be provided as necessary in designing market assessments and in preparing marketing plans.

As noted above, the Firm will submit annual marketing plans to the SMC Advisory Board for review and approval. The composition of the Advisory Board will be: the Minister of Planning and Development (Chairman); the Advisor to the President on Population (Co-Chairman); the Secretary of the Population Welfare Division (Vice Chairman); the Secretary General of the Economic Affairs Division; the Secretary of the Ministry of Finance; the Secretary or Additional Secretary of the Planning and Development Division; the Chairman of the National Development Finance Corporation; a representative of USAID/Pakistan; the Managing Director of the Firm; and, the Director General (Program) of the Population Welfare Division (Member/Secretary). However, consideration will be given to expanding the Board's membership as the project progresses.

The SMC Advisory Board will meet periodically to review and approve marketing plans and to determine general policy guidelines for the SMC program. For example, the Advisory Board will have the important task of defining permissible product-promotional parameters. The Board will also generally monitor the progress and results of project implementation at its meetings through the reporting made available to it. The Population Welfare Division will be the official channel of communication between the Advisory Board and the Firm. The Firm, however, will retain complete autonomy for day-to-day implementation operations.

Within the Population Welfare Division, an SMC Cell will be established. This Cell will act as a staff office to the SMC Advisory Board. The SMC Cell will also perform general coordinating functions for the project and will monitor project activities. Reports from the Firm will be submitted through the SMC Cell. The Cell will be composed of a Director (a grade 19 officer) and support staff. The GOP, as well, will use NDFC as a general consultant in SMC activities. Any costs resulting from the arrangement with NDFC will be paid from GOP resources.

2. Contraceptives

a. Analysis of Contraceptive Prevalence in Pakistan

In the absence of recent data, it is difficult to calculate current contraceptive prevalence. However, analysis of available information reveals the following:

i. At the time of the Pakistan Fertility Survey (PFS) in 1975, only 5 percent of MCFAs were current users of an efficient method. There appears to have been no major change from the 1975 level, which is currently used by GOP population officials for planning purposes.

ii. The majority (75 percent) of women interviewed in the PFS reported that they knew of at least one efficient contraceptive method. This shows a substantial gap between knowledge and practice.

iii. More significantly, a large number (44 percent) of eligible women indicated that they did not want another child and an even larger number (62 percent) implied that they would use contraception in the future.

iv. Finally, the existing potential in the private sector is far from realized. Only a small percentage of retail outlets stock contraceptives.

These data suggest that the potential for marketing of contraceptives in the private sector is vast. Accordingly, given the right product mix, an effective demand creation program, and an efficient distribution system, contraceptive usage is likely to increase significantly.

b. Target and Needs Assessments

Broadly speaking, the potential targets for the program can be defined as all married couples of fertile age who are not current users of effective contraceptive methods. However, a more realistic estimate is necessary to determine supply requirements and to establish a basis for measuring program achievements. Table 4 shows annual targets as percentages of the total market size and for couple years of protection (CYP). The target percentages shown in line 4 of Table 4 are derived from several factors including: the current use prevalence in Pakistan, the apparent unmet demand measured by the PFS, and experience from other countries which have SMC projects.

The targets are further divided for condoms and orals, including changing annual proportions for each method, in Table 5. Since condoms are traditionally more popular with the trade and the consumers in Pakistan, they should be easier to sell and therefore initially represent a larger proportion of the total couple years of protection. However, based upon experience in other countries, when effective and continuous promotional activities for orals are put into operation, the demand for orals should gradually increase and as shown in Figure 2, the gap between the two products will begin to diminish after a period of time. Assuming distribution begins (on a pilot basis) in December, 1984 and a Project Assistance Completion Date of December 31, 1989, the Project covers a selling period of 61 calendar months. Distribution of the condoms will begin in selected areas by December 1984. Assuming a favorable pilot phase, a nationwide expansion is planned to take place in January 1986. Distribution of the oral contraceptives will begin in July 1986. Sales reports provided after the launch of each product will be used to modify the targets and projections shown in Tables 4 and 5, as required.

c. Contraceptive Import Needs and Costs

Specific quantities of condoms and orals expected to be used by the target market couples are shown in Table 6. Additional contraceptives must be provided, however, to fill the distribution pipeline and to keep it filled. Thus, total Project requirements, including consumption and pipeline needs, are provided in Table 7.

Costs of procuring and delivering the Project contraceptives are also shown in Table 7. The first tranche of condoms will be ordered immediately after the Project Agreement is signed, and delivery is anticipated seven to eight months later. This procedure would allow enough time for packaging before the launch date.

3. Packaging and Distribution

After the GOP arranges clearance of the contraceptives from the Karachi Port and delivery to the selected Firm, the packaging process will begin. Packaging provides important protection to the contraceptives and plays a large role in providing an appropriate marketing image to the product. Market assessment results will be used to guide Project management in designing, pre-testing, and sub-contracting for printing of the packaging materials as well as the physical packaging of the contraceptives into consumer packages, retail display packs and outer protective cartons in readiness for the distribution process to begin.

TABLE 4

ANNUAL TARGETS OF COUPLE YEARS OF PROTECTION (CYP)
SMC PROJECT, 1984-1989
 (in 000)

	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
1. Married Couples of Fertile Age ^{a/}	18,397	18,949	19,517	20,103	20,706	21,327
2. Less: 34 percent Pregnant, Infecund, Widowed, Separated and Divorced ^{a/}	6,255	6,443	6,636	6,835	7,040	7,251
3. Potential Market (1 minus 2)	12,142	12,506	12,881	13,268	13,666	14,076
4. Targeted Percentage of Potential Market	(0.07)	(0.63)	(1.47)	(3.09)	(4.36)	(6.02)
5. Targeted Number of Couple Years of Protection (CYP) ^{b/}	9	108	189	410	596	823
6. Targeted Cumulative Total CYP	9	117	306	716	1,312	2,135

^{a/} Extrapolated from 1980-1981 Census Bulletin No.1 using Pakistan Fertility Survey information.

^{b/} One couple-year of protection (CYP) is equivalent to one couple using either 100 condoms or 13 cycles of orals for one year. In practice, one CYP can result from more than one couple each using smaller quantities of contraceptives.

TABLE 5

ANNUAL TARGETS FOR CONDOMS AND ORALS, BY CYP, SMC PROJECT, 1984-1989
(in 000)

	<u>1984</u>		<u>1985</u>		<u>1986</u>		<u>1987</u>		<u>1988</u>		<u>1989</u>	
	<u>No.</u>	<u>(%)</u>										
TOTAL	9	(100)	108	(100)	189	(100)	410	(100)	596	(100)	823	(100)
CONDOMS	9	(100)	108	(100)	166	(88)	332	(81)	418	(70)	455	(55)
ORALS	0	(0)	0	(0)	23	(12)	78	(19)	178	(30)	368	(45)

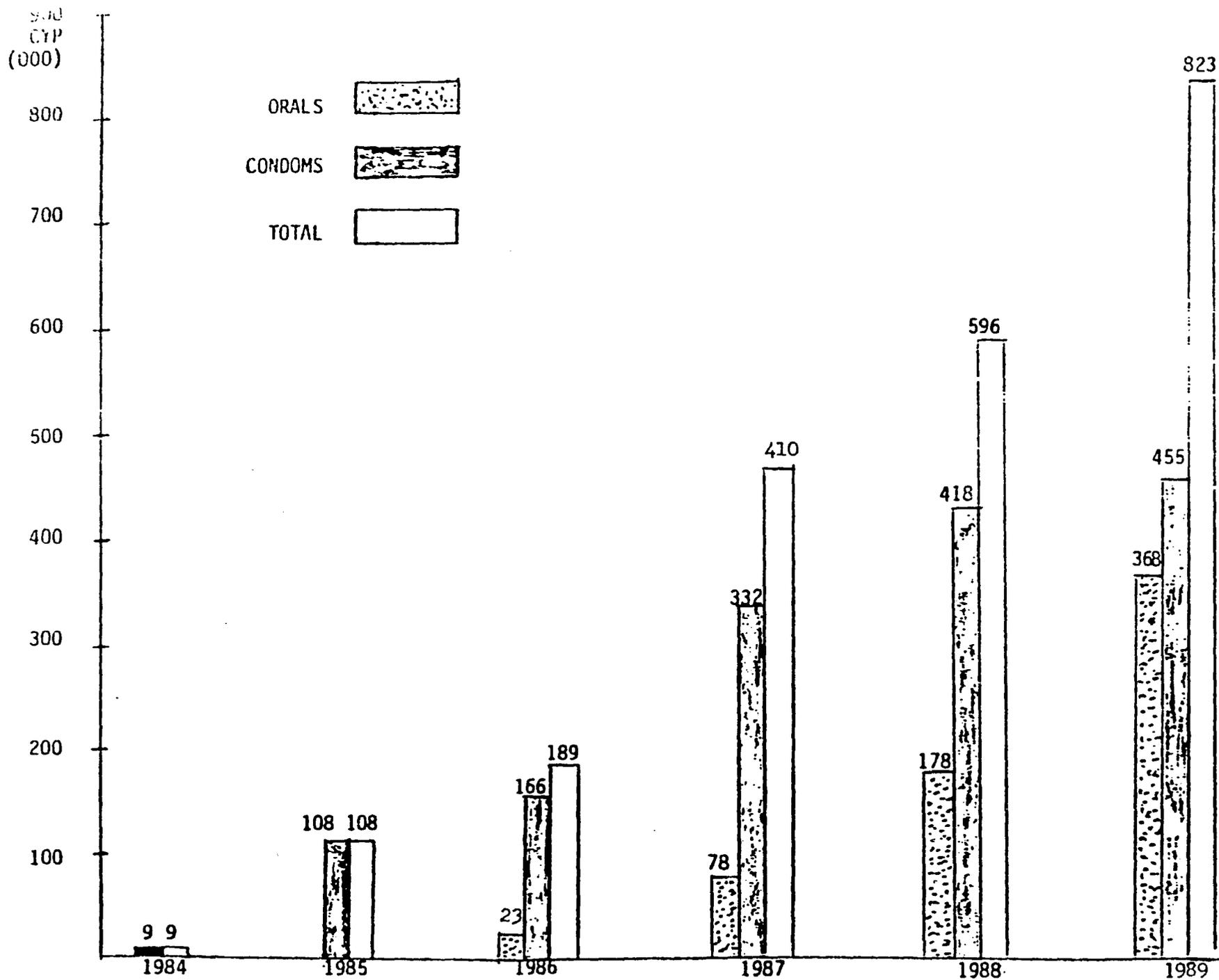


Figure 2: Annual Couple Years of Protection by Method.

TABLE 6

ANNUAL TARGETS FOR CONSUMER PURCHASES OF CONDOMS AND ORALS, SMC PROJECT,

	<u>1984-1989 a/</u>						
	<u>(in 000)</u>						
	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Total</u>
<u>CONDOMS</u>							
Couple Years of Protection	9	108	166	332	418	455	1,488
Pieces Required at 100/year	900	10,800	16,600	33,200	41,800	45,500	148,800
<u>ORALS</u>							
Couple Years of Protection		-	23	78	178	368	647
Monthly Cycles Required at 13/year		-	299	1,014	2,314	4,784	8,411

a/ These figures represent requirements for consumption only. They do not include requirements for stocking the distribution pipeline, i.e. warehouses, wholesalers, and retailers.

TABLE 7
PROJECTED CONTRACEPTIVE INVENTORIES AND COSTS BY METHOD AND YEAR 1984-1989a/
 (in 000)

(1) Calendar Year	(2) Inventory as of January 1	(3) Received during year	(4) Total ^{b/} available	(5) Annual ^{c/} use	(6) Inventory ^{d/} as of December 31	(7) Cost of ^{e/} quantity imported	(8) Funding year
<u>CONDOMS</u>							
1984	-	12,000	12,000	2,000	10,000	600	1984
1985	10,000	47,000	57,000	25,000	32,000	2,350	1984
1986	32,000	43,000	75,000	32,000	43,000	2,150	1985
1987	43,000	50,000	93,000	43,000	50,000	2,700	1986
1988	50,000	40,000	90,000	50,000	40,000	2,500	1987
1989	40,000	77,000	117,000	57,000	60,000	5,100 <u>f/</u>	1988 + 1989 ^{f/}
TOTAL		<u>269,000</u>		<u>209,000</u>	Sub-Total	<u>\$15,400 <u>f/</u></u>	
<u>ORALS</u>							
1986	-	799	799	599	200	164	1984
1987	200	1,814	2,014	1,514	500	391	1985
1988	500	2,814	3,314	2,914	400	637	1986
1989	400	<u>9,824</u>	10,224	<u>5,632</u>	6,000		1986 + 1989 ^{f/}
TOTAL		<u>15,251</u>		<u>10,659</u>	Sub-Total	<u>\$2,328 <u>f/</u></u>	
					Total	<u>\$17,728 <u>f/</u></u>	

a/ Figures include pipeline requirements.

b/ Sum of columns (2) and (3).

c/ Ex-warehouse, i.e. retail sales plus distribution requirements.

d/ Carried forward to column (2)

e/ Column (3) multiplied by cost factors. Estimates for 1984 were based on the following prices: Condoms = \$50/1000 (including freight) and Orals = \$195/1000. For each year beyond 1984, an inflation factor of 5% compounded annually was added.

f/ Includes likely additional project funding of about \$ 5.0 million within projected six year life of this project.

Distribution of the packaged products will be undertaken by the selected Firm with the help of product-promoters employed by the Firm for the SMC effort. Most firms feel that the promotional efforts of product-promoters are essential for new product launches and for nurturing existing products to help them to continually grow, year by year. The Project product-promoters will work closely with the distributor's large delivery vans, promoting only the Project products (out of the 20 or 30 which are likely to be carried by the large delivery vans). The product-promoters will often assist the large delivery vans by making physical delivery of ordered goods to retailers using the opportunity to promote Project products while providing information, as needed, to answer retailers' questions about the products.

Good marketing practice dictates that a new product should be "rolled out" gradually, so that salesmen and product-promoters can assess retailers' acceptance patterns and report findings back to management. These early reports can be used to facilitate modifications, if needed, as the roll-out proceeds and expands. Following this accepted practice, the Project products will probably be launched initially in a few selected areas and expanded later.

4. Product Pricing

The final determination of the selling price of the SMC products to the consumer is a very important and complex process. Several factors have to be considered including: market segmentation; socio-economic characteristics of consumer groups; sufficient incentives to retailers and wholesalers; the results of market assessments; consistency with social marketing principles; and, sufficient incentives to the distributors (the Firm).

Recognizing the critical importance that the retail price has for the success of the SMC program, the determination of the actual retail price of SMC products will be a subject included in the Annual Marketing Plan prepared by the Firm. The final determination of the actual retail price will be given in the SMC Advisory Board's approval of the Annual Marketing Plan.

