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Evaluation of Nepal Contraceptive Retail Sales Project

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Westinghouse Health Systems

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I SUMMARY

An evaluation of the Westinghouse Health Systems (WHS) Nepal Contraceptive Retail Sales (CRS) Project was conducted in April 1982 by a five-person team. Relevant documents were reviewed, key individuals involved in family planning programs contacted and a field survey undertaken. The team gained a broad historical overview of CRS activities from initial contract signature on June 30, 1976 to the present. Attention was focused on project implementation, marketing strategies, significant accomplishments, and difficulties which have impacted on performance.

Performance was evaluated in relation to stated contract objectives, contraceptive product development, pricing structure decisions, distribution strategies, promotion and advertising, training and management and administrative functions. The CRS project was viewed as part of the FP/MCH Project activities since it is expressly defined as a complementary activity as well as a contributor to HMG's family planning program.

The team consensus is that the CRS Project has a good performance record and is making a substantial contribution to HMG's family planning program. The CRS Project has met most of the objectives stipulated by the contract. The few it has not met were either revised between the original and contract extension documents or too broadly defined to be accomplished.

CRS has expanded availability of condoms and OCs by establishing and selling products in over 5000 retail outlets which are routinely supplied with Dhaal and Gulaf, the project condom and OC brand names. A second, very low priced condom brand, Suki-Dhaal, developed for rural distribution, is sold in fewer outlets. Even though consumer prices are very low at Rp. 1.00 ($ .076) for six condoms and Rs. 1.50 ($ .114) for one OC cycle, retailers receive sufficient incentives to maintain interest -- generous profit margins, attractive product promotional materials for stores, cash prizes for winners of display contests, regular visits and stocks from CRS personnel, etc. The chief incentive, however, is that their sales are increasing as the number of new customers for CRS products grow and old buyers purchase more regularly. CRS has experienced problems establishing demand, but recent sales trends indicate the market for its products is growing.

Condom and OC sales in 1981 represent approximately 700% and 800% growth, respectively, in sales since 1978, the year the products were launched. Last year CRS sold 1,115,000 condom units and 75,686 OC cycles, an overall increase from 1980 sales of 108% (in spite of a shortage of condoms) and 270%. This represents a contribution of 16,972 Couple Years of Protection (CYP) from pregnancy for the HMG family planning program, a 36% increase in CYP over 1980 and 6% over the 1981 CRS target. CRS cost (local expenses plus AID commodity costs) per CYP in 1981 was $8.30. This is consistent with comparable, estimated FP/MCH cost per CYP to deliver condoms ($8.50) and OCs ($10.00) in 1979/1980.

The team recognizes that CRS has had to operate within an atmosphere of great difficulties for a social marketing program. The marketing infrastructure in Nepal is gradually strengthening. Nevertheless, private sector

national distribution systems and a local advertising industry are not as well developed as in most countries where similar projects have been initiated. As a result, CRS is still experimenting with distribution systems to find the most effective and efficient means of moving products to retail outlets in towns and villages. An assessment of the ever-increasing cost of moving into more rural areas at the same time as CRS is trying to improve and increase demand for its products led the team to conclude that project management may be dissipating its overall efforts. It would preferable at this time to consolidate operations and expand the market where CRS already is selling rather than press to reach isolated areas. Cost-effectiveness is a continuing HMG, AID and CRS concern, and the project can not demonstrate cost-effectiveness with continual geographic expansion. One of the team recommendations is that CRS concentrate on moving into more accessible areas while, at the same time, it continues to build its present market.

CRS has been planning since 1981 for transition to local management and a new institutional base in anticipation of scheduled expiration of the WHS contract on October 31, 1982. The team has reviewed options for institutionalization developed by CRS and experiences with other social marketing projects. It concurs with the endorsement of the CRS Advisory Committee, USAID/Nepal and the AID Regional Legal Advisor that the best option for an institutional base is a private sector, not-for-profit company which can operate with flexibility and a management style familiar to business. There is, however, concern that there is no legal or de facto precedent for a similar non-profit company in Nepal, and that incorporation of a company with CRS needs and objectives may take some time to accomplish. Of equal concern is the need for a rapid decision from HMG on the institutionalization issue. The team, therefore, recommends that all parties establish a September 1, 1982 deadline for HMG decision so that the incorporation process for whichever option is selected can more forward. Since the HMG decision apparently depends on a commitment by USAID to fund or not fund continuation of the CRS project, it is further recommended that USAID make an expeditious decision.

The unexpected loss of the present Nepali General Manager to IPPF in June affects present WHS contract expiration. A nine month extension (to July 31, 1983) appears necessary to recruit, hire and train a new General Manager and still allow adequate time for transition to a new institutional base, organizational adjustment, and development of a smoothly functioning Nepali operation.

II EVALUATION METHOD

The specific Westinghouse Contraceptive Retail Sales Project was identified for evaluation by USAID/N in January 1982. The Terms of Reference for the evaluation were prepared by USAID/N.

The members of the evaluation team were:

Diana Altman, Consultant to AID, Team Leader
Bimila Shrestha M.D., M.P.H., Deputy Team Leader, New Era
Maya Shrestha, FP/MCH Project, IEC Division
Ram Chandra Shrestha, Program Office, USAID/N
Gladys Gilbert, Health and Family Planning Office, USAID/N

Time limitations, terrain and transport determined, to some extent, the methodology that was used for this evaluation. The limitations were partially removed by the substantial amount of time and talent that the team was able to mobilize within itself and through the cooperation of those from whom interviews were sought. The team first agreed on the scope of evaluation and the research methodology. The evaluation was carried out between April 8 (first team meeting) and May 10 (USAID debriefing).

