

Submitted to:

AID/Office of Population  
Family Planning Services Division

**TRIP REPORT**

**Panama City, Panama**

November 13-15, 1980/February 6-9, 1981

Prepared by ICSMP Consultant:

Steven Samuel

Project No. AID/DSPE-CA-0087

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## INTRODUCTION

The Asociación Panameña de Planificación Familiar (APLAF) is interested in establishing a commercial retail sales project. Toward this end it requested AID to provide assistance in developing a project design. A consultant visit was made to Panama for this purpose in November, 1980, and was followed by a second visit between February 6 and 9, 1981. This report describes the findings of the second visit.

## I. BACKGROUND

As a result of the consultant visit in November, Bernai Velarde (Executive Director of APLAFA) submitted a request for funding to The Futures Group. A copy of this request (contained in a letter to Robert Smith dated December 19, 1980) is attached as Appendix A. In this letter, Mr. Velarde notes that although contraceptive usage is relatively high in Panama, certain methods are underutilized (condoms and spermicides) and certain groups are not well served by either public or private sector programs. His specific request is for funding to retain a marketing specialist to prepare a project proposal, including a marketing plan for a CRS project.

## II. CANDIDATE INTERVIEWS

A brief consultant visit was scheduled for February for the purpose of interviewing candidates pre-screened by APLAFA and to provide assistance with instructing the candidate about the form and substance of the proposal. During January 1981, after responses to APLAFA's advertisement of the position in local papers were screened, ten candidates were selected for interview by Mr. Velarde. Three of these ten were invited to attend a second interview with Mr. Velarde and The Futures Group consultant, Steven Samuel. Resumes of the three candidates appear as Appendix B.

Of the three candidates, only two appeared for the interview. Telephone attempts to reach the third, Mr. Arnulfo Mock, were not successful.

Messrs. Velarde and Samuel agreed that both of the two remaining candidates were well qualified to write the proposal. Mr. Yanguéz, however, had less hands-on marketing experience. Mr. Carbonell was both academically and experientially well qualified and appeared to possess the drive and entrepreneurial skills necessary for designing and managing a CRS project. It is hoped that, should a CRS project be funded through APLAFA, Mr. Carbonell would become its managing director.

The Futures Group contract with APLAFA calls for delivery of a project proposal within 12 weeks. It is attached as Appendix C.

### III. PROPOSAL

Mr. Carbonell had the opportunity to meet with AID representative John Coury as well as with Messrs. Velarde, Samuel, and Francisco Beens (currently field director and soon to be acting executive director of APLAFA) to clarify the nature of the proposal he will write.

Mr. Carbonell plans to explore at least two market segments which do not seem to be reached by either public or commercial sector services. These are adolescent males and females and residents of marginal urban communities. Adolescents account for about 20% of both live births and abortions in Panama. It is estimated that as many as four fifths of these were to adolescents not in permanent unions.

The project proposal is likely to call for wide, urban distribution of condoms and vaginal tablets. Neither of these methods is currently popular, yet both seem more appropriate to adolescents than sterilization or oral contraceptives (which are currently more widely available). APLAFA is also interested in distributing oral contraceptives, though only through pharmacies at the present time. Project evaluation will contain a pre-test and post-test to determine advertising effectiveness and to estimate how many project consumers are new or continuing users.

APPENDIX A

APLAF A REQUEST FOR FUNDING TO HIRE PROPOSAL WRITER

# Asociación Panameña para el Planeamiento de la Familia

Dirección Ejecutiva  
62-3700

Oficina Administrativa  
62-4406

Centro de Adolescentes  
67-1990

Depto. Médico y Clínico  
67-0181

Nota D. E. No. 206

Panamá, 19 de diciembre 1980.

Robert H. Smith, Ph.D.  
Vice President  
Director Washington Operation  
The Futures Group  
1029 Vermont Avenue, N.W.  
Washington, D.C. 20005.

Estimado Dr. Smith:

Tal como tuvimos la oportunidad de conversar en su oficina el 9 de Diciembre del presente, aprovecho la oportunidad para enviarle nuestra solicitud de asistencia técnica y financiera para realizar un Proyecto Comercial de Distribución de Anticonceptivos.