For current planning purposes, however, the retail price for one dozen condoms is anticipated to be Rs 4.00 plus or minus 25 percent. An anticipated retail price is required for the GOP to estimate program revenues and the amount of subsidy.

5. Promotion

The promotional efforts will be directed at maximizing the use of contraceptives in Pakistan while at the same time recognizing popular sensitivities, media restrictions, government policies and religious attitudes.

The commercial approach often used in some countries for condoms including presentation of brand names, high-key product image and pictures of the packages appears to be inappropriate in Pakistan at the present time. It will, therefore, probably be necessary to begin with promotion directed more at increasing knowledge and acceptance of a less sharply-defined product, with a subsequent, gradually-phased introduction of more direct messages. Intensive market assessment, pretesting, consultation and advice from informed local sources will be used to develop the best approaches.

The infrastructure for advertising and promotion is highly developed and relatively sophisticated in Pakistan. All conventional media exist, although the two most commonly used for new product launches - radio and television - are currently prohibited from carrying explicit contraceptive advertising. It may be possible, however, to schedule some types of messages in these media to reinforce product messages in other media, and, in time, the restrictions may be relaxed.

Experimental use of media in pilot areas will be explored as a means of possibly expanding the use of media in the project. Eventually unrestricted use of radio will probably be necessary because of its excellent reach to important market segments. Other media may be explored for use which include: cinema; billboards; posters; audio-visual vans (especially for more remote areas); pamphlets; car and bus cards; illuminated signs (on electric light and power posts); point of purchase material (mobile, shelf strips, stickers); newspapers (39 Urdu and other indigenous languages, 13 English); magazines (6 women's magazines, various others); and, special techniques (direct mail and special events). Actual selection of media used will be dependent upon the review and approval of the SMC Advisory Board. The most cost-effective media mix is the one which is carefully designed to cater to the needs and characteristics of specific target groups. In many cases, a medium which is most effective for generating demand in one particular segment of the market may be totally inappropriate for another. Therefore, selection of media mix will be based on a continuous analysis of market assessment findings, sales data, other market information systems, and government policies.

In addition to the above-mentioned promotional efforts, product-promoters will be used for face-to-face selling to retailers. Project product-promoters will be used solely to promote Project products. Successful nationwide Pakistani distributors use this type of system whereby the salesmen who sell products to the retailers are backed up by a system of product-promoters - men who travel in small vehicles from town to town ensuring that local retailers stock and display the products. They also motivate potential customers to purchase the products. Use of product-promoters is necessary and successful in most sub-continent countries where other media such as radio, television and press do not have adequate outreach because of illiteracy, poverty, or restrictions on the use of mass media.

Early involvement of a competent advertising agency is imperative to a successful promotion effort. The Pakistan Advertising Association regulates business practices in the advertising industry under rules which follow those of the International Advertising Association. Agencies are not permitted to produce speculative presentations in attempting to attract clients unless each is paid an identical fee for such a presentation. The usual procedure is to select 5 or 8 agencies from among the larger consumer goods advertising agencies, and invite each to submit a brief "concept paper" indicating their approach to a product promotion campaign. This invitation should contain basic details about the SMC Project and its goals, as well as the results of market assessments. Responses to this invitation will be evaluated and will lead to the selection of one or more agencies to assist with product design, distribution strategy and all aspects of product promotion. Once contracted, agency advice will become an integral and very important part of the planning process.

6. Market Assessments

Market assessments are indispensable to any successful commercial enterprise. All decisions regarding products, pricing, advertising, promotion and distribution are based on the findings of market assessments. They provide material for the preparation of initial marketing plans as well as for revision and updating of subsequent marketing strategies. To be effective, therefore, market assessments and evaluations must be timely, accurate and adequate. However, because most assessments are costly and because of their importance to decision-making, careful planning and execution of market assessments are essential. Assessments which are too old, inadequate or inaccurate represent not only wasted money, but they also lead to wrong and sometimes fatal decisions.

Because of the special nature of the SMC Project and the sensitivity of the issues involved, market assessments are more than useful; they are essential. These assessments will be undertaken before product launch as well as throughout the life of the Project. Approximately six person-months of short-term technical assistance will be provided under the project to help implement this component. The market assessments which will be undertaken can be divided into three categories: consumer assessments, trade surveys and product assessments.

a. Consumer assessments establish up-to-date information on potential users, such as life style, purchasing habits, knowledge of family planning methods and attitudes toward family planning in general and modern contraception in particular. This type of assessment provides essential data for a marketing plan and strategy, and is used for market segmentation. For example, since in Pakistan a large proportion of contraceptive products is purchased by the male, the challenge of developing successful promotional and distribution strategies aimed at "buyers" as well as "users" will be especially addressed in consumer assessments of wives, husbands, and couples. Inclusion of males is essential.

b. Trade-oriented surveys provide detailed information about retail outlets and will be used to develop distribution and promotional strategies and for program assessment activities. This type of market assessment will provide up-to-date information on the attitude of the trade and will establish whether special public relations and orientation efforts are necessary for this group and how best to ensure their involvement and participation in the program.

c. Product assessments will provide specific information related to the product, such as brand name, package size, prices, and package design. It is essential for development of a product strategy.

7. Orientation and Training

Two types of orientation and training are included in the Project: (a) for the distribution and promotion functionaries, and (b) for Project management. Distribution and promotion functionaries such as wholesalers, retailers and product-promoters will be oriented about the Project and about the products prior to product launches. Project decision-makers, such as the Manager and his assistants and possibly some GOP officials, will benefit from short-term observational visits to on-going social marketing Projects in nearby countries. This process has proved valuable in other countries for orienting experienced marketers to the special needs of contraceptive social marketing.

8. Evaluation

A variety of techniques will be used to provide quantitative and qualitative information for evaluating the Project. Some techniques will be built into the regular marketing activities. Others will be used to provide specific forms of analysis. Evaluation activities will focus upon the Annual Marketing Plan, the management information system, post-launch assessments, contraceptive prevalence surveys, demographic analysis, economic analysis and external evaluation studies.

a. The Annual Marketing Plan

The Annual Marketing Plan is the major technical and financial planning document upon which all field activities will be based. It will be developed from market assessment results by the Firm's SMC Unit prior to launching the first product and annually thereafter. The Annual Marketing Plan will serve three major purposes. First, it

will provide the Firm with a detailed plan of marketing operations. Second, it will provide a description of the marketing rationale and details of marketing plans. This description will be reviewed and approved by the SMC Advisory Board before marketing activities occur. Lastly, it will serve as an evaluation tool, providing much needed baseline information by which Project progress can be assessed.

The Annual Marketing Plan is likely to contain sections which describe: results of market assessments; transformation of market assessment results into quantified marketing objectives and promotional objectives; product pricing structure; packaging and distribution strategy, schedule and budget; product promotion strategy, media plan, schedule and budget; further market assessment plans, schedule and budget; post-launch assessment plans and product development plans. The promotion strategy section of the plan is likely to include a detailed scope of work for the product-promoters, describing their promotional activities in detail; specifics of retailer orientation and training; descriptions of in-store displays; and a break-out of media promotions such as type, quantity and placement of outdoor media plus similar details for print media.

b. Management Information System

The management information system (MIS) is a measurement technique used throughout the commercial sector for day-to-day information-gathering, reporting and decision-making. This system will be used to enable the Firm's management to control the movement of contraceptives from the docks to the distributor, to wholesalers, to retailers and finally to customers. Using data on imports, inventory, costs, sales and income, the performance of each product in each sales area can be quickly and economically analyzed and monitored. Such a precise instrument will allow the Firm to control inputs, assess outputs and consequently make necessary modifications quickly and systematically. The MIS will rely on several sources of data including: contraceptive inventory records, distributors' sales records, van-promoters' daily logs, and revenue records. This data base will be supplemented by the results of specific market assessments. For example, an assessment of a representative stratified sample of retailers, some of whom sell Project products, will provide a reasonable estimate of the number of Project retailers plus inventory turnover information for different strata of retailers. When combined with MIS data, a useful picture of product flow patterns will emerge and will enable the Firm's management to modify distribution plans as required. The MIS system will probably be computerized.

c. Post-Launch Assessments

An assessment of the launch of each product will be undertaken during the first two months of each launch period to determine distribution patterns and the acceptability of the marketing components. These assessments will use standard marketing techniques including the management information system, and reports of salesmen and van-promoters and could lead to modifications in the marketing procedures for the products. After each product launch has been judged to be adequately underway and upon approval of the SMC Advisory Board, nationwide expansion will begin.

d. Contraceptive Prevalence Surveys (CPS)

Two rounds of the national CPS are scheduled to take place during the Project period as part of the A.I.D.-supported Population Welfare Planning Project. The information provided by the CPS will supplement information available through the MIS and market assessments and will provide useful data for demographic and economic analysis.

e. Demographic Analysis

The GOP has been in the forefront of demographic analysis of family planning programs for about twenty years and has developed a system for converting outputs, particularly quantities of family planning methods distributed or used, into an estimate of "couple years of protection" (CYP). CYP data can be converted into numbers of "effective users" for each contraceptive method and into numbers of births averted. Numbers of effective users and births averted are measures of effectiveness or impact. Estimated numbers of effective users and births averted for the Project are provided in Table 8.

f. Economic Analysis

After product distribution figures have been converted into the output and demographic impact indicators described above, they will be compared to Project costs to provide estimates of cost-efficiency (such as cost per CYP) and cost-effectiveness (such as cost per effective user and cost per birth averted). During the early years of the Project, costs will be relatively high but they should decrease dramatically during later years as sales volumes increase while such overhead costs as market assessments and promotion decrease (see Section V.D. for a complete discussion).

TABLE 8

PROJECTED ANNUAL NUMBER OF COUPLE YEARS OF PROTECTION,
EFFECTIVE USERS AND BIRTHS AVERTED, BY METHOD
SMC PROJECT, 1984-1989
(in 000)

	1984 ^{d/}	1985	1986	1987	1988	1989	Total
1. <u>Couple Years of Protection</u> ^{a/}							
a. Condoms	9	108	166	332	418	455	1,480
b. Orals	-	-	23	78	178	368	647
c. Total	9	108	189	410	596	823	2,135
d. Cumulative	9	117	306	716	1,312	2,135	
2. <u>Effective Users</u> ^{b/}							
a. Condoms	5	65	99	199	251	273	892
b. Orals	-	-	14	47	107	221	389
c. Total	5	65	113	246	358	494	1,281
d. Cumulative	5	20	183	429	787	1,281	
3. <u>Births Averted</u> ^{c/}							
a. Condoms	2	23	35	70	88	96	314
b. Orals	-	-	5	16	37	77	135
c. Total	2	23	40	86	125	173	449
d. Cumulative	2	25	65	151	276	449	

^{a/} The sale of 100 condoms or 13 cycles of orals results in an estimated output of one couple year of protection (CYP). Source: GOP Population Welfare Planning Plan.

^{b/} Each continuous user of condoms or orals results in an estimated output of 0.6 effective users.

^{c/} Each effective user results in an estimated effect of preventing 0.35 births.

^{d/} For one month beginning December 1, 1984.

NOTE: The projections in this table assume additional funding of about \$5.0 million will be made available to procure contraceptives within the six year life of this project.

g. External Evaluations

External impact evaluations will be conducted during the life of the project and are discussed in Section IV.I.

IV. IMPLEMENTATION PLAN

A. Implementation Schedule

Project activities are planned to take place over a period of about six years. A proposed implementation schedule is provided in Table 9. As shown in Table 9, the following priority activities will be undertaken as soon as possible after the Project Agreement is signed: (1) order condoms; (2) select and contract with the Firm; (3) begin developing the first marketing plan; and, (4) recruit the Resident Advisor. Since recruiting an expatriate Resident Advisor may take some time, short-term expatriate consultants may be used for various tasks to assist A.I.D., the GOP, the SMC Advisory Board and the Firm until the Resident Advisor arrives.

Ordering condoms immediately is also critical so that supplies arrive in time for the intended launch date of the product. Another priority will be for the selected Firm to create the SMC Unit and to assign a senior-level marketing expert as Manager of the Unit. It will also be important to start market assessments early so that the results can be used to draft the first Annual Marketing Plan including detailed plans for printing, packaging, distribution, promotion, and additional market assessments as needed. After the Firm has prepared the Plan, it will be submitted to the SMC Advisory Board for review and approval. Post-launch assessment of the condom product tentatively scheduled for September 1985 may point to the need for some modifications in the program, following which nationwide expansion will occur around January 1986. Launch of the orals product is tentatively scheduled in July 1986. External evaluations are planned for September 1985, February 1987 and May 1988.

B. Administrative and Monitoring Arrangements

1. A.I.D. Responsibilities

USAID/Pakistan's Office of Health, Population and Nutrition (HPN) will assume overall responsibility for USAID's management and monitoring of the Project. This office is currently staffed with three USDH and four Pakistani professionals. The Mission's Office of Project Development and Monitoring (PDM) will assist HPN in all contracting and procurement actions under the project. AID/Washington will assist the Mission to procure all contraceptives required for the program.

USAID/Pakistan, with the assistance of AID/Washington, will recruit a long-term management consultant, experienced in social marketing of contraceptives, as the Resident Advisor. During the course of the Project, USAID/Pakistan and AID/Washington will assist in identifying and recruiting short-term consultants as required. In addition, USAID/Pakistan will arrange for the observational visits of key project personnel to nearby countries which have SMC activities.

The Mission's Population Officer will facilitate communication between the GOP, USAID/Pakistan, and AID/Washington and either he and/or A.I.D. Mission Director will serve as the A.I.D. representative on the SMC Advisory Board. In cooperation and collaboration with the GOP, A.I.D. will also:

- a. review and approve each Annual Marketing Plan prior to its implementation;
- b. participate in quarterly Progress Seminars to be held by the Firm. This will provide both Governments and the SMC Advisory Board with the opportunity to fully discuss Project progress with the Firm's executives at regular intervals;
- c. participate in major external evaluations; and,
- d. either directly, or through an agent, review and audit financial data and reports.

2. Responsibilities of the GOP

The GOP will ensure that all PC-1's and other documentation related to this Project are prepared and approved in a timely manner. The GOP will also contract with the Firm (in accordance with GOP and applicable A.I.D. regulations). In addition, the GOP will explore ways to expand the use of media to promote project products.

GOP members of the SMC Advisory Board and, as appropriate, the Population Welfare Division will, in cooperation and collaboration with A.I.D.:

- a. review and approve each Annual Marketing Plan submitted by the Firm prior to the initiation or renewal of marketing activities;
- b. participate in quarterly Progress Seminars to be held by the Firm;
- c. participate in major external evaluations;
- d. establish and staff the SMC Cell within FWD; and,
- e. establish the SMC Advisory Board.

3. Responsibilities of the Marketing Firm

The Firm, through its Board of Directors and executive management, will be responsible for implementing the approved marketing plans and for staffing the SMC Unit. The SMC Unit will be responsible for formulating strategic plans; developing and implementing a management information system; implementing or sub-contracting for marketing activities; coordinating field promotion with product distribution; public relations; budgeting; and financial and program reporting.