The team reviewed pertinent documents from AID, the CRS Project, HMG and pharmaceutical agents, all of which were engaged in providing family planning service in one way or the other. The most relevant are listed in Section VII or referred to in the report where appropriate.

Meetings were held with various key personnel from AID, FP/MCH Project, CRS Project, HMG, FPAN, and voluntary agencies. (For a complete list, see Section VI, Key Personnel Contacted.) These meetings provided the team with valuable information regarding the scope of family planning in Nepal, the goals of the HMG family planning programs and the performance of the CRS Project. The team attended selected sessions of the National Conference on Population and the Sixth Development Plan, and gained a broader perspective of the population program.

COMMAT, (the advertising agency for CRS), gave a presentation to the team on its campaign for Dhaal, Suki-Dhaal and Gulaf.

Between April 18 - 22, the team split into two groups for field visits. One team went west covering Bharatpur, Tansen, Pokhara, Butwal, Lumbini and Gorkha and stops en route. The other team went to eastern Nepal covering Hetauda, Birgunj, Biratnagar and Janakpur. The teams visited numerous medicine stores and general merchandise shops selling CRS products. The teams also visited Government hospitals, health posts, FP/MCH clinics and FPAN branches. Both teams met with CRS Dealers and Sales Representatives.

The team did not interview consumers and potential consumers, mainly because of time limitation and the questionable reliability of informal interviews. The team also felt it unwise to attempt to evaluate continuation rates of new acceptors as a data base is not available.

Following the field trips, the team met to review experiences and discuss impressions regarding CRS performance. A consensus was reached on major issues to include in a report and the data base needed to support evaluation of performance and recommendations.

III HISTORICAL OVERVIEW

Background: July 1976 - June 1978

The Nepal Contraceptive Retail Sales (CRS) Program began on July 1, 1976 as a complementary effort to HMG's family planning program in Nepal. The main purpose was to increase the availability, distribution, promotion, and use of temporary contraceptive methods, specifically oral contraceptives and condoms, through subsidized sales at existing retail outlets. This was based on at least two presumptions: 1) a marketing infrastructure which could accomodate implementation already existed; and 2) sales levels of low-priced products would be high enough to pay (or almost pay) for operational costs. A three year contract for a social marketing project, funded by AID/Washington, was signed on June 30, 1976 with Westinghouse Health Systems. In September 2, 1976 a Westinghouse advisor, Mr. James R. Massick, arrived in Nepal to initiate the CRS project.

In February 1977 HMG approved the development of the Contraceptive Retail Sales Project and designated the FP/MCH Project as the implementing agency. Negotiations began in February 1977 with the Ministry of Finance about responsibilities of all parties involved in the project and over management of revenue from product sales. These negotiations led to signature of an agreement in May 1978 between HMG and USAID/N. During this period, a full-time HMG conterpart to the Project, Mr. S.J. Thapa, was assigned from the FP/MCH Project. In addition, an independent Advisory Committee, under the chairmanship of the Chief of the FP/MCH Project, was formed with representatives from the Ministries of Health, Industry, Home, and the Nepal Medical Association as well as other government, voluntary and commercial organizations in Nepal. The purpose of the Advisory Committee is to provide advice and suggestions on the proper and orderly design and implementation of a marketing program.

Developmental activities in preparation for product launch were begun in 1976. A marketing design was developed by April 1977 and provisionally approved by the FP/MCH Project. A search was undertaken for an advertising agency, packaging and printing firms, research assistance, and distribution companies which could handle nationwide or regional product distribution to retail shops. Various alternatives for each were analyzed since the marketing infrastructive in Nepal was slowly developing and still limited. A national contest was held to find brand names for the pill (Noriday 1+50 28 day cycle) and condom (colored, lubricated, 49 mm). Twelve hundred entries were received from which the final names were chosen: Dhaal, meaning 'shield' (connoting masculinity and protection) for the condom and 'Gulaf' (rose) for the OC. The intended consumer target population was identified as urban and rural lower-income especially in the under 35 age group, and women, aged 15-35. Packaging materials were procured through a social marketing organization in Bangkok after several requests for bids and samples from Nepali printing firms yielded no response. Individual sale packs with instructional inserts were repackaged in retailer wall-hanging display boxes (24 per box Dhaal and 12 per box Gulaf).

The fixed retail price was set at 50 paisa ($.04) for three Dhaal and Rs.1.50 ($.12) for a cycle of Gulaf (1976 conversion rates. (See Table 1). These subsidized prices were chosen to make contraceptives available at a cost that most Nepalese could afford. The profit margins for the dealers and retailers on Gulaf are about double those for medical products, and margins for Dhaal two to three time higher than most other consumer goods. These margins are designed to provide incentives for shopkeepers to carry and sell the project's products. The CRS project takes in a small amount of revenue from sales which is deposited and held in a special local bank account; the fund is intended as a reserve to help pay for part of future project costs.