Nuestra intención como lo muestra nuestra propuesta es la de contratar a un profesional con experiencia en el área de mercadeo para que efectúe un estudio de factibilidad.

Después de realizar este estudio y conocer las diversas alternativas se escogerá la mas viable para iniciar el proyecto.

Aprovecho la oportunidad, para agradecerle sus atenciones y estamos a su disposición para aclarar cualquier pregunta que surja.

Reciba mis cordiales saludos.



Bernai Velarde, M.A.  
Director Ejecutivo.

BV/cm.

ESQUEMA DEL PROYECTO DE DISTRIBUCION COMERCIAL  
DE CONDONES Y NEO SAMPOON

Preparado por: Bernai Velarde, Director Ejecutivo-APLafa.

ANTECEDENTES:

- La idea de realizar un proyecto de "Distribución Comercial de Anticonceptivos" (DCA) no es nueva. En 1973 la Westinghouse Population Center realizó un estudio con el propósito de "identificar y evaluar el mercado existente de anticonceptivos, los canales de distribución y el potencial de una mayor participación del sector privado".
- En 1977 nuestra Asociación recibió 5 máquinas de condones de la Federación Internacional de Planificación Familiar (IPPF) y las mismas fueron colocadas en distintos sitios, teniendo buena aceptación.
- En agosto de 1978 tuvimos la visita del funcionario Arthur Dannart de AID en donde se conversó la posibilidad de comenzar un proyecto de máquinas de condones. A solicitud de APLAFA, la AID nos envió al señor Timothy S. Seims para que nos asesorara sobre la factibilidad de comenzar el proyecto. Desafortunadamente, la idea nunca prosperó y no se llevó a cabo el proyecto.

- Recientemente, nuestra Asociación con el respaldo de IPPF ha comenzado un proyecto de Mercadeo Social de Ts. de Cobre en donde el producto se les vende a los ginecólogos y obstetras a un precio de \$8.00 la unidad ó \$80.00 la docena.
- El interés que APLAFA mostró por tener proyectos que se autofinancien brindó la oportunidad de entrar en contacto con el Sr. Steven Samuels quien actuaba como consultor para Futures Groups. Durante su visita a Panamá en el mes de Noviembre se conversó y se elaboró un presupuesto preliminar para tener una idea del tamaño óptimo del proyecto en una primera etapa. Posteriormente tuvimos la oportunidad de viajar a Washington a participar en el informe que brindó el Sr. Samuels, y posteriormente conversar con representantes de The Futures Group para explorar la idea de desarrollar el proyecto.

La Encuesta Nacional de Fecundidad realizada en 1976 mostró que solamente el 1.3% de las mujeres casadas o unidas utilizaban el condón con su compañero como método de planificación familiar.

En el área urbana se concentra la mayoría como se puede observar en el Cuadro No. 1. Para 1979, la en-

cuesta de prevalencia mostró un pequeño incremento a 1.8% para el total de usuarias, aumentando notablemente su uso en las áreas rurales.

### ESTRATEGIA.

Para poder realizar este proyecto en el área metropolitana donde se concentra el 50% de la población de Panamá es necesario;

1. Elaborar unos términos de referencia con los puntos principales a desarrollar.
2. Contratar a una persona con experiencia en mercadeo para que realice un estudio de mercado.
3. Recibir asistencia técnica para la puesta en marcha del proyecto.
4. Después de conocer la factibilidad del proyecto con diversas alternativas es necesario que nuestra Asociación incorpore una compañía comercial para que la misma pueda ejecutar el proyecto según las leyes panameñas.

NOTA: Se espera que la persona que realice el Estudio de Mercado sea contratada posteriormente para que trabaje como Director del Proyecto.

CUADRO No.1

PANAMA: Porcentaje de Mujeres actualmente casadas o Unidas de 20 a 44 años de edad, según uso actual de anticonceptivos, por residencia y Método: 1976 y 1979.