4. Responsibilities of the SMC Advisory Board

The Advisory Board will be responsible for reviewing and approving marketing plans prepared by the Firm. The Board will also provide guidance in regard to GOP and A.I.D. policies and regulations. As part of the review process of marketing plans, the Board will also monitor the progress and results of project implementation. The Population Welfare Division will officially communicate all decisions of the Advisory Board to the Firm.

5. Responsibilities of the SMC Cell within PWD

The SMC Cell will perform staff functions for the SMC Advisory Board. One of the Cell's functions in this capacity will be to identify issues for consideration by the Advisory Board. The SMC Cell will also monitor and coordinate the regular implementation steps under the project. The Cell will also be responsible for coordinating the clearance of the imported contraceptives. The Firm will submit required reports to the SMC Cell.

6. Responsibilities of NDFC

NDFC will serve as a general consultant to the GOP. It will examine financial procedures; review marketing strategies; monitor implementation steps; and, generally advise the GOP.

7. Responsibilities of the Resident Advisor

The Resident Advisor will be responsible for providing technical expertise in social marketing to the SMC Advisory Board, the Firm, USAID, the GOP, and the SMC Cell in PWD. The Resident Advisor will also provide reports as assigned.

C. Procurement Plan

1. Technical Assistance

The Project will finance a total of 65 person-months of expatriate technical assistance (TA) as shown in Table 10. The management TA will consist of 48 months of long-term (the Resident Advisor, from June 1984 to June 1988) plus 3 months of short-term consultancy. All expatriate consultants will be contracted directly by USAID/Pakistan. The Resident Advisor will be hired under a competitively

TABLE 10

PROPOSED TECHNICAL ASSISTANCE PLAN

<u>Technical Area</u>	<u>No. of Person- Months</u>	<u>Schedule</u>
Management	51	March 1984-Sept. 1989
Management Information System	2	Oct. 1984 -Nov. 1984
Market Assessment	8	Apr. 1984 -July 1984 July 1985 -Aug. 1985 Feb. 1986 -Mar. 1986
Evaluation	4	September 1985 February 1987 May 1988 (one consultant for each evaluation for about five weeks)
Total	<u>65</u>	

solicited Personal Services Contract (PSC), or, if that mechanism is unable to result in a suitable candidate, the Advisor may be hired under an institutional contract. All short-term technical assistance will be procured either through PSCs, existing Indefinite Quantity Contracts (IQCs) or "buy-ins" to existing AID/Washington central projects.

2. Marketing Firm

The GOP will procure the services of a qualified marketing firm incorporated in Pakistan. In selecting and contracting with the Firm, the GOP will observe all applicable A.I.D. regulations for host-country contracting. The GOP will also involve A.I.D. in the preparation of advertisements for the services of a firm; in the selection of a qualified firm; and, in approving the contract agreement with the Firm. In approving the contract mode to be used for selecting a private sector marketing firm, the Mission and GOP officials considered both A.I.D. direct and host country contracting alternatives. Host country contracting was selected at the request of the GOP. A.I.D.'s concurrence to this request took into consideration the following factors which will assist in improving performance under the host country mode:

a. An SMC Cell within PWD with overall responsibility for project implementation including contract administration, will be established and adequately staffed shortly after the Project Agreement is signed.

b. The National Development Finance Corporation will be employed by the PWD throughout the life of the project as a consultant organization which will provide advice to the PWD on the progress and direction of social marketing activities as a whole. Its scope of services will include a review of work undertaken by a firm contracted to conduct the marketing functions of the project.

c. Within the Firm selected to perform Social Marketing services, an SMC Cell will probably be established and the Firm will provide adequate staff to carry out required SMC services including market planning, market assessments, promotion, advertising, and report preparation, consistent with project activities.

d. A PSC expatriate advisor will work closely with the PWD, the firm, and USAID in ensuring that social marketing services planned are carried out consistent with project objectives and the terms of a host country contract.

e. USAID/Pakistan will monitor performance in contract administration, timely GOP submission of vouchers for USAID review and approval and provide any assistance if needed.

The steps outlined above are intended to foster a sound administration and financial management of the contract. They will be monitored on an on-going basis to determine the type and nature of any changes warranted during contract implementation.

3. Commodities

a. Contraceptives

USAID/Pakistan will arrange for the procurement of all contraceptives for the program through the A.I.D. central procurement system. The projected order/delivery schedule is as follows:

<u>Tranche Number</u>	<u>Order Placed</u>	<u>Order Arrives Karachi Port</u>
1	March 1984	October 1984
2	November 1984	October 1985
3	September 1985	August 1986
4	September 1986	August 1987
5	September 1987	August 1988

The GOP will be responsible for facilitating customs clearance at the Port of Karachi.

b. Vehicles, Office Equipment, Furniture and Supplies

The Resident Advisor will need to visit a wide variety of project activities. Therefore, USAID/Pakistan will procure one right-hand station wagon for the use of the Resident Advisor. A vehicle waiver request is included as Annex H. Also from Project resources, USAID/Pakistan will procure for the Resident Advisor the necessary household furnishings, supplies and equipment as well as office equipment. USAID/Pakistan will also procure a micro-computer for use by the Resident Advisor in analyzing project performance and progress. With the exception of the vehicle, all commodities purchased under this project will have their source and origin in the U.S. or Pakistan.

D. Market Assessment Plan

The Firm will undertake itself and/or sub-contract with other agencies to undertake market assessments. Because consumer market assessments require several months to complete, the field interviews should begin as soon as possible. Trade assessments will follow as soon as possible thereafter because their results must also be available to assist designing and undertaking product assessments. Product assessments should begin upon the completion of preliminary reports from the consumer and trade assessments. Various specific market assessments will probably be required throughout the life of the Project.

E. Promotion Plan

A contract must be executed between the Firm and the selected advertising agency as soon as possible so that preparation and pretesting of the promotion campaigns and media materials can be completed well before condom product launch in December 1984. A proposed and admittedly optimistic schedule for condoms is presented below:

June	1984	Identify most qualified agencies through requests for expressions of interest; brief agencies; presentation of "concept paper" by the agencies; select three most qualified agencies.
August	1984	Presentation of creative plans by the three agencies; selection of one agency and execution of contract.
September	1984	Orientation of agency executives to social marketing of contraceptives.
October	1984	Finalize and pretest creative campaign and media plan.
November	1984	Launch promotion campaign.
December	1984	Launch condom product.

F. Printing and Packaging Plan

On the basis of market assessment results, decisions will be made concerning the color, type, brand name and other characteristics of the outer packs for the contraceptives. The Firm will then probably sub-contract with local printers to produce the packages. A similar sequence of events, based upon market assessments, will take place for printing promotional materials.

G. Distribution Plan

The selected Firm will use its existing distribution capacity to distribute Project products to jobbers, wholesalers, stockists and retailers. The Firm's distribution system will be supplemented by the product-promoters who will undertake small-scale distribution of Project products in addition to their promotional activities.

The start of condom distribution is planned for December 1984 with nationwide expansion scheduled about January 1986; pills will follow in July 1986. This phased plan has two important advantages: it will allow full concentration by the Firm's small management team upon one important product at a time; and it will prevent any confusion in the minds of retailers and consumers about the nature of the two products. Both factors are important: preparation for any new product launch requires full attention to a surprisingly large number of details, and phasing of the two products will allow the necessary concentration upon one product at a time. Importantly also, the two products must be perceived by retailers and consumers as being different in several ways and yet being similar inasmuch as they are both used to prevent unwanted pregnancies. Phasing will permit the differences and similarities to be properly understood and reinforced by standard marketing techniques including choice of package design and choice of promotional messages.

H. Orientation and Training Plan

Orientation of members of the distribution chain, including retailers, will be undertaken as an integral part of the promotion activities. It is planned to begin one month prior to condom launch, i.e. in November 1984. Orientation and training of key staff toward the needs of social marketing will begin as soon as those staff are in place. Observational trips to nearby countries are tentatively planned for June 1984 in order to provide the perspective needed for strategic planning of SMC activities.

I. Evaluation Plan

Internal evaluation of implementation activities and the results of marketing activities will be regular and on-going. The data available for these internal evaluations will be generated by the development of Annual Marketing Plans, the Management Information System within the Firm, and various market assessments, both pre- and post-product launch. The regular review of such information is common practice in any marketing program. Under the SMC Project, those individuals and entities reviewing this information to assess project progress will include: the Firm, the SMC Advisory Board, the SMC Cell within PWD, the Resident Advisor, and USAID/Pakistan. Issues for review in these internal evaluations will include but will not be limited to: appropriateness of product pricing; volume of sales of project products; extent of product distribution; appropriateness of brand names and package designs; adequacy of product promotional activities; and, media availability.

External evaluations are planned for September 1985, February 1987 and May 1988. The first external evaluation will examine institutional arrangements and socio-political factors regarding implementation of the pilot program. This evaluation will include an assessment of the use of available media and will provide recommendations about whether and when product distribution should begin nationwide. The second external evaluation will assess overall progress in the program, institutional arrangements and socio-political factors. In addition, the second external evaluation will measure the effects of limitations for product promotion on demand creation and progress toward relaxing restrictions on the use of media. The May 1988 external evaluation is scheduled at the time it is anticipated that additional funds will be required for the program; therefore, this evaluation will, inter alia, provide recommendations regarding continued support for the program.

All external evaluations will be jointly planned and executed by the GOP and USAID and will possibly involve an external consultant and/or an AID/Washington representative. The Resident Advisor may assist in these evaluations on request. In addition to the data available for internal evaluations, external evaluations may also utilize the results of the Contraceptive Prevalence Survey (CPS). The first round of the CPS began in January 1984 and the second round is scheduled to begin in 1986.

V. PROJECT ANALYSES

A. Administrative Analysis

1. Organizational Structure of the Project

Given the nature of social marketing, the GOP and USAID agreed that the best approach would be to use an existing private sector firm capable of undertaking operational management of an SMC Project. The type of firm most qualified to undertake the SMC activities is a large, reputable, marketing /distribution firm incorporated in Pakistan. Such a firm would manage the marketing of Project products and distribute them along with its existing line of consumer products.

It was decided that a contractual arrangement between the GOP and such a firm would provide a clear-cut, administratively simple and efficient system for implementing the Project. In order to provide the necessary commitment to the marketing of Project contraceptive products and to provide necessary technical expertise, the Firm will be required to establish a Social Marketing of Contraceptives Unit, within its corporate structure. The Unit's single purpose will be the social marketing of Project products through the Firm's existing distribution network while sub-contracting with service agencies such as market assessers, printers and advertisers for their specialized services. In other words, the Firm would adopt Project products, treating those products very much as a product it normally marketed, and sub-contract for those services which it normally sub-contracted.

Compared to other administrative options, the chosen option has several advantages:

- a. Utilization of the private sector is maximized in both the management and distribution aspects of the program.
- b. Access to and involvement of the considerable existing marketing experience and expertise for introducing and marketing consumer products in Pakistan is ensured.
- c. An established firm will have extensive contacts and experience with using advertising firms, market assessment organizations, and printing and packaging services.
- d. Such a firm will already have a proven distribution network that includes wholesalers and retailers
- e. Given the inclusion of an SMC Unit within the Firm's corporate structure, commitment to Project products should be high. Commitment to the Project products should also increase since the SMC Unit's sole purpose will be to market these products.
- f. The chosen model probably requires less additional infrastructure and staff, with corresponding lower costs, than other models.

The SMC Advisory Board, established by the GOP, will provide general policy directions to the Firm and review and approve the Firm's Annual Marketing Plans. Both the Resident Advisor and the Manager of the Firm's SMC Unit will be resources available to the Advisory Board for advice and consultation. In addition, the SMC Cell within the Population Welfare Division will provide staff services to the Advisory Board and receive reports and information from the Firm. The GOP will also use the National Development Finance Corporation (NDFC) as a general consultant in SMC activities. NDFC is a public corporation with some experience in public to private sector financial arrangements.

2. Management Staff

Executive management quality is a critical issue in SMC Projects because of the required high degree of commitment to the social concepts involved and the wide range of marketing skills. Furthermore, the commitment and skills must necessarily reside in a very small number of people because numbers of executive personnel should be kept to a minimum. For this Project, two skilled marketing experts will be available full-time: the SMC Unit Manager provided by the Firm, and

the expatriate Resident Advisor (contracted by USAID). The Resident Advisor may be used by both the SMC Advisory Board and the Firm.

3. Financial Incentives

Most marketing operations operate on the basis of remuneration for selling specified units of products. This principle is sound and has proven effective as an incentive to maximize sales, which, in the case of an SMC Project, implies increased use of Project contraceptives. Several systems of contracting with the selected Firm are available to the GOP, including tying remuneration to units of contraceptives sold; reimbursing for certain specified costs; and providing specified fees for specified services. In the absence of explicit experience, the GOP will consider negotiating a combination of the above systems with a view to maximizing the Firm's commitment to the social aspects of the Project, maximizing sales of Project contraceptives and adequately remunerating the Firm for providing its resources.

B. Technical Analysis

1. Contraceptive Selection

SMC Projects have successfully introduced a wide range of family planning methods including condoms, oral pills, foaming tablets and IUDs in several countries. In Pakistan, however, where current usage rates are low and non-users' preferences relatively unknown, a new SMC Project should begin with relatively few products which have proven marketability through the retail distribution system. Experience in Pakistan and in other sub-continent countries has revealed a high level of acceptance for both condoms and oral pills. Thus, the Project will begin by introducing one brand of each of these two methods. However, in response to the marketers' axiom that "more products result in a larger market", at an appropriate time, Project management may systematically and judiciously explore the possibility of introducing additional types of condoms and oral pills, and perhaps foaming tablets and other methods such as IUDs, to satisfy perceived demand from specific market segments.

2. Product Launch Timing

In considering the timing of introduction of new products, marketing managers must consider the amount of energy and resources required to plan and prepare for introduction of each new product. They must also consider the effects that a new product will have on existing products and on other new products that may be introduced at the same time. For this Project, which will introduce two new products through a distribution Firm which already has existing products (that must continue to be distributed and featured from time to time), the most rational approach is to schedule the launch of each about

a year apart. This policy will allow the small Project management team and the Firm's other staff involved in the Project to concentrate fully on one new product at a time, giving it their full commitment for several months. After the first product has been successfully launched, expanded nationwide and established, the second product will be launched. Separate launching will also allow stronger product image-building because each product will have a higher probability of being perceived clearly when it is introduced alone. If two family planning products were to be launched simultaneously, some retailers and some potential users may not distinguish clearly between them; but, there is less chance of this occurring with at least a one-year interval between launch times. Condoms will be launched first, primarily because they are slightly simpler to sell. They also require less education and instruction for retailers and consumers.