TABLE 1

Dhaal and Gulaf Price Structure in Rupees

Dhaal	Price to consumer	Price to Retailer	Retailer margin	Retailer percent	Price Dealer	Dealer Margin	Dealer percent
Consumer unit pack (3 condoms)	0.50	0.42	0.8	19.0	0.36	0.6	16.6
Gulaf							
Consumer unit pack (1 cycle)	1.50	1.25	0.25	20.0	1.10	0.15	13.6

The initial distribution stategy was based on utilization of existing firms for moving products to two types of retail outlets, those selling medicines (Dhaal and Gulaf) and general merchandise shops (Dhaal). Pharmaceutical wholesalers, who routinely offer thirty days credit to retailers on most products, were contracted with to act as dealers (distributors) for Gulaf and/or Dhaal. CRS established dealers in several major cities (i.e., Kathmandu, Janakpur, Pokhara, Biratnagar, Butwal, Nepalgunj, Birgunj). A semi-government company, the Janakpur Cigarette Company, declined the CRS request to actually market contraceptives, but did offer to transport CRS products, along with its cigarettes to the company's depots. From here they were picked up by CRS Dealers and sold for cash to retailers by CRS-employed Sales Representatives.

Promotional and motivational efforts were designed to gain consumer awareness and shopkeeper acceptance of the two new products. Consumer messages stressed availability, quality and price. Emphasis was on point-of-purchase (POP) promotional materials. Retailers for Gulaf received OC

screening, side-effects informational materials and personal training both from sales representatives and in organized group meetings. Dhaal and Gulaf sellers were given briefings on the products, CRS social objectives, and the importance of family planning.

In spite of severely limited experience among the few companies working in advertising and without reliable motivational research information, a number of promotional and advertising materials were initially produced. Colorful posters, metal shop signs and other eye-catching POP materials were developed to highlight product availability. Negotiations began with government-owned Radio Nepal to broadcast product advertising. Several newspaper ads were designed. Promotion and sales to retailers was to be the responsibility of sales representatives hired by CRS. The search for experienced Nepali sales representatives revealed that this was a poorly understood skill; selection, training and development of a four man sales force was an important precursor to project implementation.

Implementation: 1978 - present

1978 The project was formally launched by Her Royal Highness Princess Prekshya on May 31, 1978, and sales began the next day. Along with high margins, the project provided attractive POP items. Sales activities in 1978 were limited to the Kathmandu Valley and those cities and surrounding towns where CRS dealers were located. Sales to retailers were slow at first in spite of generous offers to shops. CRS management had anticipated some possible shopkeeper resistance to purchasing both condom and OCs due to shyness and hesitancy about selling and displying contraceptives. The project found it difficult to persuade merchants to buy, and those who did usually hid dispensers from public view. CRS tried to gain puplicity and support for CRS and the products in several ways. For example, a frisbee contest, using Dhaal imprinted frisbees, was held in the Kathmandu stadium and thousands of gift frisbees were distributed. A brightly decorated float advertising Dhaal & Gulaf was entered in the King's Birthday parade. The project was getting attention in the capital city, but developing national promotion/advertising was still difficult.

In addition, the early stages experienced other problems with implementation. It quickly became apparent that appointed wholesalers were doing little to sell Dhaal and Gulaf to retailers. The newly trained CRS Sales Representatives, responsible for selling products on a cash-only basis were not supported by active promotion or selling by the wholesaling system. The typical wholesaler in Nepal simply awaits orders from retailers, who either come to his warehouse to buy and pick up supplies or send in orders, which are then delivered by "peons". Nepali norms for distribution presently are not geared to establishing and building a national market for new products. One of the largest Nepali pharmaceutical dealers (distributors), e.g., only covers the Kathmandu Valley as a representative for 11 companies but delivers to nearby, major towns outside the Valley for just 1 company. The dealer has two salesmen who reportedly make weekly

rounds in the entire Valley to check shelf stocks and take orders. Orders are also taken by phone; delivery is done by bicycle. The dealer owns no cars or vans. Direct sales from the warehouse account for a large share of his business.

The selected advertising agency lacked experience with creative aspects and campaign planning, and it demonstrated failings in meeting scheduled deadlines and quality production of finished materials. Radio Nepal refused to allow mention of the brand names Dhaal and Gulaf on the air; the descriptive "ads" spoke about (and around) the products, availability and use and, thus, lacked the zest and clarity expected of product advertising.

Project management was understaffed and without adequate transportation. During the first phases of implementation, the Westinghouse Field Manager was assisted by an administrative and financial manager, a sales manager (who resigned within fourteen months of launch), and a secretary. When the one vehicle ordered for the project arrived, it proved to have mechanical deficiencies. Additional vehicles were not to come until summer, 1981.

At AID's request, a small pilot project for household distribution of CRS products was designed and conducted in 1978. There were two phases, Phase I for distribution of CRS products and Phase II involving follow-up interviews after four months. Products were distributed door to door by 39 trained distributor - interviewers in five areas (Batulechour, Biratnagar, Kanchanbari, Pokhara and Bhairahwa). About 7371 eligible persons were targeted to be reached, and 6954 were successfully interviewed in the follow-up survey. This survey was made to determine the effects of mass sampling on future usage and demand-creation for products through door-to-door delivery.

Results showed only 4 percent of respondents actually purchased and 15 percent currently were using the products. It was concluded that household distribution was not a cost-effective and valuable adjunct to the marketing strategy.

In November 1978 a two-man team with a marketing background was sent by the American Public Health Association (APHA) to evaluate the CRS marketing strategy and potential for meeting the contract objectives. Their report recognized the extreme limitation of the marketing infrastructure in Nepal. Major suggestions for improving retailer and consumer acceptance and increasing sales included:

> Focus on demand creation aspects, specifically local promotion, and concentrate less on outlet and geographic expansion during early stagesof the project.