USO Y METODO	1976			1979		
	TOTAL	URBANO	RURAL	TOTAL	URBANO	RURAL
TOTAL	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
USAN	54.5	60.8	46.7	63.3	70.8	57.2
ESTERILIZACION	20.0	20.8	18.9	32.3	31.9	32.8
PILDORA	18.7	22.0	14.5	18.9	23.8	14.8
IUD	4.0	5.2	2.4	3.8	5.5	2.4
RITMO	2.5	3.0	1.9	2.9	3.3	2.6
CONDON	1.3	2.0	0.5	1.8	2.1	1.4
RETIRO	2.9	2.0	4.1	1.4	0.3	2.4
OTROS (1)	5.1	5.6	4.4	2.2	3.9	0.8
NO USAN (2)	<u>45.5</u>	<u>39.2</u>	<u>53.3</u>	<u>36.7</u>	<u>29.2</u>	<u>42.8</u>
No. de CASOS	2450	1370	1080	1411	765	646

1) Incluye inyecciones, diafragma, espuma, jalea y tabletas vaginales.

2) Incluye duchas y otros métodos ineficaces.

1976. Encuesta Nacional de Fecundidad.

1979. Encuesta Nacional sobre uso y prevalencia de Métodos Anticonceptivos y Servicios de salud Materno-Infantil.

FUENTE: Ministerio de Salud. Oficina de Estudio de Población.

PRESUPUESTO.

1. Técnico en Mercadeo, 2 meses a razón de \$1,000 por mes	\$2,000.00
2. Secretaria tiempo parcial, 2 meses a razón de \$100 x mes	200.00
TOTAL	<u>\$2,200.00</u> (1)

(1) No incluye asistencia técnica ni muestras del producto.

CUADRO No. 2

PROYECCION DE MUJERES EN EDAD FERTIL

(AÑOS 1950-2000)

Año	% del Total	Mujeres 15-49	Total de mujeres
1950	44.92	181,270	403,567
1955	44.68	207,182	463,673
1960	44.36	237,702	535,870
1965	44.09	273,502	620,319
1970	44.80	320,798	716,040
1975	45.97	377,456	821,098
1980	47.74	443,782	929,551
1985	49.73	516,853	1,039,221
1990	51.62	595,515	1,153,592
1995	53.56	669,907	1,272,202
2000	55.50	738,069	1,392,602

Fuente: Dirección de Estadística y Censo.

APPENDIX B

RESUMES OF CANDIDATES

CURRICULUM VITAE

NAME: CARLOS AUGUSTO CARBONELL GASCON

AGE: 31 years

ADDRESS: P.O. Box 6-276, El Dorado  
Panama, Republic of Panama

MARITAL STATUS: MARRIED

WIFE'S: OMAIRA

CHILDREN: JORGE ANTONIO (8 years)  
CARLOS ALBERTO (6 years)  
YURI ALAN (3 years)

LANGUAGE: Spanish and English fluently.

FORMAL STUDIES: NORWICH UNIVERSITY (MILITARY UNIVERSITY).  
Northfield, Vermont. Class of 1971.

Degree: B.A. in History and Political Sciencies.

Military Grade: Equivalent Rank of Second Lieutenant,  
U.S. Army.

Honors: "Who's Who Among Students in American  
Colleges and Universities."

HIGH SCHOOL: La Salle Military Academy, Class of 1967.  
Oakdale, L.I. New York.

GRAMMAR SCHOOL: Colegio La Salle, Panama City, Panama.

CARLOS A. CARBONELL G.  
CURRICULUM VITAE  
# 2

SEMINARS AND OTHER COURSES:

- 1971 UNIVERSIDAD DE PANAMA  
One Semester: principles of  
architecture advanced.
- 1971 - 1975 PROTEX INDUSTRIES INC. and  
PROTEX PANAMA, S. A.  
Summer seminars sales and  
marketing for special products-  
admixtures and epoxies for  
concrete.
- 1974 I N C A E  
Seminar in sales and marketing  
programs and sales management.
- 1979 Wilson Learning - "El Vendedor  
Asesor", Audio-Visual Course.  
Guide to form a more professional  
insurance advisor.
- 1980 LIMRA - LIFE INSURANCE MARKETING  
AND RESEARCH ASSOCIATION  
Seminar in management.