3. Distribution Strategy

The overriding consideration in formulating a distribution strategy is to ensure that the contraceptive products are available for sale in the most appropriate and accessible retail outlets for the majority of the target population. As is the case in most markets with a size and population approaching that of Pakistan (for example Bangladesh), consumer products can be distributed on both a regional and a nationwide basis. Several nationwide distributors operate in the Pakistani market, and there is an even greater number of regional distributors. The choice of distribution systems available to the SMC Project is outlined below:

a. A nation wide manufacturer/distributor of a variety of consumer products which manufactures and packages the finished products and then distributes them through its own system;

b. An importer or manufacturer of a variety of consumer products which utilizes outside distribution services. Manufactured and packaged products are picked up by contract distributors who distribute them regionally or nationally as directed. These manufacturers often have their own salesmen and product-promoters who take orders from retailers and often also deliver these orders; and,

c. A nationwide distribution company which contracts to distribute goods regionally or nationwide as directed.

The GOP will contract with a national manufacturing/distribution Firm (option a. above). This system is recommended because, compared to other types of commercial firms, a manufacturer/distributor with nationwide

capacity can provide more of the necessary marketing components (such as strategic product planning, packaging, distribution and product management). This, in turn, means that Project management infrastructure can be smaller and less sub-contracting is required.

4. Pricing Policy

The underlying principle in the pricing of contraceptives for this Project is to maximize sales in a manner consistent with financial incentives throughout the marketing chain. Decisions as to the right price must be based on information collected through market assessments conducted prior to product launch and throughout the project. The answers to the questions regarding retail price and distribution costs will result from actual operating experience and market assessments. The final decisions regarding both elements will be based primarily upon the goal of maximizing the market size. In other words, the retail price and the distribution costs will be based upon the principle of making program contraceptives available to the largest number of fertile couples while ensuring that the retail price is perceived by potential customers as representing high value at affordable cost. Based upon experience in other countries, it is anticipated that distribution costs will be considerably lower than the retail price, thus providing substantial revenues^{4/}.

5. Financial Self-Sustainability

Based on experience in other countries, program revenues may be enough to eventually cover a large percentage of operating costs such as product promotion, market assessments and management salaries. It is also quite possible that the revenues may exceed all operating costs, particularly after five or six years of successful operation, thereby helping to offset the cost of the contraceptives as well. There are several ways of achieving this objective including: keeping the SMC Unit lean and dynamic; continually offering fresh promotions to the market; and, particularly, by introducing additional contraceptives and other population welfare products and services (such as oral rehydration salts and weaning foods). All of these products and services have been successfully introduced in some other countries. However, they should not be introduced until the initial project, involving only condoms and orals, is well accepted and established.

^{4/} Population Report, "Social Marketing : Does it Work?", Series J-21, John Hopkins University, 1980.

6. Relationship with the Commercial Sector

The commercial sector structure for the marketing of frequently purchased consumer products is highly developed in Pakistan. Some 300,000 retail outlets of all sizes offer a wide variety of products. They are supplied by a network of national and regional wholesalers and distributors and backed by sophisticated advertising campaigns making use of all conventional media. This network makes it possible to distribute consumer goods rapidly and inexpensively throughout the country.

The marketing sector currently markets condoms and orals. Condoms and orals are sold primarily in affluent neighborhoods of urban centers at prices which place them out of the reach of the poorer population segments. There are no legal restrictions on the type of outlets which can sell these products, nor on their display or in-store promotion. The concept of family planning, the idea of a small family and child spacing are acceptable concepts for advertising in all media. But specific, explicit brand-name advertising of contraceptives is currently not allowed.

Based upon experience in other countries where SMC Projects have operated for several years, the commercial sector benefits, on balance, from the introduction of a social marketing system. The marketing sector depends upon innovation for its growth. New products, when backed up by strong advertising and promotion activities, provide dynamic inputs which are greatly welcomed by advertisers, distributors and particularly, the retailers. In a country such as Pakistan, the tens of thousands of small retailers do not often have new, highly advertised products to offer to their customers. When such a product is introduced, particularly at a popular price, retailers eagerly purchase them, knowing that a demand will be created and that they will subsequently sell the new product from which they will derive some income. Thus, many thousands of commercial sector participants will benefit from the program although their net cash returns will be small by Western standards.

Clearly, the introduction of a new, low-priced product will change the contraceptive mix in the commercial sector. The tremendous growth of the entire market will entail a shift from relatively high-priced products to affordable products. In general, the small number of existing high-priced products will continue to be sold by the same small number of urban retailers to those customers who can afford them, while those same urban retailers will also sell some of the new products to those new customers who are attracted by the new product at an affordable price.

It is possible that the importation and sale of the high-priced products may drop somewhat and anticipation of this decrease may cause anxiety among foreign manufacturers and local importers. However, given the small quantities of high priced condoms and pills sold in Pakistan, the actual negative effect should be very small indeed while the positive

effects throughout the marketing sector, including new income to tens of thousands of small retailers (who had never benefited from contraceptive distribution in the past) should be quite large. In short, the net effect of the Project upon the private sector should be positive.

7. Promotion Methods

The Project will use a range of promotional methods to motivate potential customers to purchase and use its products. However, two mass media (radio and television) at least initially will not be employed because of government restrictions. In almost every country where SMC projects have been implemented, restrictions have existed prior to the expansion of distribution and advertising. This has occurred in both Western industrialized countries and in developing countries (including those of the sub-continent). However, the potential demand for birth-spacing has been strong enough in each country that distribution and use of reliable contraceptives increased rapidly, even when the programs used less-than-overt advertising. In nearby countries, such as Sri Lanka, where strong cultural inhibitions prevented the use of such words as "contraceptive" or "oral pill" on radio, short radio messages related the benefits of birth spacing to "happiness" and suggested that listeners go to their local shop to discuss "happiness" with their community shopkeeper. After several months, "happiness" (which is the brand name of the product) became a household word and was discussed widely and openly without public outcry.

One option for an SMC Project in a country such as Pakistan (which has strong cultural and political sensitivities concerning the discussion of contraceptives on mass media) is to purposefully delay the use of English language mass media, including newspapers, until the brand name and the product have become popularized through more popular local language media. This is a highly unusual practice for most advertising firms who aim most products at the English-speaking more affluent population, knowing that it represents a good market for most new products and that the products may be used later by less affluent sectors of society. In Pakistan, however, a better strategy may be to start by using popular media, including person-to-person communication such as product-promoters and the local retailers, then to combine these two channels with judicious use of print media and radio (as the Family Planning Association of Pakistan does in Lahore). In time, the promotion plan, if implemented skillfully, may reduce sensitivities and inhibitions to the point where the broader use of all media, including radio, can be explored. This has been the experience in Sri Lanka and Bangladesh where mass media ads are now well-received.

8. Market Assessments

The type and quantity of market assessments planned for this Project are required for the purpose of introducing contraceptives to a new market, i.e. a population which has not yet been

reached through other programs. The planned consumer assessment, trade assessment and product assessment are all deemed essential to provide adequate information about what customers and retailers perceive as being in their best interests. All three types are needed to ensure that sensitivities are not irritated when the products are introduced. Fortunately, market assessments are, in themselves, not controversial as illustrated by the smooth functioning of market studies for many years in Pakistan. Even family planning research is not necessarily controversial as shown by the high response rates in the 1975 Pakistan Fertility Survey. Information collected from males as well as females is particularly necessary in Pakistan where men do much of the decision-making regarding family planning and household expenditures and also undertake a large amount of shopping.

9. Contraceptive Quantities

Estimating the quantities of contraceptives required for any new Project or program is always difficult because many factors, none of which can be estimated accurately, enter into the calculations. These factors include the number of retailers who will stock the product initially; the rate of increase in the number of retailers; the amount of promotion which retailers will willingly provide; the perceived value of the product when compared to its cost in the eyes of the potential consumers; the effectiveness of promotion; and the effect of the introduction of Project orals upon Project condom sales. While acknowledging these somewhat intangible factors, three general guiding principles can be used to calculate estimated needs: (a) patterns of use in Pakistan; (b) experience of similar Projects in other countries; and, (c) the imperative to fill the distribution "pipeline", to expand it and to keep it filled.

This Project is aimed at market segments relatively untouched by the public sector programs, namely those couples who do not use family planning clinics. While the size of this group and the proportion of the group that will use Project products year by year cannot be estimated until the results of nationwide consumer market assessments are analyzed, it is safe to assume that the group consists of several million couples and that a significant proportion of them will use the SMC products if the products are made easily accessible at an affordable price.

Experience with SMC Projects in other countries also provides some insights into opportunities in Pakistan. In Bangladesh, for example, which has a population of similar size and relatively low total contraceptive prevalence, the SMC Project currently provides contraception to approximately 7 percent of the MCFA. The Pakistan Project may outperform the Bangladesh project because in Pakistan: communications and distribution networks are more highly developed; there is a greater drive towards urbanization and modernization; and rural people probably have more cash at their disposal and much more mobility allowing them to shop in towns more frequently.

Filling the distribution pipeline and keeping it filled is a formidable challenge during the introduction period of any new product. The incangibles of dealer demand are compounded by the unknowns of consumer demand, producing a picture which is very difficult to quantify until the product is in the field. On the other hand, it is possible to control pipeline supply to some degree during the early stages of introduction while consumer off-take is being measured. Thus, it should be possible to feed the distribution pipeline in a systematic manner and meet the demand for contraceptives among the population currently unserved.

10. Relationship with the Public Sector Program

As noted in earlier sections, the SMC Project is intended to supplement the efforts of the public sector's program by making contraceptives readily available to those couples who do not normally use public sector facilities. The question of "cross-over" arises with respect to the public sector program just as it does with respect to the existing private sector activities. To what extent will existing public sector clients cross-over to the new SMC Project? Given that the target markets are different, the cross-over should be very small.

Experience in other countries suggests that existing public sector programs do not decline when a new SMC project begins. In fact, the demand creation activities of the SMC project can be enough to substantially increase knowledge about specific contraceptives. This has been well-documented in Sri Lanka, for example. SMC Project activities in demand creation promote a specific product, such as an oral contraceptive, resulting in greater knowledge about the product. Greater knowledge leads to increased public discussion about the product, its benefits, and its availability and then to increased demand for the product. This increased demand can, of course, be satisfied by the public sector as well as the private sector. Thus, the SMC Project in Pakistan should lead, in time, to increased demand for public sector as well as private sector contraceptives.

While the purpose and results of SMC projects complement, support and supplement public sector programs, it is important to note substantial differences in the nature of the target populations and the operational activities, both of which lead logically to different products. While the contraceptives themselves, for example, condoms, may be essentially identical, the SMC designers, working independently from public sector product designers, will almost certainly produce a product which differs substantially from public sector condom products in terms of package design, color, price and display. This product, when supported by complementary promotion will then be perceived differently from public sector condoms. These differences in products and perceptions are beneficial because they reflect the important fact that the target populations differ in several ways such as their perceptions of appropriate price or appropriate place of purchase.

C. Social Soundness Analysis

The social soundness analysis for this Project is on file at USAID/Pakistan.

D. Economic Analysis

Social sector activities such as family planning projects and programs are not readily amenable to standard economic analyses such as cost-benefit techniques, because the value of future benefits are very difficult to ascertain and quantify. However, economic analysis of family planning activities has been developed to the point where generally accepted and useful indicators of costs per unit of output and of effects can be generated from output data such as quantities of contraceptives distributed or sold.

1. Output Analysis

The GOP has developed a system of reporting outputs and estimating effectiveness from those outputs. This system is being adopted internationally and will be used for the economic analysis of the SMC Project. The system converts quantities of contraceptives distributed, sold or consumed into "couple years of protection" (CYP); for example, thirteen cycles of orals represent one CYP because one woman requires thirteen cycles of orals to "protect" her from an unwanted pregnancy for one year. One advantage of the CYP system is that the actual number of users is not an issue. If, for example, 13 women each use two cycles of orals during one Project year, the resulting measure according to the CYP system provides two CYPs. Comparisons of Project cost to quantities of CYPs is therefore a measure of cost efficiency.

2. Effectiveness Analysis

The concept of "protection" used above does not imply absolute protection from an unwanted pregnancy because, using oral pills as an example, they can be lost, forgotten from time-to-time, or perhaps used redundantly. Therefore, the GOP uses a system for discounting the quantity of CYPs to produce a measure of "effective users" (for orals, the number of CYPs is reduced by 40 percent to provide the number of effective users). An effective user is therefore assumed to be truly protected against an unwanted pregnancy, and comparisons of Project costs to the number of effective users is therefore a measure of cost-effectiveness.

To provide a measurement of demographic impact, the GOP then transforms the quantity of effective users into the number of "births averted". Demographers have suggested that effective use for 2.86 years will, on average, result in one averted birth. A comparison of Project costs to the estimated number of births averted is another measure of cost-effectiveness but has two distinct advantages over the other methods discussed above. Firstly, it provides a useful measure of demographic impact, which can be related to the goals of family planning activities. Secondly, it can be used by economists as a basis for calculating the economic benefits of the activities.

3. Benefit Analysis

There are several types of benefits which accrue from averting births. Some of the most important are related to improved maternal health, improved child health, increased proportions of school-age children obtaining education, plus fewer people consuming scarce resources such as food and energy. All of these benefits imply less "consumption" of such public services as hospitals, schools, electricity and transport and therefore less public sector investment.

As noted in Table 8 this Project is expected to result in up to 450,000 births averted. This is a substantial number and could possibly be transformed into some indicator of "savings" to the country. Economists have calculated monetary estimates of such savings, ranging from \$157 to \$600 for each birth averted^{5/}, but the actual value is elusive, given the difficulties of estimating the values of different benefits and then discounting them by some arbitrary percentage because they occur in the future. Furthermore, it is difficult to use this "human investment" approach to cost-benefit analysis when comparing family planning activities between one country and another because the quantification and evaluation of the benefits may differ from country to country^{6/}. For these reasons, family planning analysts usually use measures of cost-efficiency and cost-effectiveness rather than cost-benefit.

In summary, two forms of economic analysis, cost-efficiency and cost-effectiveness, will be calculated using data generated by the Project. In practice, they will be calculated annually but are provided below on a total Project basis for illustrative purposes. Given a total Project cost of \$20 million, including \$12,655 million for contraceptives, and given the output and effectiveness projections

^{5/} The Asian Development Bank, in its November 1981 "An Evaluation of the Population Program", Appendix 23, Appraisal of the Health and Population Project in Pakistan, provided an estimated value of \$157 for a birth averted. Pakistan's Sixth Five Year Plan (page 400) estimates the same value at approximately \$600.