Concentrate more on marketing research and advertising messages/media. Increase sampling of Dhaal to consumers and detailing of Gulaf to the medical community.

Consider bonus goods rather than high profit margins for dealers, and retailers.

Use cinema ads and local entertainment.

1979 During 1979, project management concentrated efforts on developing support systems for marketing Dhaal and Gulaf. No changes were made in product packaging, price, or population targets. The search continued for organizations or individuals which could assist with needed marketing research. In early 1979, a study designed to form the basis for motivational advertising messages was commissioned under Professor D.B. Bista, well-known anthropologist from Tribhuvan University. Distribution was still limited. The transport arrangement with the Janakpur Cigarette Factory was not working well and did not regularly move products from Janakpur to the JCF depots in the Terai or hill towns. Depending on dealers for promotion and active distribution on their own was increasingly disappointing. Shopkeepers continued to resist selling & displaying contraceptives. A Dhaal display contest with cash prizes was conceived and helped overcome shopkeepers' reticence. CRS Sales Representatives and project dealers also offered shopkeepers a bonus of one dispenser free for each dispenser purchased. Display contests have become a continuing part of the marketing strategy. Project management spent a great deal of time working with the advertising agency to help them develop message and media strategies and produce promotional materials for consumers and retailers. The message strategy was based on the March, 1979 analysis of the Bista study.* The main findings included a recommendation to try child spacing as a message strategy to consumers. By the end of 1979, a newly formed local advertising agency, COMMAT, Inc., was given the Westinghouse subcontract for designing a new campaign.

At the request of HMG, the contract between Westinghouse and USAID was extended from July 1, 1979 to October 31, 1979. A longer extension was granted from November 1, 1979 to October 31, 1980 (and subsequently again extended for an additional 2 months to December 31, 1980).

Another pilot-project to test vending machines as distribution points for condoms was initiated late in 1979. The Bangladesh social marketing program which had experience with family planning assisted

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* Although the study was very limited, covering a sample population of 48 (24 male and 24 female) from Biratnagar, Bhairawa, Pokhara and Illam, the study findings gave something on which to base the promotion of temporary contraceptive methods. Among other things, it was found that knowledge of contraception was mainly limited to sterilization (tubectomy for females and vasectomy for males).

CRS in orientation and training, testing machines for proper mechanical operation and maintenance. Tools for advertising and maintaining the machines arrived in December. In January 1980, two initial test machines were installed, one in Kathmandu and one at the main Pokhara bus stop. The project was not a success because not all "Mohar" coins (Rs. 0.50) were the same size and those minted more recently could not be used. In addition, vandalism proved to be a problem. The project was abandoned after a couple of months, and vending machines are stored currently at the CRS premises.

1980

Nineteen-eighty witnessed several changes in marketing strategy. A new target, males living in remote rural areas, was identified, and plans for a second condom brand for this target population were developed. The transparent, lubricated, 49 mm, quality product (Akwell's Conture) was named Suki-Dhaal. In order to keep packaging costs low, Suki-Dhaal was packaged by "twos" in a light-weight, inexpensive paper package and dispensed from the manufacturer's shipping box (a paste-on Suki-Dhaal label covers manufacturer's shipping information). The price was set at 25 paisa for two and the retailer margin set at 19%, the same as for Dhaal. (See Table VIII Sec.IV). Distribution strategy differed from other products, however, and sales were made direct to rural retail stores for cash by CRS sales representatives. Promotion and advertising messages stressed the quality of the new product, but the AID-approved advertising budget was very low by comparison with that approved for Dhaal and Gulaf. Sales for Suki-Dhaal began on June 1, 1980 with a public relations press campaign and promotion in the Kathmandu Valley. A large, decorated elephant traveled to Valley towns followed by CRS Sales Representatives to announce the launch of the new family planning product.

Other than direct sales of Suki-Dhaal to retail shops, there was one major change in distribution strategy. Transport by the Janakpur Cigarette Factory was replaced by contract shipping on trucks on an as-needed basis. Delivery to specific towns became more regular but still was plagued by erratic scheduling. Expansion continued to new geographic areas and additional towns and to new shops in old areas. Concentration was in the Eastern, Central and Western areas of Nepal.

A contract for marketing research was signed with National Research Association (NRA) a private research firm. NRA was assisted by consultants from a Bangkok marketing research firm, Research and Data Resource (RDR), and a consumer study using group discussions and in-depth interviews (a sophisticated methodology for Nepal) was conducted. Areas researched included: method awareness and satisfaction; availability and knowledge of supply sources; price perceptions; and media as well as message preferences.

The new advertising agency produced the first planned and field tested advertising campaign. Four task areas were identified: consumer advertising; education; sales promotion; and Suki-Dhaal launch. Consumer advertising and sales promotion received the major stress. There was little information on which to base message strategy since no capable marketing research firm had been found. The 1979 Bista study stressing spacing was used.