EXPERIENCE:

- Before 1971 Nestlerode Construction Co.  
(One summer)
- Concrete Construction Magazine  
(One month)
- Protex Industries, Inc.  
(Three summers)
- Norwich Summer Camp for Boys,  
Counselor. (One summer)
- Head Counselor for Pre-Freshman  
of Norwich University.

CARLOS A. CARBONELL G.  
CURRICULUM VITAE  
# 3

Upon Graduation

- 1971 My first official job-NORWICH  
ADMISSIONS OFFICE REPRESENTATIVE.  
Travel around the Continental U.S.  
  
PROPACO, S. A.
- 1971-1974 Sales Management - Control and  
analysis of sales.
- 1974-1976 Comptroller - Administration of  
the sales department for special  
products-admixtures for concrete.
- 1977 General Manager - Marketing strategy  
to introduce structural repair of  
concrete (a service not a product).
- 1978-1981 Advisor and member of the Board of  
Directors.  
  
Also worked on the feasibility  
studies for the expansion of the  
company in other countries like  
Dominican Republic and Ecuador.  
Implanted the marketing strategy to  
introduce structural repair service  
in those countries.  
  
CONSTRUCTORA QUICAR, S. A.
- 1973-1975 (Co-Founder); Vice-President.
- 1972-1974 PROTEX PANAMA, S. A.  
  
Marketing strategy for new methods  
of concrete repair using epoxies.  
  
COFACZA, S. A.
- 1973-1974 (Co-Founder); Project Director.  
Feasibility studies.
- 1973-1978 CONDOMINIOS TUMIX, S. A.  
  
(Co-Founder); Vice-President.  
Promotion and sales of condominiums.

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CARLOS A. CARBONELL G.  
CURRICULUM VITAE  
#4

AVIOJET SERVICES, S. A.

1975-1976 Sales and marketing advisor for  
the Republic of Panama (Cargo Agency).

1975-1981 SEGUROS NORWICH, S. A.

(Co-Founder) Insurance broker firm.  
New Marketing strategy to sale  
individual life insurance by volume.

AMERICAN LEGION

1976-1977 Concessionary of both restaurants  
in Fort Amador.

PREPAKT PANAMA, S. A.

1974-1975 (Co-Founder) Helped in the Technical  
Promotion for sales of special  
products for the concrete repairs.

1976 Organized and started the program of  
Feasibilities Studies.

(Board of Directors).

1976-1981 Vice-President.

CIVIC ASSOCIATIONS AND  
OTHER ACTIVITIES:

La Salle Military Academy Alumni  
Association.

Norwich University Alumni Association.

Asociación Panameña de Ejecutivos  
de Empresas (APEDE).

Cámara Panameña de la Construcción  
(CAPAC).

Asociación Panameña de Egresados de  
Universidades Militares (APADEUM).  
Co-Founder and Vice-President (1979-  
1980).

CARLOS A. CARBONELL G.  
CURRICULUM VITAE  
# 5

Club Activo 20 - 30.

Patronato de la Ciudad del Niño-  
Chorrera.

Comisión del Año Internacional  
del Niño-1979 (Selected by the  
President) National Treasurer.

CURRICULUM VITAE

NOMBRE : GUILLERMO ISACC YANGUEZ A.  
DIRECCION: VIA CINCUENTENARIO CASA # 182  
APARTADO : PANAMA 10, PANAMA

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A.- DATOS PERSONALES:

Edad : 29 años  
Estado Civil : casado  
Nacionalidad : Panamá, Prov. Chiriquí, Distrito de Boquete  
Religión: católica  
Peso : 165 libras  
Estatura: 1.88

B.- EDUCACION:

Escuela Primaria : Bajo Boquete  
Escuela Secundaria : Instituto Justo Arosemena/Bachiller en Comercio  
Universidad : Universidad Autónoma de México/Aimi -  
nistrador en Mercadotecnia.  
Estadigrafo en Ventas.  
Otros : Instituto de Sistematización Mexicano/  
Perforador y Verificador I.B.M.  
Ministerio de Industria y Comercio/  
Administración y Supervisión.

C.- HABILIDADES TECNICAS:

Manejo de máquinas de oficina. ( calculadoras, sumadoras, máquinas de escribir, etc.)