^{6/} Yinger, N. et al, "Third World Family Planning Programs : Measuring the Costs". Population Bulletin, Vol.38, No.1. Population Reference Bureau. Washington, 1983.

shown in Table 8, adjusted according to the level of funding currently available for contraceptives under this project, the following economic indicators should be obtained:

	<u>Total Project Cost</u>	<u>Excluding Contra- ceptive Costs</u>
Per CYP	\$10.37	\$ 3.94
Per effective user	\$17.29	\$ 6.57
Per birth averted	\$49.26	\$18.72

By international standards, these indicators represent very good levels of efficiency and effectiveness. A cost of \$3.94 per CYP, for example, is very low by international standards. As actual indicators are developed during the Project, they can be compared with other projects and programs around the world such as the SMC Project in Bangladesh. The SMC Project in Pakistan is expected to be particularly efficient and effective because start-up costs should be relatively low given the organizational structure, i.e., funding an existing Firm should cost less than creating, accommodating and staffing a new implementing organization.

E. Financial Analysis

1. General

This project will provide \$20,000,000 over a nearly six-year period to establish a Social Marketing of Contraceptives Program in Pakistan. The program will be primarily funded by A.I.D. Other donors are not contributing funds to the program; hence the activities are not dependent upon any other funding source for successful implementation. It should be noted that the amount of funds currently available for contraceptives under the existing \$20 million life of project funding level is judged to be insufficient to cover the anticipated contraceptive costs, based on projections of need and off-takes, for the project through the PACD of December 30, 1989. If, however, the projected targets are actually met and the program is functioning according to expectations in all other aspects, A.I.D. will consider the possibility of amending the project to provide additional funds for contraceptives.

Table 11 provides a summary of project costs by project component, expense category, and fiscal year. Table 12 provides a summary of project costs by expense category and foreign exchange and local costs. Project costs are defined as anticipated sub-obligations or commitments of funding through, e.g. PIOs, contracts, or purchase orders. Inflation was calculated on the basis of ten percent for U.S. salaries, fifteen percent for all other foreign exchange costs except contraceptives (five percent), and twenty percent for local costs, all compounded annually.

TABLE 11
SUMMARY OF PROJECT COSTS
BY PROJECT COMPONENT, EXPENSE CATEGORY AND FISCAL YEAR
(in \$000)

<u>PROJECT COMPONENT</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>
1. Contraceptives	3,480	3,030	3,195	2,050	12,655
2. Printing/Packaging	570	895	700	400	2,565
3. Management					
a. Short-term T.A.	45	40	40	20	145
b. Long-term T.A.	165	150	165	170	650
c. Training	40	-	-	-	40
d. SMC Unit Operations	200	100	100	100	500
e. Commodities	55	-	-	-	55
Sub Total:	<u>505</u>	<u>290</u>	<u>305</u>	<u>290</u>	<u>1,390</u>
4. Market Assessments					
a. Short-term T.A.	35	35	30	-	100
b. Other ^{a/}	150	75	75	-	300
Sub Total:	<u>185</u>	<u>110</u>	<u>105</u>	<u>-</u>	<u>400</u>
5. Product Promotion	560	820	485	300	2,165
6. Evaluation					
a. Short-term T.A.	-	60	60	60	180
b. Other ^{b/}	-	40	150	-	190
Sub Total:	<u>-</u>	<u>100</u>	<u>210</u>	<u>60</u>	<u>370</u>
7. Contingency	200	255	-	-	455
TOTAL:	<u>5,500</u>	<u>5,500</u>	<u>5,000</u>	<u>4,000</u>	<u>20,000</u>

a/ For survey and associated market research costs.

b/ To provide project assessment and evaluation services.

TABLE 12

SUMMARY OF PROJECT COSTS BY EXPENSE CATEGORY,
FOREIGN EXCHANGE AND LOCAL COSTS
 (in \$000)

<u>Expense Category</u>	<u>A.I.D. Life of Project Funding</u>		
	<u>FX</u>	<u>Lca/</u>	<u>Total</u>
1. <u>Commodities</u>	12,710	-	12,710
2. <u>Technical Assistance</u>			
a. Short-term	310	115	425
b. Long-term	450	200	650
Sub-Total	<u>760</u>	<u>315</u>	<u>1,075</u>
3. <u>Training</u>	20	20	40
4. <u>Other Costs</u>			
a. Printing/Packaging	-	2,565	2,565
b. SMC Unit Operations	-	500	500
c. Market Assessments	-	300	300
d. Product Promotion	-	2,165	2,165
e. Evaluation ^{b/}	90	100	190
Sub-Total	<u>90</u>	<u>5,630</u>	<u>5,720</u>
5. <u>Contingency</u>	55	400	455
TOTAL	<u>13,635</u>	<u>6,365</u>	<u>20,000</u>

a/ Local costs expressed as dollar equivalents.

b/ Costs associated with monitoring, MIS and periodic project assessments including external evaluations

Estimates for local costs were based on brief surveys of the local economy and on social marketing experience in other countries. Contraceptives, because of the long lead time required between orders, delivery and distribution, are funded one or two years before intended use.

The GOP will finance the costs of establishing and maintaining the SMC Cell within the Population Welfare Division. The GOP will also finance any costs associated with the involvement and services of NDFC. Similarly, funds for the costs of participation by GOP personnel on the SMC Advisory Board will be provided by the GOP.

2. Summary Cost Estimate and Financial Plan

The A.I.D. grant will fund: long-term expatriate technical assistance (3.3 percent); commodities (63.6 percent) which consist mainly of contraceptives (63.3 percent); evaluation activities (1.8 percent); product promotion (10.8 percent); printing and packaging (12.8 percent); and, market assessments (1.5 percent). Of these, contraceptives are the largest budget item, totalling \$12,655,000. Success of the project is dependent upon the uninterrupted flow of contraceptives which will be assured by this project. The Project will also finance with dollar funds the international travel costs of all short-term training. A participant training travel waiver, which exempts the GOP firm hiring to cover these costs, has been signed by the USAID/Pakistan Mission Director and is included as Annex I.

About 32 percent or \$6,365,000 of the \$20 million grant will be used to finance local costs. These include management and implementation costs of the selected private sector firm; local costs associated with the short-term and long-term technical assistance; and, the costs of printing, packaging, promotion, distribution, and market assessments (all of which will be undertaken by Pakistani firms).

Dollar grant obligations are scheduled as follows: \$5.5 million in FY 1984; \$5.5 million in FY 1985; \$5.0 million in FY 1986; and, \$4.0 million in FY 1987.

3. Methods of Implementation and Financing

Table 13 provides a summary of the proposed methods of implementation and financing for the subject project by component, in accordance with A.I.D.'s Payment Verification Policy Implementation Guidance dated December 30, 1983. No departures from the three preferred methods of financing are contemplated for this project.

Table 13

Methods of Implementation and Financing

	Project Component	Method of Implementation	Method of Financing	Approximate Amount (US \$000)
1.	Contraceptives	AID Central Procurement	Direct Payment	12,655
2.	Printing/Packing	Host Country Contract	AID Reimbursement	2,565
3.	Management			
	a) Short-Term T.A.	AID Personal Services Contract	Direct Payment	145
	b) Long-Term T.A.	AID Personal Services Contract	Direct Payment	650
	c) Training	AID PIO/P	Direct Payment	40
	d) SMC Unit Operations	Host Country Contract	AID Reimbursement	500
	e) Commodities (Vehicle, micro computer, typewriter, calculator(s), household furniture)	AID Procurement	Direct Payment	55
			Sub-Total	<u>1,390</u>
4.	Market Assessments			
	a) Short-Term T.A.	AID Personal Services Contract	Direct Payment	100
	b) Other <u>a/</u>	Host Country Contract	AID Reimbursement	150
		AID Institutional Contract	Direct Payment	150
			Sub-Total	<u>400</u>
5.	Product Promotion	Host Country Contract	AID Reimbursement	2,165
6.	Evaluation			
	a) Short-Term T.A.	AID Personal Services Contract	Direct Payment	180
	b) Other <u>b/</u>	AID Institutional Contract	Direct Payment	190
			Sub-Total	<u>370</u>
7.	Contingency	-	Direct Payment or HC AID Reimbursement	<u>455</u>
			TOTAL	20,000

a/ For survey and associated market research costs.

b/ To provide project assessment and evaluation services.

F. Environmental Statement

This project falls under Section 216.2(c) (viii) of A.I.D.'s Environmental Procedures which excludes the requirement of an initial environmental examination or any other environmental documentation for "programs involving nutrition, health care or population and family planning services.....".

G. Narcotics Impact Statement

The Social Marketing of Contraceptives Project, being basically humanitarian in nature, does not lend itself to specific actions or policies relative to narcotics suppression. It is one of the few projects in the proposed economic assistance program to Pakistan which, because of its basic thrust and mechanism for implementation cannot be meaningfully connected to the U.S. Government's continued efforts, in conjunction with the GOP, to curtail opium poppy cultivation and the processing of opium into heroin in Pakistan. The provision of family planning services and contraceptives does not provide a useful vehicle for suppression of narcotics activities. Accordingly, no poppy clause will be included in the Project Grant Agreement.

VI. Conditions, Covenants and Negotiating Status

A. Conditions Precedent to First Disbursement

Except as A.I.D. may otherwise agree in writing, prior to any disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee shall furnish or have furnished to A.I.D., in form and substance satisfactory to A.I.D.:

1. a written opinion of Counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of the Grantee, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms; and,

2. a written statement setting forth the names and titles of persons holding or acting in the Office of the Grantee and representing that the named person or persons have the authority to act as the representative or representatives of the Grantee, together with a specimen signature of each such person certified as to its authenticity.

B. Covenants

1. Operational Autonomy of Firm. The Parties agree to make every reasonable effort to assure that the firm selected to carry out the purposes of this Project is allowed maximum operational autonomy and that, to the extent possible, this firm is provided the latitude for managing its operations, including product introduction and marketing, as is the practice in the Pakistan private sector.

2. Communication Strategy. The Grantee shall, no less than every twelve (12) months from the date of the signing of this Agreement, review all communication strategies and policies for this Project in order to assess the maximum permissible use of media for the promotion of contraceptive products under this Project. The Grantee shall, no less than every twelve (12) months from the date of the signing of this Agreement, furnish to A.I.D., in form and substance satisfactory to A.I.D., a written report of its deliberations and review, setting forth therein the permissible communication strategies and policies for the promotion of contraceptive products under this Project for the next twelve month period.

3. Pre Launch Evaluation. Prior to the nationwide launch of product distribution of contraceptives under this Project, the parties agree to conduct a joint evaluation of the performance and experience of the initial, limited distribution activity under this Project. The Parties agree that, based on this evaluation and the review by A.I.D. of communication strategies and policies to be provided to A.I.D. as set forth in Section VI.B.2. above, A.I.D. will be making its determination as to the reasonableness, desirability and prudence of continued A.I.D. funding of this Social Marketing of Contraceptives Project.

4. Project Evaluation. The Parties agree to establish an evaluation program as part of this Project. Except as the Parties may otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter:

- a. evaluation of progress towards attainment of the objectives of the Project;
- b. identification and evaluation of problem areas or constraints which may inhibit such attainment;
- c. assessment of how such information may be used to help overcome such problems; and,
- d. evaluation, to the degree feasible, of the overall development impact of the Project.

5. Post Training Employment. Except as the Parties may otherwise agree in writing, the Grantee, acting through its Population Welfare Division, shall make every reasonable effort to require that each person trained under this Project works in activities related to social marketing of contraceptives in Pakistan for not less than three times the length of time of his or her training program provided, however, that in no event shall such an individual be allowed to work in social marketing of contraceptives activities for less than one year nor be required to work in social marketing of contraceptive activities for more than five years from the date of that individual's completion of training.

6. Abortion/MR. The Grantee shall not use any of the assistance provided by A.I.D. under this Project for abortion and/or menstrual regulation ("MR") related activities, including specifically but not limited to, information, education, lobbying, training or communication programs that seek to promote abortion and/or MR as a method of family planning. A.I.D. may, from time to time, further specify prohibited abortion and/or MR related activities by Project Implementation Letters.

7. Sterilization. The Grantee shall not use any of the assistance provided by A.I.D. under this Agreement for any sterilization related activities.

C. Negotiating Status

This project, including the Condition Precedent and all the above covenants, has been fully discussed with and agreed to by the GOP.

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AIDAC

E.O.12065 N/A
SUBJECT: SOCIAL MARKETING PID - APAC REVIEW CABLE
TAGS:

REF: (A) ISLAMABAD 7743 (B) ISLAMABAD 8410

1. APAC MET JUNE 3 AND APPROVED SUBJECT PID. DISCUSSION FOCUSED ON THE FOLLOWING POINTS, WHICH SHOULD BE TAKEN INTO ACCOUNT IN PP DESIGN, ALONG WITH THE EXTENSIVE LIST OF DESIGN QUESTIONS INCLUDED IN THE PID ITSELF. GUIDANCE REQUESTED IN REF B WILL BE PROVIDED SEPARATELY.

2. NEED FOR AND ROLE OF A NEW IMPLEMENTING ORGANIZATION (IO): THIS WAS MAJOR FOCUS OF THE DISCUSSION. RECOGNIZING THAT IT MAY NOT BE POSSIBLE TO ANSWER ALL QUESTIONS AT PID STAGE, APAC FELT PP WOULD HAVE TO ADDRESS FULLY THE FOLLOWING BASIC QUESTIONS:

(A) ARE THERE ANY REPEAT ANY EXISTING ORGANIZATIONS (PRIVATE OR VOLUNTARY, PROFIT OR NON-PROFIT) THAT COULD UNDERTAKE THE PROPOSED FUNCTIONS OF THE IO? IF SO, THERE IS A STRONG PRESUMPTION IN FAVOR OF UTILIZING SUCH ORGANIZATIONS, THUS OBTIATING THE NEED TO CREATE A NEW ENTITY. IN THIS PROJECT, IF ASSUMPTION IS THAT CONTRACEPTIVE COSTS WILL CONTINUE INDEFINITELY TO BE SUBSIDIZED BY AID OR OTHER DONORS, TEMPTATION IS REAL FOR STAFF OF IO TO GROW AND FUNCTIONS TO EXPAND. DANGER THEN, AS MISSION IS WELL AWARE, IS THAT SUCH AN ORGANIZATION MAY FIND IT EXTREMELY DIFFICULT TO BECOME SELF-SUPPORTING ONCE AID PROJECT IS PHASED OUT. THEREFORE, NEED TO CREATE A NEW ORGANIZATION SHOULD BE FULLY JUSTIFIED IN PP.

(B) IF A NEW ORGANIZATION IS INEVITABLE, QUESTION ARISES AS TO TYPE OF IO THAT WOULD BE MOST SUITABLE. UNDERSTAND MISSION AND GOP HAVE BEEN DISCUSSING A VOLUNTARY ORGANIZATION. PROJECT DESIGN SHOULD FULLY EXPLORE ALTERNATIVES. FOR EXAMPLE, COULD NOT A NON-PROFIT TRADE ORGANIZATION OF PRIVATE WHOLESALERS AND DISTRIBUTORS BE FORMED INSTEAD, TO INSURE THAT PRIVATE SECTOR INTERESTS ARE MORE FULLY REPRESENTED?