Radio spots - jingles & seasonal ads - were developed around figures familiar to Nepalese (such as traditional healers and Hindu priests), and popular folk songs. None, however, mentioned brand names because of Radio Nepal's policy position. Village folk drama performers were provided stage frames and costumes decorated with CRS product ads. Fifty traditional travelling folk-singers were provided basic ideas on family planning for song compositions. They competed at a public performance for the best original Dhaal/Gulaf compositions. Posters, billboards, stickers, shop wall calendars and permanent metal store signs were complemented by consumer give-away promotional items, such as key rings and small cloth bags. Prescription pads were printed for doctors, both medically trained and ayurvedic. Since patients retain prescriptions in Nepal, these have dual promotional value. Journalists were invited to press meetings, while government and FPAN field workers were given orientation sessions at their routine training programs. The Suki-Dhaal campaign was well organized: brand names & packaging designs were created and tested, POP materials developed, and newspaper "teaser" ads designed. But due to budget constraints, the Suki-Dhaal promotion campaign was neither large nor prolonged.

In August, CRS encouraged and assisted COMMAT, Inc., to enter the 12th Asian Advertising Congress competition in Singapore. COMMAT won a special commendation trophy for its innovative CRS media campaign.

By the end of 1980, plans were underway for transferring management responsibilities to an enlarged Nepali staff. An APHA evaluation of all USAID-assisted health and family planning programs recommended that the CRS project be extended as a valuable part of the family planning program. Based on their recommendation, the contract was extended from January 1981 - October 31, 1982.

1981

Important changes in virtually all marketing components and significant project growth characterize 1981. Several product options were explored. The introduction of Oral Rehydation Salts (ORS) called for in the contract extension was discussed with HMG officials, the Government-owned Royal Drug Company and UNICEF. Consensus was for CRS not to add ORS which would compete with Royal Drug distribution of ORS. Marketing plans for two new products - a low-dose OC and vaginal foaming tablet - were developed in preparation for 1982 launch. The new CRS Communication Manager with outside assistance conducted research on the new products. Packaging for Dhaal was changed to reduce costs: the new, sealed soft-pack containing six units reflected established logos, colors & design printed on a quality wrapping. Dhaal unit price of 16.6 paisa was retained but the consumer price per pack was raised from 50 paisa for three to Rp 1.00 for six. Gulaf and Suki-Dhaal consumer pack prices remained static.

Distribution was greatly improved with the arrival of four American-made Jeeps in the summer of 1981. The project took over responsibility for delivery to dealers, new geographic areas were opened up, and more retail shops added to the growing list of sales outlets. Options for widening the types of outlets (e.g., tea stalls, Mother's Clubs, ex-military mens' associations) were examined. The CRS sales force grew to six. The dealer system in major towns was retained even though efforts to improve active selling did not change established dealer behaviors. There was a

change in distribution strategy for Dhaal, however, in the Kathmandu Valley where CRS already has a warehouse facility and the Dhaal dealer in Kathmandu had ceased all activity. Sales Representatives began cash sales direct to retailers. Also more general stores were added to outlets selling Gulaf.

A new advertising stretegy was developed by COMMAT based on the NRA-RDR research. The new message stretegy addressed false rumors about OCs and stressed different themes and benefits from family planning: educational opportunities for children; better household management; 90 day trial-period for OCs to decrease side-effects; daily routine necessary with oral contraception. Aural materials were produced in five languages,and visual materials in two (only Nepali was used previously). Posters switched from drawings to photos. Slogans and messages were tested in consumer group session and refined. Pretesting for persuasiveness, attractiveness, comprehension, acceptability and identification became routinized.

COMMAT materials were finished on time and media schedules implemented (See App. C). Radio Nepal finally consented to allowing mention of brand names. Consent, however, was conditioned on payment of "foreign" product rates, which are many times higher than for Nepali product rates. Radio advertising was halted pending negotiations. Display contests for Gulaf were initiated in 1981, and Dhaal contests continued. The free bonus offer to retailers who participated was reduced from one free dispenser per dispenser bought to one for each two purchased. Scripts for cinema ads were developed, and audio-cassettes for vehicle loudspeakers were produced. Promotion and advertising in sales areas was greatly facilitated by the visibity of brightly painted Dhaal/Gulaf vehicles broadcasting music, product jingles and promotional ads. Heavy Dhaal sampling from vehicles was planned. In short, there was a conscious shift to more localized and personal promotion.

A number of management changes occured in 1981. Senior Nepali staff were hired, departments were formed to handle specific marketing responsibilities, and staffing doubled. Training was stepped up. The Management Information System (MIS) was refined and training plans developed in anticipation of a newly-ordered Apple computer.

Senior management staff development began with the appointment of Mr. Jagdish Ghimire (previously COMMAT Co-Director, as General Manager in January. The position of Communications Manager was added to those of Administration and Finance Manager and of Sales Manager; each division chief has support staff (see Exhibit E Section IV,p.38). The three divisions were assigned specific tasks and staff received orientation/training in the CRS operation. Plans were made for additional training to upgrade senior staff skills.

The sales force was expanded, and all sales representatives given training and new incentives. Selection criteria for sales representatives were refined. The typical profile is a male, aged 23-35, local resident, with intermediate school or equivalent education. Pay scale is slightly above that of HMG employees. Each receives initial family planning and sales training, plus reinforcement training in the field and at semi-annual

sales conferences. A sales commission or bonus scheme was developed and implemented in April. Each representative has a monthly sales-target (to be fair, these vary depending on size and "ease" of terri ory). He earns bonuses on a sliding scale (i.e., increasingly greater sale yield higher percentage bonuses) and can earn up to Rs. 600 per mont. over base salary (See Exhibit A). Bonuses are paid quarterly.

The MIS was consolidated from 21 separate to 12 reporting forms Each of the three divisions takes responsibility for relevant reports; in some cases more than one division is involved in completing a report form. The purpose of the MIS is to provide a bssis for marketing plans and decisions by senior management and feed back to all employees. The Apple computer is expected to yield a more responsive and efficient MIS.