D.- EXPERIENCIAS:

Vendedor	/	Frank Telman, S.A.
Vendedor	/	Rena Ware
Encuestador de Cigarrillos	/	Tabacalera Istmeña, S.A.
Operador de Máquinas Industriales.	/	Pan American Standard Brands Incorporated.

E.- REFERENCIAS:

Ing. Carlos Enrique Landa  
Hotel Fundador - Boquete

Señor Evelio Castillo  
Reparto Chanis  
Teléfono 24 - 8399

Lic. Isidro Jünca  
I.N.T.E.L.  
69 - 4594

Prof. Héctor Yángüez S.  
San Antonio  
Teléfono 66 - 5135

## CURRICULUM VITAE

NAME : Arnulfo M. Mock C.

### STUDIES

College or Institution	Date	Subject or Degree
Pan-American Institute	1951-'56	Skillful in Commerce special. in Accounting
National Institute	1956-'58	Humanities Bachelor
University of Panamá	1959-'61	Law .. discontinued
University of Panamá	1962-'69	Economic Science
Netherland University for Int'l. Cooperation (NUFFIC)The Hague	1969	Industrialization -scholarship earned

### OUSTANDING COURSES

Statistic & Census	1963-'65	Mathematic, Statistic and Economic Analyses
Superior School of Public Administration for Central America (ESAPAC)	1965	Admon. for Develop.
Center of Development and Industrial Productivity	1968	Admon. of Industries Financial Mathematic
Panamanian Institute of Development. CDPI-INPADE	1969	Development and Exæut. of Industrial Projects
ICAP - ITC/UNCTAD/GATT	1976	Int'l. Marketing
GEPLACEA/UNCTAD/PNUD in Mexico and New York	1978	International Commerce of Sugar
idem Havana/New York	1979	Commercialization and Marketing

Arnulfo M. Mock

EXPERIENCE

Institution or Enterprise	DATE	Position
Inter-American Cooperative Service for Education	1959-'62	Bilingual Official
Bureau of Social and Economic Studies.	1963-'65	Technical Inspector Annalist
CDPI-INPADE Ministry of Industries	1966-'69	Administrator Economist
Ministry of Labour and Social Welfare	1969-'70	Budget Annalist Financial Chief
SENAPI-PNUD - Programme of United Nation	1971-'72	Economist, Specialist in Cost. Chief of Credit
IFARHU Planification	1973-'75	Planner Economist
Corporación Azucarera	1976-'80	Marketing Annalist Chief

APPENDIX C

FUTURES GROUP CONTACT WITH APLAFA

# THE FUTURES GROUP

1029 Vermont Avenue N.W., Washington, DC 20005 (202) 347-8165

## PURCHASE ORDER AGREEMENT

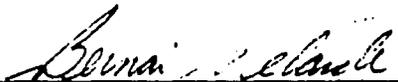
REFERENCE: Purchase Order No. 002087

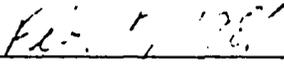
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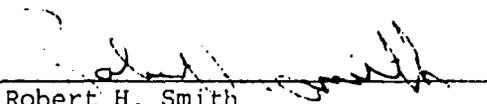
This purchase order will be purchased with sub-contract funds ("Small Sub-Contract Activities" category) under the International Contraceptive Social Marketing Project (Contract No. AID/DSPE-CA-0087).

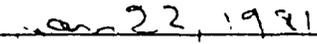
Payment in full shall be made upon receipt and approval of the product (with accompanying request for reimbursement) to The Futures Group and disbursement of funds from the Federal Reserve Letter of Credit. Total cost for the report has been set at US\$2,200.00.

Development time is estimated to be ten weeks from date of approval. This purchase order will be in effect upon the signature below of both parties.

  
\_\_\_\_\_  
Bernai Velarde  
Executive Director  
Asociacion Panamena para el  
Planemiento de la Familia

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Robert H. Smith  
Project Director  
International Contraceptive Social  
Marketing Project

  
\_\_\_\_\_  
Date

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APPENDIX D

PERSONS CONSULTED

1. Tim Seims, AID/Washington
2. John Coury, AID/Panama
3. Bernai Velarde, APLAFA
4. Francisco Beens, APLAFA
5. Carlos Carbonell, APLAFA

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February 6-9, 1981

## INTRODUCTION

The Panamanian Family Planning Association (APLAFA, Asociacion Panamena de Planificacion Familiar) is interested in undertaking commercial distribution of IUDs and other contraceptives. For this purpose, it requested the assistance of USAID in designing a commercial retail sales (CRS) project. This report presents the findings of a consultant visit to Panama on November 13-15 made in response to APLAFA's request to the Futures Group.