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11

(C) IF A NEW ORGANIZATION IS TO BE FORMED, PROJECT DESIGN SHOULD ENSURE THAT SUCH AN ORGANIZATION BE KEPT SMALL AND LEAN AND FOCUSED ONLY ON TASKS THAT CANNOT BE CARRIED OUT BY EXISTING ENTITIES. PP SHOULD JUSTIFY ITS PROPOSED SIZE, AS WELL AS EXPLAIN HOW QUALITY OF ITS PROPOSED STAFF WILL BE ENSURED. REGARDLESS OF WHICH IO IS USED, PP SHOULD DO FINANCIAL ANALYSIS WHICH WILL INDICATE CLEARLY TO BOTH AID AND GOP WHAT WILL BE RECURRENT OPERATIONAL COSTS, HOW THESE WILL BE FINANCED AND WHAT WILL HAPPEN TO THE NEW ORGANIZATION ONCE AID SUPPORT IS PHASED OUT.

3. FROM PID DESCRIPTION, IT APPEARS MISSION IS THINKING OF MAKING A GRANT TO A NON-GOVERNMENT, NON-PROFIT ORGANIZATION RATHER THAN TO A PRIVATE AND VOLUNTARY ORGANIZATION AS THAT TERM IS USED IN AID. GENERALLY A QTE PVO UNQTE IS, INTER ALIA, A NON-PROFIT CHARITABLE, VOLUNTARY OR SERVICE ORGANIZATION THAT HAS EXISTENCE AND A PROGRAM INDEPENDENT OF THE ACTIVITY FINANCED WITH AID FUNDS. THE IO DESCRIBED IN THE PID IS AN INSTITUTION CREATED SPECIFICALLY FOR THE PURPOSE OF IMPLEMENTING THE PROJECT. UNDER THESE CIRCUMSTANCES WE DO NOT BELIEVE THE IO WOULD BE A QTE PVO UNQTE AND THEREFORE IT WOULD NOT BE NECESSARY TO ATTEMPT TO REGISTER IT AS SUCH NOR TO COMPLY WITH THE OTHER POLICY REQUIREMENTS THAT APPLY TO AN OPG SUCH AS THE 25 PERCENT CONTRIBUTION FROM NON-AID SOURCES. IT IS NOT NECESSARY FOR THE IO TO BE PVO IN ORDER FOR AID TO BE ABLE TO MAKE A GRANT TO IT.

4. PRIVATE SECTOR ROLE: THE PRIVATE SECTOR ROLE SHOULD BE DETAILED IN THE PP, AND PRECAUTIONS TAKEN TO PREVENT SALE OF SUBSIDIZED CONTRACEPTIVES UNDER THIS PROJECT FROM UNDETERMINING EXISTING COMMERCIAL MARKET FOR CONTRACEPTIVES. PP SHOULD ANALYZE ANTICIPATED EFFECTS ON PRIVATE CHANNELS AND CONTAIN PROVISIONS FOR MONITORING THESE EFFECTS DURING LOP.

5. CONTRACTUAL RELATIONSHIPS: IN OTHER CRS PROJECTS, AID/W HAS FOUND IT USEFUL IN WITHSTANDING POLITICAL PRESSURES TO HAVE A T.A. CONTRACTOR WITH SOME LEVEL OF CONTROL OVER PROGRAM DECISIONS. MISSION SHOULD ENSURE THAT LONG-TERM ADVISER AND/OR AID HAS CLEARANCE OR APPROVAL AUTHORITY AT KEY DECISION POINTS. IN THIS CONNECTION, A COOPERATIVE AGREEMENT MAY BE MORE APPROPRIATE THAN A GRANT AGREEMENT. SEE CHAPTER 25, HANDBOOK 1, SUPPLEMENT B.

6. SELF-SUSTAINABILITY: WHILE IT WOULD BE UNREALISTIC TO EXPECT THE PROJECT TO BE SELF-SUSTAINING IN FIVE YEARS,

12

LESSER TARGETS MAY BE ATTAINABLE AND SHOULD BE SPECIFICALLY ADDRESSED IN DESIGN. SALES REVENUES MIGHT COVER A SPECIFIC PORTION OR ALL OF THE LOCAL COSTS IN A SHORTER TIME FRAME, FOR EXAMPLE.

7. OTHER TARGETS: A SPECIFIC OBJECTIVE OF THE PROMOTIONAL COMPONENT OF THE PROJECT WHICH SHOULD BE CONSIDERED MAY BE TO RAISE SPECIFIC KNOWLEDGE OF CONTRACEPTIVE METHODS BY A SPECIFIED PERCENT WITHIN THE LIFE OF THE PROJECT (WITH CONTRACEPTIVE PREVALENCE SURVEYS TO PROVIDE VERIFICATION).

8. NEED FOR SOCIAL SCIENCE COMPONENT: CERTAIN SURVEY/RESEARCH INFORMATION IS NEEDED FOR MAKING DECISIONS ON MARKETING, PRICE POLICY AND PROMOTIONAL STRATEGY AS WELL AS FOR EVALUATING PROJECT IMPACT ON AWARENESS AND USE OF CONTRACEPTIVES. IN PARTICULAR, PROFILES OF THE TARGET MARKET, CONSTRAINTS TO ACCEPTANCE OF FAMILY PLANNING AND RESPONSES BY DIFFERENT GROUPS TO THE PROGRAM ARE NEEDED. IT WILL ALSO BE IMPORTANT TO KNOW HOW THE PROJECT CONTRIBUTES TO THE GOAL OF BROADER DISTRIBUTION OF CONTRACEPTIVES COMPARED TO GOVERNMENT AND EXISTING COMMERCIAL CHANNELS. THE MISSION SHOULD CONSIDER RESERVING SOME PROJECT FUNDS FOR SUCH STUDIES. IN ADDITION, RESEARCH ACTIVITIES FUNDED UNDER THE POPULATION WELFARE PLANNING PROJECT MIGHT INCLUDE RESEARCH ON THE EFFECT OF THIS PROJECT ON FAMILY PLANNING KNOWLEDGE AND ACCEPTANCE IN GENERAL.

9. MISSION HAS AUTHORITY TO APPROVE THE PP. HAIG##

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73

PROJECT CHECKLIST

Listed below are statutory criteria applicable generally to projects with FAA funds and project criteria applicable to individual funding sources: Development Assistance (with a subcategory for criteria applicable only to loans); and Economic Support Fund.

CROSS REFERENCE: IS COUNTRY CHECKLIST
UP TO DATE? Yes

HAS STANDARD ITEM
CHECKLIST BEEN
REVIEWED FOR THIS
PROJECT? Yes

A. GENERAL CRITERIA FOR PROJECT

1. Continuing Resolution
Unnumbered; FAA Sec.634A;
Sec.653(b)

(a) Describe how authorizing and appropriations Committees of Senate and House have been or will be notified concerning the project; (b) is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than \$1 million over that amount)?

(a) Congressional notification and Congressional Presentation.

(b) Yes assistance is within the 1984 operational year budget.

2. FAA Sec.611 (a) (1): Prior to obligation in excess of \$100,000, will there be (a) engineering, financial other plans necessary to carry out the assistance, and (b) a reasonably firm estimate of the cost to the U.S. of the assistance? Yes

(2)

3. FAA Sec.611 (a) (2): If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance? No further legislative action is required.
4. FAA Sec.611 (b) : Continuing Resolution Sec.501. If for water or water-related land resource construction, has project met the standards and criteria as set forth in the Principles and Standards for Planning water and Related Land Resources, dated October 25, 1973? N/A
5. FAA Sec.611 (e). If Project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability effectively to maintain and utilize the project? N/A
6. FAA Sec.209. Is project susceptible of execution as part of regional or multi-lateral project? If so why is project not so executed? Information and conclusion whether assistance will encourage regional development programs. The project is not susceptible to execution as part of a regional or multilateral project and assistance will not encourage regional development programs.

15

7. FAA Sec.601 (a). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, and credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and, (f) strengthen free labor unions.
- (a) No.
- (b) The major involvement of the local private sector in this project should strengthen the commercial marketing of contraceptives. It should also foster private initiative and competition in the marketing of these commodities.
- (c) No.
- (d) No.
- (e) No.
- (f) No.
8. FAA Sec.601 (b). Information and conclusion on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).
- U.S. private enterprise will participate as suppliers of commodities and technical services for the project.
9. FAA Sec. 612 (b), 636 (h) : Continuing Resolution Sec. 503. Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.
- This is an ESF Project. Nevertheless, the GOP contribution to the Project will consist of salaries of staff within the SMC Unit, consulting fees for the local General Consultants and all travelling expenses incurred on behalf of the Advisory Board.
10. FAA Sec.612 (d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?
- Disbursement for all local costs will be made with treasury-owned excess rupees in accordance with FAA Section 612(b). The U.S. also owns so-called "Hondale" excess Pakistani rupees. However, uses programmed for these funds currently exceed availability.

76

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|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 11. | <u>FAA Sec.601 (e).</u> Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? | Yes |
| 12. | <u>Continuing Resolution Sec.522.</u> If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity? | N/A |
| 13. | <u>FA Appropriation Sec.525:</u> Will the funds for this project be used to lobby for abortion? | No |

B. FUNDING CRITERIA FOR PROJECT

- | | | |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 1. | <u>Development Assistance Project Criteria</u> | N/A |
| a. | <u>FAA Sec.102 (b), 111, 113, 281(a).</u> Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better | N/A |

(5)

life, and otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economics of developing countries and the improvement of women's status; and, (e) utilize and encourage regional cooperation by developing countries.

b. FAA Sec.103, 103A, 104, 105, 106, 107. Is assistance being made available:

N/A

(including only applicable paragraph which corresponds to source of funds used. If more than one fund source is used for project, include relevant paragraph for each fund source).

(1) [103] for agriculture, rural development of nutrition; if so (a) extent to which activity is specifically designed to increase productivity and income of rural poor; 103A if for agriculture research, full account shall be taken of the needs of small farmers, and extensive use of field testing to adapt basic research to local conditions shall be made; (b) extent to which assistance is used in coordination with programs carried out under Sec.104 to help improve nutrition of the people of developing countries through encouragement of increased production of crops with greater nutritional value, improvement of planning, research, and education with respect to nutrition, particularly with reference to improvement and

N/A

73

(6)

expanded use of indigenously produced foodstuff; and the undertaking of pilot or demonstration of programs explicitly addressing the problem of malnutrition of poor and vulnerable people; and (c) extent to which activity increases national food security by improving food policies and management and by strengthening national food reserves, with particular concern for the needs of the poor, through measures encouraging domestic production, building and national food reserves, expanding available storage facilities, reducing post harvest food losses, and improving food distribution.

(2) [104] for population planning under Sec.104(b) or health under Sec.104(c); if so, (1) extent to which activity emphasizes low-cost, integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems and other modes of community research.

N/A

(3) [105] for education, public administration, or human resources development; if so, extent to which activity strengthens non-formal education, makes formal education more relevant, especially for rural families and urban

N/A

19

(7)

poor, or strengthens management capability of institutions enabling the poor to participate in development; and (ii) extent to which assistance provides advanced education and training of people in developing countries in such disciplines as are required for planning and implementation of public and private development activities.

(4) [106; ISDCA of 1980, Sec.304] for energy, private voluntary organizations, and selected development activities; if so, extent to which activity is: (i) (a) concerned with data collection and analysis, the training of skilled personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy production; (b) facilitative of geological and geophysical survey work to locate potential oil, natural gas, and coal reserves and to encourage exploration for potential oil, natural gas, and coal reserves; and (c) a cooperative program in energy production and conservation through research and development and use of small scale, decentralized, renewable energy sources for rural areas;

N/A

N/A

(ii) technical cooperation and development, especially with U.S. private and voluntary or regional and international development organizations;
(iii) research into, and

N/A

80

(8)

evaluation of, economic development process and techniques;

(iv) reconstruction after natural or manmade disaster;

(v) for special development problems, and to enable proper utilization of earlier U.S. infrastructure, etc., assistance;

N/A

(vi) for programs of urban development, especially small labor intensive enterprises, marketing systems, and financial or other institutions to help urban poor participate in economic and social development.

c. [107] is appropriate effort placed on use of appropriate technology? (relatively smaller, cost-saving, labor using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor.

d. FAA Sec.110 (a). Will the recipient country provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or has the better cost-sharing requirement been waived for a "relatively least developed country")?

N/A

e. FAA Sec.110 (b). Will grant capital assistance be disbursed for project over more than 3 years? If so, has justification satisfactory to Congress been made, and efforts for other financing, or is the recipient country "relatively least developed"?

N/A

21

(9)

- f. FAA Sec.281 (b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civil education and training in skills required for effective participation in governmental processes essential to self-government. N/A
- g. FAA Sec.122 (b). Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth? N/A
2. Development Assistance Project Criteria (Loans Only). This is an ESF Project
- a. FAA Sec.122 (b). Information and conclusion on capacity of the country to repay the loan, at a reasonable rate of interest. N/A
- b. FAA Sec.520 (d). If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20% of the enterprise's annual production during the life of the loan? No
3. Project Criteria Solely for Economic Support Fund

82

(10)

a. FAA Sec.531 (a). Will this assistance promote economic or political stability? To the extent possible, does it reflect the policy directions of FAA Section 102?

Yes, the Project will improve accessibility to contraceptives, contribute to the reduction of the population growth rate, and thereby facilitate the achievement of the GOP's development goals as they relate to economic and political stability.

b. FAA Sec.531 (c). Will assistance under this chapter be used for military, or paramilitary activities?

No

83



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Telegram : ECONOMIC
Telex : ECDIV No. 06-634

SECRETARY, GENERAL,
Phone: 820629

GOP LETTER OF REQUEST
FOR ASSISTANCE

No. 1(23)US.I/81
Government of Pakistan
MINISTRY OF FINANCE AND
ECONOMIC AFFAIRS
(ECONOMIC AFFAIRS DIVISION)
ANNEX C
Page 1

SUBJECT:- SOCIAL MARKETING OF CONTRACEPTIVES PROJECT(391-0484).

Dear Mr. Lion,

As part of our two Government's agreement on a six-year \$ 1.625 billion economic assistance program, the Government of Pakistan formally requests from U.S.AID/ Pakistan twenty million dollars (U.S.\$ 20,000,000) in United States assistance to fund a Social Marketing of Contraceptives Project.

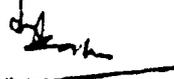
Funds provided by A.I.D. the project will be used to procure technical advisory assistance, training, commodities and private sector services required, among other things to:

1. complement the efforts of the public sector Population Welfare Program to provide contraceptive services to the public.
2. increase contraceptive usage by expanding the availability of contraceptives through the private sector.
3. utilize the considerable strengths of the Pakistani private sector in distributing and promoting contraceptives in retail outlets.
4. create, support and strengthen social marketing experience in Pakistan.
5. support the preparation of marketing plans which take into account various market assessments of consumer, trade and produce variables.
6. support the distribution of project products through the development and use of imaginative and appropriate promotional activities.