1982

Progress in the first quarter of 1982 is a continuation of 1981 efforts. Based on AID-approved marketing plans and both qualitative and quantitative research done in 1981, two new products are scheduled for test marketing in the Kathmandu Valley in early summer. These are Kamal or lotus (vaginal spermicidal tablet) and Nilocon, combining "Nil" (blue in Nepali) with "lo" and "con" for low-dose contraceptive. Packaging designs and instructional inserts have been partially field-tested and are in production. The consumer target for Kamal is women, aged 17-35, and for Nilocon women 15-35 who will be new OC users. Price is set at Rs. 3.00 ($.23) per nine tablet pack for Kamal and Rs. 5.00 ($.38) per cycle for Nilocon. Dealer and retailer margins for Kamal are about the same as for Dhaal, and for Nilocon, slightly below Gulaf (See Table VIII Sec. IV p.31). Dispensers contain eight packs of Kamal and 12 cycles of Nilocon.

CRS plans to increase the price of Gulaf from Rs. 1.50 ($.115) to Rs. 2.50 ($.19) when existing quantities of packaging materials exhausted.

Distribution strategy for Nilocon is the same as for Gulaf (i.e., medicine stores and selected general stores) and identical with Dhaal for Kamal.

CRS distribution strategy is to shift gradually from a dealer to stockist system. Stockists, generally speaking, are larger retailer store operators who traditionally act as wholesale suppliers to smaller local shops and remote village shopkeepers. Sales usually are made at the stockist's store although they may send a salesman to sell. In this sense, there is probably less active promotion than with dealers, who sometimes have personnel visit retail outlets for order-taking and delivery. There is only one CRS stockist as of May 1: this firm was appointed as the Dhaal stockist in the Kathmandu Valley after the former Dhaal dealer was dropped. Geographic expansion continues, and new districts will be opened during 1982. With expansion the CRS sales regions have been reorganized and have changed from five to six. (See Exhibit E Sec. IV p. 33).

Promotion, education and advertising efforts are focused on the two new products. Kamal message strategy will concentrate on safety, lack of side-effects, and a fresh, new contraceptive technique. The warm sensation associated with tablet dissolving will be promoted as a positive attribute. Nilocon messages emphasize a new OC formulation, low-dose, and American manufacture. Most of the same media and promotional techniques developed for other CRS products will be used. Doctors have been notified of the new products, and training of retailers will accompany product "sell-in".

EXHIBIT A

BONUS PAYABLE TO SALES REPRESENTATIVES

(In Nepalese Rupees)

Increase in Sales	01 to 10%	11 to 20%	21 to 30%	31 to 40%	41 to 50%	51 to 60%	61 to 70%	71 to 80%	81 to 90%	91 to 100%	101 + %
Dhaal	10.00	15.00	20.00	25.00	35.00	45.00	55.00	75.00	95.00	115.00	150.00
Gulaf	10.00	15.00	20.00	25.00	35.00	45.00	55.00	75.00	95.00	115.00	150.00
Suki-Dhaal	10.00	15.00	20.00	25.00	35.00	45.00	55.00	75.00	95.00	115.00	150.00
Management	10.00	15.00	20.00	25.00	35.00	45.00	55.00	75.00	95.00	115.00	150.00
Totals:	40.00	60.00	80.00	100.00	140.00	180.00	220.00	300.00	380.00	460.00	600.00

Planning for transition to total Nepali management and suitable organizational structure was a major focus during the second half of 1981 and continues in 1982. Although the WHS contract expires on October 31, 1982, work on institutionalization formally began in late summer of 1981. A Nepali lawyer, in consultation with CRS, WHS and the USAID Regional Legal Advisor, drafted 5 possible alternatives feasible under local laws. Each was described and evaluated in terms of advantages and disadvantages for optimal CRS operating criteria. The draft proposal was presented to and discussed by the CRS Advisory Committee on September 10, 1981 and then referred to a special meeting of the Advisory Committee on September 23. The optimal alternative recommended was endorsed by the Advisory Committee. First choice is a private, non-profit company under the 1964 HMG Company Act, with second and third choices, respectively, of incorporation under the Development Board Act or as a Government company. It was felt a private, not-for-profit, shareholder company with a small, policy level Advisory Board (composed of relevant representatives from HMG ministries, the FP/MCH Project and USAID) and a Board of Directors (elected from shareholders) responsible for management would best suit the need for flexible operation within the business community. Advisory Committee endorsement of the private sector company subsequently was supported by USAID and the USAID Regional Legal Advisor. The institutionalization proposal was submitted in November to HMG's FP/MCH for a decision. No decision had been made before the January 21 meeting of the Advisory Committee as HMG representatives had stated that action depended on USAID commitment to future funding. USAID in turn reminded the Committee that funding commitment depended on a CRS project evaluation slated for March, 1982. Concern about rapidly approaching WHS contract expiration and possible staff resignations were expressed, but the decision- making impasse remained. The evaluation, delayed until April, got underway on April 8, the date of the first meeting of the five-person team. The team met with the Advisory Commiteee on April 16 to discuss the CRS project, institutionalization, the HMG bodies involved in decision making, necessary tasks during transition, and the short time frame for the institutionalization process. USAID confirmed the funding decision could be made by the end of May. HMG representatives felt they could not stiputate dates for decision on institutionalization; however, there was consensus that rapid action could be taken if no problems arise in the chain of approvals.