Section I of this report outlines the recommended approach for a CRS project in Panama which could be implemented by APLAFA with the assistance of a consultant. The question of commercial institution of IUD's represents a particular problem in Panama and thus has been addressed specifically in Section II.

## SECTION I. CRS PROJECT APPROACH

A modest-sized, urban-based strategy is proposed for the first year of the project. Condoms, foaming tablets and possibly oral contraceptives will be supplied by an international donor agency or obtained through the Mexican or El Salvador CRS projects. These will be sold in Metropolitan Panama City, Colon and surrounding urban areas by salesmen on commission supported by a modest advertising campaign. IUDs may be sold directly to physicians with the support of direct mail promotion. Expansion of outlets to rural areas will occur if justified by project performance in its first year.

### A. Target Population

Approximately half the population of Panama resides in Metropolitan Panama City, Colon and the surrounding urban communities. Of this population, about 150,000 are women in the fertile age group. Based on most recent survey data, about 30% of this group is using a permanent contraceptive method and an additional 15% can be expected to continue to use other contraceptive methods which they are currently using. This leaves a total potential market of 82,500 couples. Of these, three-quarters of 62,000 are likely to have household cash incomes of US\$75 per month or more. An urban-based CRS project at maintenance levels could be expected to reach as many as 30% of these, or 18,500 couples. At this level, usage of contraceptives would increase from 60% to 66% of the fertile couples in the nation.

## B. Products

APLAFA is currently interested in a CRS program that focuses mainly on condoms and Neosampoon and also makes the IUD Copper T available. Although not opposed to introduction of oral contraceptives into the project, APLAFA does not appear willing to include pills in a media campaign during the initial project period. Oral contraceptives, an ethical pharmaceutical, would require Ministry of Health permission for advertising in the media and permission is not likely to be granted at this time.

APLAFA believes that either the El Salvador or PROFAM Mexico type of products would be acceptable in Panama. They propose to use these products and packages rather than develop unique brands and packages for Panama. If such an approach is acceptable and practical given production schedules of the other projects, this could result in a substantial savings of time and money generally spent on design of products.

### C. Prices and Margins

Preliminary indications are that a three unit package of condoms could be priced at 30¢ and allow for adequate margins at the retail and distributor levels with a reasonable return of funds to the program to cover part of its promotional and administrative costs. A twenty-unit tube of Neosampoon would have to cost 1.00 at retail to achieve the same purpose. A ten or twelve unit tube might serve the market better. In any case, it appears that retail prices can be set to meet the rule of thumb that retail price should be some fraction of 1% of monthly income of the population to be served. Here the figure used is monthly household income of below \$100 per month.

Based on discussions with a local distributor, and previous experience and research in Panama, retail margins for both condoms and Neosampoon will have to be in the vicinity of 50%. Distributor margins will also have to be as high as 40%, especially if commission-based salesmen will be used to augment the distributor's efforts.

#### D. Advertising and Promotion

Several competent advertising agencies exist in Panama. Discussions regarding the development of a media campaign for condoms and Neosampoon were held with representatives of two of these: McCann-Erickson de Panama and Latinoamericana de Publicidad. Both expressed interest in the project and the former has produced a campaign including television commercials for Protex, a line of condoms.

Based on previous research in Panama, adequate media of reasonable price exist in Panama for a high quality low key advertising campaign. A budget for a three month introductory campaign followed by 9 months of maintenance advertising appears as Exhibit 1. The focus of the campaign is primarily radio, with modest investment in press, cinema and billboard advertising. Ten dollars per outlet is allocated for point of purchase materials.