The Government of Pakistan assures the United States of its full cooperation in carrying out the Social Marketing of Contraceptives Project. The personnel, financial and other inputs required of us will be provided with Federal support in an expeditious manner. Once the Project Agreement is signed, A.I.D. is hereby authorized to proceed, with obtaining marketing services from Pakistan's private sector through the Population Welfare Division, procure contraceptives, long-term technical assistance, and to commit and disburse funds as necessary to carry out these initially important project activities.

We look forward to a continued effort by both our Governments to implement a productive and beneficial program for the people of Pakistan.

Yours sincerely,



(Ejaz A. Naik)

Dr. Donor M. Lion,
Director,
USAID/ Pakistan
Islamabad.



**PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK**

ANNEX D

Life of Project:
From FY 1984 to FY 1989
Total U. S. Funding \$20,000,000
Date Prepared: March 1984

Project Title & Number: SOCIAL MARKETING OF CONTRACEPTIVES PROJECT

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which this project contributes:</p> <p>- To reduce the rate of national population increase.</p>	<p>Measures of Goal Achievement:</p> <ol style="list-style-type: none"> 1. A reduction of the rate of national population increase to less than the current estimate of 2.9% by the end of the Project. 2. A reduction of the crude birth rate to less than the present level of 41 per 1000 by the end of the Project. 	<ol style="list-style-type: none"> 1. Decennial census 2. Contraceptive prevalence surveys. 3. Birth and death registration (vital statistics). 4. Other survey data. 	<p>Assumptions for achieving goal targets:</p> <p>An increasing number of Pakistani couples of child-bearing age will practice effective contraception.</p>
<p>Project Purpose:</p> <p>- To promote family planning and increase contraceptive usage by expanding the availability of contraceptives through the private sector.</p>	<p>Conditions that will indicate purpose has been achieved: End of project status.</p> <ol style="list-style-type: none"> 1. An increase in the quantity of outlets offering affordable contraceptives. 2. An expansion in the geographic distribution of such outlets. 3. Increased outlets have adequate supplies of contraceptives. 4. An increase in contraceptive sales. 5. An increase in contraceptive prevalence. 6. User and potential user population reporting greater access to contraceptives. 	<ol style="list-style-type: none"> 1. Market assessments. 2. The project's management information system which monitors flows of contraceptives. 3. Contraceptive prevalence surveys. 4. Contraceptive sales statistics. 5. Project evaluations. 	<p>Assumptions for achieving purpose:</p> <ol style="list-style-type: none"> 1. The project will be allowed to develop and implement its own marketing strategies for effective competition in the market place. 2. The project will be able to expand from a regional to a national scope. 3. AID succeeds in providing sufficient and timely deliveries of contraceptives.
<p>Outputs:</p> <ol style="list-style-type: none"> 1. Packaged contraceptives available for sale in retail outlets. 2. Promotional activities for the contraceptive products. 3. A distribution system functioning to move the contraceptives through wholesalers to retail outlets. 4. A private sector firm with experience in managing the social marketing of contraceptives. <p align="right">(continued)</p>	<p>Magnitude of Outputs:</p> <p>Conditions Indicating Outputs have been realized:</p> <ol style="list-style-type: none"> 1. Project contraceptives are being sold in retail outlets. 2. Consumers and general populace are aware of brand names, product image. 3. Retail outlets easily and regularly able to obtain the contraceptives. 4. Availability of market assessment results. <p align="right">(continued)</p>	<ol style="list-style-type: none"> 1. Market assessments. 2. Sales reports and revenues received. 3. Management information system data. 4. Project financial statements. 5. Monitoring of retailer feed-back. 6. Site visits. 7. Mid-term and end-of-project evaluations. 	<p>Assumptions for achieving outputs:</p> <ol style="list-style-type: none"> 1. Non-prescription sale of contraceptives will continue to be allowed at retail outlets. 2. There will be no additional prohibitions on the advertising of contraceptives and some relaxation of such prohibitions will be forthcoming during project life. 3. The sale of subsidized contraceptives in the commercial sector continues to be allowed. <p align="right">(continued)</p>
<p>Inputs: (all AID funded)</p> <ol style="list-style-type: none"> 1. Technical assistance in social marketing management. 2. Commodities in the form of contraceptives, primarily, and some others. 3. Local costs for implementation. 4. Training of some Management staff 	<p>Implementation Target (Type and Quantity)</p> <p>Conditions Indicating Achievement of Inputs:</p> <ol style="list-style-type: none"> 1. Resident advisor in place. 2. Commodities purchases, shipped and received. 3. Funds for local costs disbursed. 4. Funds for training disbursed. 	<ol style="list-style-type: none"> 1. U.S.A.I.D. records. 2. Firm management records. 3. GOP records. 	<p>Assumptions for providing inputs:</p> <ol style="list-style-type: none"> 1. The project design is approved and an agreement signed. 2. Funds continue to be available as planned. 3. A suitable resident advisor is found and a contract successfully negotiated. 4. A suitably qualified private sector firm can be recruited and contracted.

LOGICAL FRAMEWORK (Sheet No.2 Continued)

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p>Project Outputs:</p> <ul style="list-style-type: none">5. A management information and inventory reporting system functioning.6. Market assessments complete.	<p>Conditions Indicating Outputs have been realized:</p> <ul style="list-style-type: none">5. The social marketing process launched and functioning.6. Appropriate individuals completed training.		<p>To achieve outputs:</p> <ul style="list-style-type: none">4. The selected private sector firm can successfully assimilate social marketing principles and management.

87

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ANNEX - E

ANNEX E
Page 1

CLASS: UNCLASSIFIED
 CHRGE: AID 1/31/84
 APPRV: DIR:DMLION
 DRFTD: PDM:SAZIL:MF
 CLEAR: 1.HPN:BJANSEN/CDAVI
 DISTR: AME DCM ECON
 (AID-12)

AIDAC

FOR ASIA/PD - PAT MATHESON

P0484(SMC)GC

OFFICIAL FILE
PDM

E.O.12356 N/A

SUBJECT: SOCIAL MARKETING OF CONTRACEPTIVES (SMC)
 PROJECT (391-0484): DRAFT CONGRESSIONAL NOTIFICATION
 (CN)

1. SUMMARY: THIS CABLE TRANSMITS DRAFT LANGUAGE FOR CONGRESSIONAL NOTIFICATION WHICH THE MISSION WOULD APPRECIATE YOUR PROCESSING ASAP AND NOTIFYING US WHEN THE 15-DAY WAITING PERIOD EXPIRES. END SUMMARY.

2. DRAFT CN LANGUAGE FOLLOWS:

A. ACTIVITY DATA SHEET:

COUNTRY: PAKISTAN
 TITLE: SOCIAL MARKETING OF CONTRACEPTIVES
 NUMBER: 391-0484
 NEW GRANT FUNDS: ESF
 PRIOR REFERENCE: NONE
 PROPOSED OBLIGATION: FY - 5,500,000
 - - LOP - 20,000,000
 INITIAL OBLIGATION: FY 84
 ESTIMATED FINAL OBLIGATION: FY 87
 ESTIMATED COMPLETION DATE OF PROJECT: DECEMBER 1989

B. NARRATIVE IS AS FOLLOWS:

PURPOSE: TO INCREASE CONTRACEPTIVE USAGE BY PROMOTING FAMILY PLANNING AND EXPANDING THE AVAILABILITY OF CONTRACEPTIVES THROUGH THE PRIVATE SECTOR.
 BACKGROUND: THE DEMOGRAPHIC CHANGES IN PAKISTAN SINCE THE TURN OF THE CENTURY CHARACTERIZE MOST LOW-INCOME COUNTRIES. THE LEVEL OF MORTALITY HAS DECLINED BY MORE THAN HALF WHILE FERTILITY HAS REMAINED RELATIVELY UNCHANGED AT VERY HIGH LEVELS, RESULTING IN A CONTINUED HIGH POPULATION GROWTH RATE OF APPROXIMATELY 3 PERCENT PER YEAR, THE HIGHEST IN ASIA. THIS TREND IMPOSES AN ENORMOUS BURDEN ON PAKISTAN'S ECONOMY AND DEVELOPMENT EFFORTS. AWARE THAT INCREASED POPULATION GROWTH REPRESENTS A SERIOUS DEVELOPMENT CONSTRAINT, THE GOVERNMENT OF PAKISTAN DEVELOPED A POPULATION WELFARE PLAN FOR THE PERIOD 1980 - 1983 WHICH CALLED FOR A SOCIAL MARKETING OF CONTRACEPTIVES PROGRAM TO COMPLEMENT THE DISTRIBUTION OF CONTRACEPTIVES THROUGH

485

GOVERNMENT OPERATED CLINICS. THE SIXTH FIVE-YEAR PLAN (1983-1988) INCLUDES A SOCIAL MARKETING PROGRAM. THE GOP RECOGNIZES THAT TO ACHIEVE THE GOAL OF REDUCED POPULATION GROWTH RATE, THE WELL-DEVELOPED PAKISTANI COMMERCIAL MARKETING SYSTEM SHOULD BE UTILIZED TO DISTRIBUTE CONTRACEPTIVES AND MAKE THEM MORE WIDELY AVAILABLE TO THE GENERAL POPULACE.

ANNEX E

Page 2

PROJECT DESCRIPTION: THE PROPOSED PROJECT CONSISTS OF A DOLS 20 MILLION ESF GRANT OVER A PERIOD OF 5 AND ONE-HALF YEARS TO FINANCE THE ESTABLISHMENT OF A SOCIAL MARKETING PROGRAM FOR CONTRACEPTIVES IN PAKISTAN. THE PROJECT WILL BE CARRIED OUT BY AN EXISTING, PAKISTANI, PRIVATE SECTOR MARKETING FIRM FUNDED THROUGH A HOST COUNTRY CONTRACT. THE PROJECT WILL FINANCE: (1) TECHNICAL ASSISTANCE; (2) CONTRACEPTIVES AND OTHER EQUIPMENT REQUIRED FOR THE PROGRAM; (3) A MAJOR PORTION OF THE LOCAL COSTS REQUIRED TO IMPLEMENT THE PROGRAM, INCLUDING THE COSTS OF MANAGEMENT, PRODUCT PROMOTION, PRINTING, PACKAGING, AND MARKETING ASSESSMENTS; AND, (4) SHORT-TERM TRAINING FOR SELECTED MEMBERS OF THE MARKETING FIRM AND GOVERNMENT OFFICIALS.

THE PROGRAM AIMS TO: INCREASE THE USE OF CONTRACEPTIVES, SPECIFICALLY CONDOMS AND ORALS, AMONG MARRIED COUPLES OF FERTILE AGE (MCPA) WHO DO NOT USE NOR HAVE ACCESS TO GOVERNMENT FAMILY WELFARE CLINICS. THIS WILL BE ACCOMPLISHED BY MAKING ADEQUATE SUPPLIES OF CONTRACEPTIVES EASILY AND REGULARLY AVAILABLE IN THOUSANDS OF RETAIL OUTLETS IN PAKISTAN'S EXTENSIVE COMMERCIAL MARKETING NETWORK. A NUMBER OF ASSESSMENT ACTIVITIES ARE PLANNED WHICH WILL ENABLE AID, THE GOP AND THE SELECTED FIRM TO CLOSELY MONITOR PROGRAM PROGRESS. THESE INCLUDE MARKET ASSESSMENTS, CONTRACEPTIVE PREVALENCE SURVEYS, A MANAGEMENT INFORMATION SYSTEM, A PRE-NATIONWIDE LAUNCH EVALUATION, AND THREE COMPREHENSIVE EXTERNAL PROJECT EVALUATIONS. BY THE END OF THE PROJECT, IT IS EXPECTED THAT THE PROGRAM WILL GENERATE SUFFICIENT REVENUES TO COVER MOST IF NOT ALL OF THE OPERATING COSTS OF THE PROGRAM, WITH THE EXCEPTION OF CONTRACEPTIVES.

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ANNEX E
Page 3

FOR ASIA/PD - PAT MATHESON

E.O. 12356 N/A

SUBJECT: SOCIAL MARKETING OF CONTRACEPTIVES (SMC)

RELATIONSHIP OF PROJECT TO A.I.D. COUNTRY STRATEGY: IF THE TREND IN PAKISTAN'S POPULATION GROWTH RATE IS SUSTAINED, THE 1984 POPULATION OF AROUND 90 MILLION WOULD DOUBLE IN 23 YEARS. SUCH A POPULATION GROWTH WOULD IMPOSE ENORMOUS BURDENS ON THE COUNTRY. IT WOULD GRAVELY IMPEDE PAKISTAN'S ABILITY TO ACHIEVE FOOD SELF-SUFFICIENCY AND TO PROVIDE ADEQUATE TRANSPORTATION, WATER, HEALTH CARE, EDUCATION, AND ENERGY FOR ITS PEOPLE. RECOGNIZING THE SERIOUSNESS OF THE POPULATION PROBLEM EXISTING IN PAKISTAN, A.I.D. HAS PLACED THE SUPPORT OF POPULATION ACTIVITIES IN PAKISTAN AS ONE OF ITS HIGHEST DEVELOPMENT PRIORITIES SINCE POPULATION IS INEVITABLY LINKED WITH OTHER SECTORS IN THE DEVELOPMENT PROCESS. TO FURTHER PROMOTE A REDUCTION IN THE POPULATION GROWTH RATE, IT IS CONSIDERED ESSENTIAL TO INVOLVE THE PRIVATE SECTOR IN POPULATION ACTIVITIES SPECIFICALLY THROUGH THIS PROJECT. CLEARLY, ANY GAINS MADE IN AGRICULTURE, HEALTH, NUTRITION, WATER SUPPLY, ENERGY AND OTHER SECTORS WILL BE MINIMIZED IF THE RAPID POPULATION GROWTH RATE CONTINUES. AS PART OF A.I.D.'S OVERALL DEVELOPMENT STRATEGY TO STABILIZE AND DEVELOP PAKISTAN'S ECONOMY AND IMPROVE THE QUALITY OF LIFE OF ITS PEOPLE, IT IS THEREFORE ESSENTIAL THAT A.I.D. ASSIST PAKISTAN IN TACKLING ONE OF ITS MOST PRESSING PROBLEMS, EXCESSIVE POPULATION GROWTH. THIS PROJECT IS PART OF A.I.D.'S TWO-PRONGED APPROACH TO PAKISTAN'S POPULATION WELFARE PLANNING PROJECT. THESE TWO PROJECTS TOGETHER CONSTITUTE A.I.D.'S SUPPORT OF THE GOVERNMENT OF PAKISTAN'S FAMILY PLANNING PROGRAM.