IV. IMPACT

OBJECTIVES

The original (1976 - 79) contract objectives were:

> "To design a system for the commercial distribution of contraceptives and to establish a distribution system in order to significantly increase the commercial availability of contraceptives and to reach the majority of urban and rural fertile-age couples in Nepal. In order to accomplish this contraceptives must be made available at a price which most couples can afford and a significant increase in the number of retail outlets handling contraceptives must be accomplished. In addition, the distribution system must be primed in such a fashion as to "push" contraceptives through it. It is equally important that for any commercial contraceptive distribution program to work effectively, it must be complementary to any organized national family planning program and must establish on-going relationships with appropriate host country government officials."

The contract further stated, "the objective at the end of the contract period is a self-supporting, or nearly so, commercial distribution system[1/]."

Although the three documents extending the contract from July 1, 1979 through Oct. 31, 1979, from Nov. 1, 1979 to Oct. 31, 1980, and from Nov. 1, 1980 through Dec. 31, 1980 were not available for review, the team understands that no changes were made in the objectives for these periods.

Contract extension from Jan. 1, 1981 to Oct. 31, 1982, however, incorporated new objectives, at least one of which supercedes some of the original contract objectives. The stated objectives are:

The contractor shall develop and implement a series of marketing plans at the first, nineth, and twentieth months after the signing of this contract in order to achieve the following objectives:

> (1) Increase contraceptive sales and free goods distribution (excluding samples) by at least 30% per year in terms of Couple Years of Protection(CYP).
>
> (2) Achieve a cost per CYP during the last year of the contract of US $10 or less including all program and commodity costs except for the contractor's fixed costs such as expatriate expenses, overhead, and fee and any costs directly associated with objective 3 below.

1/ "Exclusive of the cost of contraceptives."

(3) Introduce oral rehydration salts (ORS) into general sales by the end of the first year.

PROGRESS TOWARD MEETING OBJECTIVES

The CRS project appears to have met most of the 1976 objectives. It has designed a system within the context of usual marketing criteria, namely: 1) defining consumer target profiles, 2) obtaining regular product supply and packaging, 3) establishing a pricing structure, 4) developing a distribution system for product flow to consumer sales outlets, 5) developing consumer and retailer promotion and advertising to create demand. Parts of the stated 1976 contract objectives, however, are somewhat ambiguous or, for Nepal, at least, overly ambitious. For example "to establish a distribution system" could mean tapping into the existing system or creating a full - blown transport and sales operation similar to Western distribution companies. Such companies normally have fleets of vehicles, warehouses, and sizeable staff to handle ordering and importation of goods, inventory managements, sales promotion to retailers, and complex billing/accounting for credit, debts, sales, etc. CRS has established distribution through experimentation with different combinations and now operates somewhere between the two ends of the spectrum. It has moved from working within the existant Nepali system, which proved quite ineffective, to combination of contracting for services plus distribution with a small, but more effective, in-house operation.

CRS unquestionably has significantly "increased the commercial availability of contraceptives." General stores, which formerly did not sell contraceptives, now carry condoms. Most medicine stores, many of which did not routinely supply contraceptives, now sell OCs and condoms. Thus "a significant increase in the number of retail outlets handling contraceptives" has been realized.

TABLE II

NEW CRS RETAIL OUTLETS 1978 - FIRST QUARTER 1982

YEAR	GENERAL	MEDICAL	TOTAL
1978 1/	751	213	964
1979	1,443	205	1,648
1980	1,489	177	1,666
1981	706	76	782
1982 (1st quarter only)	713	41	754
	5,102	712	5,814 2/

1/ Third & fourth quarter only

2/ Does not reflect first selling year (June 1977 - June 1978) or outlets which may have stopped selling CRS products.

The objective of reaching the majority of the country's fertile population has not been achieved. On the one hand, it has "reached /in terms of availability/ the majority of urban /officially defined as 5% of the population/... fertile-age couples." On the other hand, it has not reached the "majority of... rural couples" (defined as 95% of the population). In view of the overwhelming numbers of isolated, inaccessible rural residents, the rural part of this objective was unattainable.

Consumer price was set at a level that "most couples can afford." The 1982 prices for common consumer items, significantly higher than when CRS prices were established in 1977, indicate CRS products are very inexpensive. The following examples lend support to this observation.

EXHIBIT B

Sample Costs Common Items Low-Income Nepali Purchase

Item	Quantity	Price in Rupees
Salt	1 kg.	1.50
Cooking Oil (mustard)	1 litre	16-24 (depends on quality)
Kerosene	1 litre	4.90
Rice (cheapest variety)	1 kg.	2.50
Potatoes	1 kg.	1.25 (during season)
		2.50 (off season)
Onions	1 kg.	2.50 (during season)
		4.00 (off season)
Chilis	1 kg.	10.00
Green veg. (mustard green)	½ kg.	0.50
Fruits - plums, peaches, guavas	½ kg.	1.50 (during season)
Bidi	1 packet (20)	.50 to .80
Cigarette (Gaida)	1 packet (20)	3.00
Aspirin	10 tablets	1.10 (approximately)
Anti-Diarrheal (e.g. Sulphaguanidine)	10 tablets	3.00 (approximately)
Throat Lozenges (e.g. Strepsils)	10 tablets	3.00 (approximately)
Carminative Mixture (Antacid)	30 c.c.s	1.50 (approximately)
Neocycline (Tetracycline)	10 capsules	12.00 (approximately)

The distribution system has been "primed in such a fashion as to 'push' contraceptives through it" to a limited degree. At the retail outlet, the end of the distribution chain, CRS has generated substantial support through incentives, innovative approaches, and retailer training. Cash prizes for retailer display contests, free bonus goods, attractive

and decorative POP materials, frequent visits by CRS personnel, occasional formal group training sessions, and product informational materials all have helped create retailer interest, good public relations, and increased knowledge of family planning methods. Successful encouragement of dealers, the top of the chain, to "push" products has not materialized. In spite of generous profit margins and personal discussions with dealers, traditional Nepali business practices appear to be not adaptable to active selling by dealers (see discussion under Section III, p.7).