EXHIBIT 1

PROYECTO DE DISTRIBUCION COMERCIAL

AREA METROPOLITANA

(250 puestos de Ventas)

PROMOCION:

1.1. <u>PAN AMA</u> - 2 Estaciones de Radio a B/.25.00 por día (26 al mes) 1,300 x 3 meses	3,900.00
<u>COLON.</u> _ 1 Estacion B/.15 x dia x 26 x 3	1,170.00
1.2. <u>PERIODICOS</u> 4 anuncios x mes (110 x 4) 440 x 3	1,320.00
1.3 Tableros (3) 100 x mes	900.00
1.4 Cines B/.50 x mes x 4 = 200 Mensual	600.00
1.5. Carteles - 250 puestos x B/.10	<u>2,500.00</u>

PRIMER TRIMESTRE 10,390.00

COSTO DE PRODUCCION.

1. Tableros 250. x 3	750.00
2. Cunas de radio 3 x 200	600.00
3. Cines	<u>100.00</u>
TOTAL COSTO DE PRODUCTION	<u>1,450.00</u>
COSTO TOTAL	<u>11,840.00</u>
RESTO DEL AÑO	<u>10,000.00</u>

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E. Distribution

Distribution to the number of couples contemplated for this project will require a minimum of 250 outlets. These should be easily reached through a subcontract with a local distributor. APLAFA has had preliminary discussions with at least one local distributor regarding distribution of CRS contraceptives. Though this contact did not elicit a successful response, there are several other competent local distributors available. In addition, APLAFA has identified at least two salespersons who are available to work on a commission basis to augment the distributors efforts.

F. Budget

Preliminary budget estimates for this project include:

Advertising	25,000
Market Research	5,000
Manager	20,000
Sales Expenses	2,400
Two Salespersons	7,200
Secretary	5,000
Packaging (20,000 mo. units @ .05 each)	12,000
Outside Consulting	<u>15,000</u>
<u>TOTAL</u>	<u>91,600</u>

APLAFA will have to deal with several legal and organizational considerations before a CRS project can be undertaken. To begin with, it is not clear that APLAFA may legally sell contraceptives since it is chartered as a non-profit corporation in Panama. Second, should APLAFA choose to separately incorporate the CRS project as a profit making corporation, its ability to receive donations of product may be in question. Also, revenue to the project would have to be monitored even more scrupulously than usual.

Plain wrapped products will be necessary for the project to avoid the problem of double/different branding. Registration of new brands should be pursued if necessary, and inquiry should be made regarding advertising regulations.

## SECTION II. COMMERCIAL DISTRIBUTION OF IUD'S

Despite the success of APLAFA's initial attempts to commercially distribute IUDs, this program has encountered several problems. For example, APLAFA has been unable to enlist the cooperation of the local medical association for this project. This, despite the excellent contacts and relationship that exists between the two groups at a personal level.

The current IUD insertion fee is US\$60. Of this amount, US\$15 is for the IUD, US\$25 is the charge for a standard medical consultation; and, there is an additional US\$20 charge for the insertion. To make IUDs available to the target market in a CRS project in Panama, this price would have to be reduced to close to US\$10. APLAFA is not optimistic about any reduction in the insertion fee. Thusfar, the insertion fee has not been affected by the fact that APLAFA is making IUDs available for US\$8.

Any large commercially based IUD project may also jeopardize the AID relationship with the Panamanian Ministry of Health. The two organizations are in an advanced stage of negotiation of a bi-lateral agreement regarding health programs which contains a three year grant for IUDs.

The competitive relationship between the Ministry of Health and APLAFA indicates that a large APLAFA IUD program with media which requires assent of the Ministry might encounter at least delay, if not disapproval. Since application

to advertise IUDs directly to the public requires Ministry approval, such a measure might endanger all CRS activity.

Commercial distribution of IUDs may effectively be a part of a CRS project. Direct telephone sales to physicians supported by a direct mail campaign could be reasonably successful. Expansion of this effort would take place after the CRS project activities were otherwise well established and accepted.

## INTERVIEWS

1. John Curry, AID/Panama
2. Bernai Velarde, APLAFA
3. Delia Cucalon, McCann-Erickson, Panama
4. Evelia de Garcia, McCann-Erickson, Panama
5. Reinaldo Ferrer, Lumar, S.A.
6. Rafael Diaz, Latinamericana de Publicidad