BENEFICIARIES: THE DIRECT BENEFICIARIES OF THIS PROJECT WILL INCLUDE THE MILLIONS OF COUPLES IN THE FERTILE AGE GROUP, INCLUDING LOW-INCOME FAMILIES, WHO WILL HAVE GREATER ACCESS TO QUALITY CONTRACEPTIVES AND WHO DO NOT USE NOR HAVE ACCESS TO GOVERNMENT FAMILY WELFARE CLINICS. THE PRIVATE SECTOR WILL ALSO BENEFIT BY THE INVOLVEMENT OF MANY COMMERCIAL ORGANIZATIONS IN PRINTING, PACKAGING, DISTRIBUTION, ADVERTISING AND PROMOTION, AND MARKET RESEARCH. WHOLESALERS AND RETAILERS WHO PARTICIPATE IN THIS PROGRAM WILL ALSO BENEFIT. CERTAIN STAFF OF THE SELECTED FIRM WILL BENEFIT FROM SHORT-TERM TRAINING IN SOCIAL MARKETING MANAGEMENT. MORE BROADLY, A CONTRIBUTION TO THE GOP'S EFFORTS TO REDUCE THE COUNTRY'S RATE OF POPULATION GROWTH MAY BE ONE OF THE MOST VALUABLE OF A.I.D.'S ASSISTANCE ACTIVITIES IN PAKISTAN BECAUSE OF THE IMPORTANCE OF SUCH AN OUTCOME TO NATIONAL ECONOMIC GROWTH, DEVELOPMENT AND STABILITY.

HOST COUNTRY AND OTHER DONORS: THE GOVERNMENT OF PAKISTAN WILL BE CONTRIBUTING FUNDS TO COVER THE COSTS OF A SOCIAL MARKETING CELL IN THE POPULATION WELFARE DIVISION AND THE COSTS OF THE SERVICES OF ITS GENERAL CONSULTANT, THE NATIONAL DEVELOPMENT FINANCE CORPORATION. OTHER DONORS ARE NOT CONTRIBUTING TO THE FUNDING OF THIS PROJECT. NEVERTHELESS, THE GOP AND OTHER DONORS ARE PROVIDING VERY SUBSTANTIAL RESOURCES TO OTHER COMPONENTS OF THE GOP'S TOTAL POPULATION EFFORT. DUE TO A.I.D.'S ABILITY TO PROVIDE THE SUBSTANTIAL SUPPLY OF CONTRACEPTIVE COMMODITIES NEEDED IN THIS PROJECT AND BECAUSE OF A.I.D.'S BROAD EXPERIENCE IN ASSISTING SOCIAL MARKETING PROJECTS IN OTHER COUNTRIES, A.I.D. IS THE MOST APPROPRIATE DONOR TO SUPPORT THIS PROJECT IN PAKISTAN.

MAJOR OUTPUTS:

ESTABLISHMENT OF AN EFFECTIVE SOCIAL MARKETING NETWORK	1
EVALUATIONS, MARKET ASSESSMENTS, MANAGEMENT INFORMATION SYSTEM	1
INCREASE OF RETAIL SALES OUTLETS FOR CONTRACEPTIVES FROM AN ESTIMATED 27,000 TO 54,000	54,000
PIECES OF CONDOMS DISTRIBUTED	192,000,000
CYCLES OF ORALS DISTRIBUTED	9,000,000
PROVISION OF A MINIMUM NUMBER OF BT #2030	

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FOR ASIA/PD - PAT MATHESON

ANNEX E

Page 5

E.O.12356 N/A

SUBJECT: SOCIAL MARKETING OF CONTRACEPTIVES (SMC)

COUPLE YEARS OF PROTECTION (CYP)		1,900,000
MINIMUM NUMBER OF BIRTHS AVERTED		450,000
TRAINED PROGRAM PERSONNEL		5
A.I.D. FINANCED INPUTS		LIFE OF PROJECT (DOLS 000)
TECHNICAL ASSISTANCE	-	1,075
TRAINING	-	40
COMMODITIES	-	12,710
EVALUATION	-	190 ⁺
OTHER COSTS CONSISTING OF PRINTING/ PACKAGING, SOCIAL MARKETING UNIT OPERATIONS, MARKET ASSESSMENTS, PRODUCT PROMOTION	-	5,530
CONTINGENCY	-	455
TOTAL	-	20,000

U.S. FINANCING:

PROPOSED FY 84 OBLIGATIONS	-	5,500,000
FUTURE YEAR OBLIGATIONS		14,500,000
ESTIMATED TOTAL		20,000,000

PRINCIPAL CONTRACTORS OR AGENCY: U.S. CONTRACTORS AND PAKISTANI PRIVATE SECTOR FIRMS SELECTED IN ACCORDANCE WITH A.I.D. COMPETITIVE PROCUREMENT PROCEDURES. HINTON BT

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DRAFT PROJECT DESCRIPTION FOR INCLUSION IN PROJECT AGREEMENT

This five year \$20 million project is designed to establish a social marketing program for contraceptives in Pakistan in order to help reduce the rate of population increase. Reducing the level of fertility in Pakistan is a priority for both the Government of Pakistan (GOP) and A.I.D. The GOP's Sixth Five Year Plan has set as a target to reduce the population growth rate to 2.6 percent by 1988.

The Specific purpose of the A.I.D. project is to promote family planning and increase contraceptive usage by expanding the availability of contraceptives through the private sector. To do so, the project establishes a functioning social marketing program for contraceptives. The components of such a program include: a contract with a private sector firm which manages the social marketing effort; an adequate supply of contraceptives; the promotion of contraceptive products; the distribution and sales of contraceptives; and, market assessments on contraceptive products and users.

By the end of this project, the social marketing of contraceptives will be well established and nationwide. There will be a significant increase in the quantity of retail outlets offering contraceptives for

93

sale. Adequate supplies of contraceptives will be regularly and easily available to these retail outlets. Through a management information system and other records, inventory distribution and sales (produce-use) information will be readily available and maintained. Market assessments will be of high quality, timely and used to help make decisions regarding the social marketing Project.

To achieve these objectives, the A.I.D. project will: (1) provide technical advisory assistance in social marketing; (2) supply the contraceptives and some other commodities required for the project; (3) finance the local costs for implementing the Project; and, (4) will provide short-term training for selected members of the GOP and the private sector firm's management concerned with the Project.

The Project's implementation will be accomplished through a host-country contract with a private sector firm. The Firm will prepare Annual Marketing Plans and may sub-contract with other private-sector firms, as necessary, to assist in the preparation of these Plans. A Social Marketing of Contraceptives (SMC) Advisory Board is expected to review and approve the Marketing Plans and once approved, the Firm will execute each plan. A.I.D., Key GOP officials, and private sector interests will be represented on the Advisory Board as originally constituted or as later modified.

The Firm will have full autonomy in the preparation of Marketing Plans. After Plans have been approved by the SMC Advisory Board, the Firm will have full operational autonomy in the day-to-day implementation

11

of this Plan. Implementation of the Plans is expected to involve additional sub-contracts with other private-sector firms for such services as market assessments, packaging, and product promotion.

A long term, Resident Advisor will be contracted for by A.I.D. under the Project who is an expert in the social marketing of contraceptives and who has experience in implementing similar programs in other countries. The Resident Advisor will provide advice and expertise to the SMC Advisory Board, the GOP, A.I.D. and the Firm. It is probable that the Resident Advisor will work closely with the Firm.

All commodities will be procured by A.I.D. Contraceptive commodities will be procured through A.I.D.'s central procurement process.

92

CONTRIBUTORS TO THE PROJECT PAPER

A.I.D. AND OTHER USG

Mr. M. Hafiz Ahmad	FM
Mr. John Blackton	PRO
Dr. Cornelia E. Davis	HPN
Ms. Shahida Fazil	PDM
Dr. William H. Jansen	HPN
Dr. Donor M. Lion	Director
Dr. Linda N. Lion	PDM
Mr. Edward Muniak	ASIA/TR
Mr. Robert Pratt	ASIA/AID/W
Ms. Virginia Sewell	HPN
Mr. Masud A. Siddiqi	(Former) PRO
Mr. Stephen J. Spielman	RLA
Mr. Jimmie Stone	Deputy Director
Mr. Eugene J. Szepesy	PRO
Mr. M. A. Wasey	HPN

CONSULTANTS

Mr. John Davies	SM Management, Honolulu, Hawaii
Ms. Shahla Kaussari	SM International, London, England
Mr. Terry Louis	SM Consultant, Sri Lanka
Ms. Susan Saunders	Triton Corporation, USA

GOVERNMENT OF PAKISTAN

Dr. Attiya Inayatullah	Advisor
Mr. M.A. Karsam Iqbal	Secretary, PWD
Mr. S. K. Mahmud	(Former) Additional Secretary, PWD
Mr. Mahbub Ahmad	Joint Secretary, PWD
Mr. Khan Ahmed Goraya	Director General, PWD
Mr. S. Abid Hussain Kazmi	Director, PWD
Dr. Khalil Siddiqui	Director, Pop Dev. Center

NATIONAL DEVELOPMENT FINANCE CORPORATION

Mr. Zafar Iqbal	Chairman
Syed Ghulam Abbas	Legal Advisor
Mr. S. S. Shamsi	Senior Vice President Marketing

FAMILY PLANNING ASSOCIATION OF PAKISTAN (FPAP)

Begum Surayya Jabeen	Executive Director
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VEHICLE WAIVER REQUEST

ACTION MEMORANDUM FOR THE MISSION DIRECTOR

Subject: Source/Origin/Nationality Vehicle Procurement Waiver for Social Marketing of Contraceptives (391-0484)

I. PROBLEM:

You are being requested to waive the requirements of Section 636(1) of the Foreign Assistance Act and to waive source/origin/nationality requirements from AID Geographic Code 000 (US only) to AID Geographic Code 935 (Special Free World).

II. Background:

- | | |
|--------------------------------|---------------------------------------------------------------------------------------------------------------|
| A. Cooperating Country: | Pakistan |
| B. Authorizing Document: | Project Authorization |
| C. Project: | Social Marketing of Contraceptives 391-0484 |
| D. Geographic Code of Project: | 000 and Pakistan |
| E. Importer of Commodity: | USAID/Pakistan on behalf of the Population Welfare Division, Government of Pakistan |
| F. Description of Commodity: | (1) Right hand drive Station Wagon, Four Cylinder Gasoline Engine, Air-conditioning for an estimated \$5,200. |
| G. Nature of Funding: | ESF Grant |
| E. Procurement Source: | Japan |

III. Discussion and Justification:

The primary purpose of the Social Marketing of Contraceptives Project is to promote family planning and increase contraceptive usage by expanding the availability of contraceptives through the private sector. To do so, the project establishes a functioning social marketing program for contraceptives. The components of such a program include: a contract

91

with a private sector firm which manages the social marketing effort; an adequate supply of contraceptives; the promotion of contraceptive products; the distribution and sales of contraceptives; and market assessments on contraceptive products and uses.

Under this project AID will finance the services of a long-term Technical Advisor on social marketing and at least 2 Pakistani marketing specialists and also provide other US short-term technical assistance over the five year life of the project.

Project activities require extensive visits, to both urban and rural areas, by the AID financed advisor and other consultants to various private sector firms to carry out their assignments. These include introducing contraceptive products to the private sector firms, market assessments and marketing techniques and the sale of the products through retail outlets of distributors. In light of the extensive required field visits a vehicle is required to transport the long-term expatriate advisor and other project personnel.

The required vehicles must have right hand drive, a critically important safety factor in Pakistan where traffic moves on the left hand side of the road. Air-conditioning is also required because of the extreme temperatures which are experienced several months of the year, especially in Karachi and outlying areas of the Sind province. A Station Wagon is required for use by the long-term Advisor and Pakistani counterparts, as it contains sufficient space to carry at least 5 persons comfortably as well as transport project materials.

IV. Authority:

Section 636(i) of the Foreign Assistance Act of 1961 requires AID to procure a US manufactured vehicle but also provides that the requirements may be waived under special circumstances. AID Handbook 1, Supplement B, Chapter 4C2d(1)(a) describes some of the special circumstances which may support a waiver, including the "inability of US manufacturers to provide a particular type of needed vehicle, e.g. right hand drive vehicles....etc." Handbook 1, Supplement B, Chapter 4C2d(3) and Redlegation of Authority No. 40.10 delegates to Mission Directors authority to waive source/origin/nationality requirements in this instance up to a limit of \$50,000.

V. Certification:

In approving this waiver request, you will be certifying that exclusion of procurement from Free World Countries other than the Co-operating Country and Geographic Code 941 countries would seriously impede attainment of US foreign policy objectives and the objectives of the Foreign Assistance Program.

98

VI. Recommendation:

That you approve a waiver of Section 636(1) of the FAA and a source/origin/nationality waiver to permit procurement of the required vehicles from AID Geographic Code 935 (Special Free World).

Approved Jonas Li-Lum

Disapproved _____

Date 3/28/84

99



**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
MISSION TO PAKISTAN**

Cable : USAIDPAK

**HEADQUARTERS OFFICE
ISLAMABAD**

THE DIRECTOR

USAID/PAKISTAN MISSION DIRECTOR'S WAIVER FOR A.I.D.
PAYMENT OF INTERNATIONAL PARTICIPANT TRAVEL COSTS

A.I.D. Handbook 10, Chapter 15B1, provides that the cost of international travel, including incidental costs en route as well as the cost of travel between the participant's city and the points of departure and return in the participant's home country, shall be paid by the host government or other sponsor unless, in the case of Mission-funded programs, the Mission Director has justified and authorized full or partial waivers and has so notified S&T/IT.

Training and institution-building are important components of the \$1.625 billion economic assistance program negotiated between the Governments of the U.S. and Pakistan. USAID/Pakistan's experience, however, has been that the Government of Pakistan (GOP), due to serious foreign exchange and budgetary constraints, has been historically unable to fund international travel costs for short-term training programs. The consequence has been that Pakistani participants have, on numerous occasions, been denied worthwhile and much needed training, inhibiting the achievement of project targets.

I have carefully reviewed the advisability of requiring full GOP funding for travel costs for participant training of one year or less and the alternative of funding such travel with grant and loan funds provided through USAID/Pakistan to the GOP. Recognizing the objectives of many of our projects and the fact that project success will be enhanced by encouraging opportunities for short-term training, I have determined that it would be prejudicial to U.S. interests to require that the GOP pay the entire international participant travel costs for training programs of one year or less.

Therefore, on all Mission-funded training programs up to and including one year, USAID/Pakistan shall be responsible for the entire cost of the round-trip economy class air ticket and other necessary incidental costs en route. Where a PIO/P has been originally written for a program of one year or less, but, after the participant has initiated his or her program, the program is extended so that it exceeds one year in total, USAID/Pakistan shall also fund the round-trip ticket. The justification for funding programs that are extended is to minimize administrative problems which are otherwise likely to occur.

On the basis of the above justification and pursuant to Handbook 10, Chapter 15B1a, I, Donor M. Lion, principal officer of the Agency for International Development in Pakistan, do hereby waive the requirement that the host government fully fund international travel for training courses of one year or less and authorize payment with USAID/Pakistan loan and grant funds for travel costs as specified above.

Donor M. Lion

Donor M. Lion
Director
USAID/Pakistan

3/28/84

Date