The CRS project is perceived within the family planning community of Nepal as "complementary to the organized national family planning program." The complementary role is demonstrated in a number of ways. New users of condoms and orals have contributed to the national goal of reducing the growth rate. Total free distribution of condoms and OCs through the FP/MCH Project, CHIP and FPAN continues to grow alongside ever increasing CRS sales. Free condom distribution increased from 2,363,588 in 1977-78 to 2,856,822 in 1980-81 while CRS sales rose from less than 25,000 after six months to 782,104 for the same 1980-81 period. Oral contraceptives cycles distributed by the same programs rose from 315,200 in 1977-78 to 343,071 in 1980-81 and for CRS sales from about 1000 after 6 months to 56,136. (See Table IV p. 20)

CRS sales not only have increased distribution for HMG's family planning program, but the project appears to have attracted new customers to the commercial market. Table V page 21 on sales of commercial brands reflects the market in Bagmati (Kathmandu Valley). Over 50% of Gulaf sales up until early 1981 were in this same area. While sales trends for one area alone cannot be projected to the entire country, the market in Bagmati probably is one of the major sales areas for commercial OC sales in Nepal. Based on discussions with retailers and past sales data, it appears that the commercial market is slowly growing along side Gulaf.

When sales are translated into Couple Years of Protection (CYP), a standard measure for social marketing programs as well as some other types of family planning programs, the contribution to reducing the growth rate is more easily seen. As Table III shows, the CRS project is making a greater impact in terms of CYP each year.

TABLE III

Dhaal and Gulaf Distribution and CYP[1/]

Year	OC (Cycles)	CYP	Condom (Unit)	CYP	Total CYP
1978	9,370	721	160,540	1,605	2,326
1979	20,104	1,546	953,372	9,534	11,080
1980	27,261	2,097	1,036,919	10,369	12,466
1981	75,686	5,822	1,115,000	11,150	16,972

1/ The standard AID yardstick for CYP is 100 condoms or 13 OC cycles is equal to one year (12 months) of effective contraception.

TABLE IV

FP/MCH[1/] & CRS REPORTED

CONDOM AND ORAL CONTRACEPTIVE DISTRIBUTION IN NEPAL

JULY 1977 - JULY 1981

YEAR	CONDOMS					ORAL CONTRACEPTIVES				
	Free Distribution		Sales		Percentage Change	Free Distribution		Sales		Percentage Change
	Unit	Percent	Unit	Percent	Total Distribution	Cycles	Percent	Cycles	Percent	Total Distribution
1977/1978	2,363,588	91%	28,620 [2/]	9%	-	315,200	93%	1,452[2/]	3%	-
1978/1979	2,238,955	77%	666,102	23%	+ 21%	274,544	90%	18,094	6%	-8
1979/1980	2,509,944	69%	1,105,429	31%	+ 24%	313,074	90%	22,753	7%	+ 15
1980/1981	2,856,822	78%	782,104 [3/]	22%	+ 1%	343,071	85%	56,136	14%	+ 19

1/ HMG's fiscal year is approximately 16 July - 15 July of the Gregorian Calender which corresponds to their data recording system. Distribution figures include CHIP and FPAN, complete data for FPAN is not included in some years.

2/ Figures for Nepal CRS Project represent only one and a half months as CRS sales began June 1, 1978.

3/ Lower Dhaal sales are due to late arrival of commodities in June 1981.

TABLE V

ESTIMATED COMMERCIAL SALES OF ORAL CONTRACEPTIVE IN NEPAL (IN CYCLES)

1974 - 1978[1/] and 1981[2/]

BRAND	Nov. 1978 Retail Price (R)	(S)	1974	1975	1976	1977	Projected 1978[3/]	April 1982 Retail Price (R)	(S)	1981[4/]
Lyndiol	6.60	(.55)	3983	3870	5948	5981	4448	7.00	(.53)	5273
Duoloton	5.90	(.50)	746	783	1084	(1000 est)	(1000 est)	7.10	(.54)	2002
Primovlar 30			NA	NA	NA	452	369	6.65	(.50)	240
Gynovlar 21	12.45	(1.05)	179	71	80	(100 est)	(100 est)	13.15	(1.00)	30
Primovlar 50 & Prim. ED	6.49	(.54)	191	142	60	103	89	6.65	(.50)	70
Anovlar 21	14.55	(1.22)	34	80	50	53	74	NA		NA
Minovlar ED	6.48	(.54)	77	40	60	25	135	6.80	(.51)	2
Ovulen	8.55	(.72)	NA	200	320	(400 est)	(400 est)c)	9.50	(.72)	NA
Ovral 21	6.80	(.57)	(4000 est)	(4000 est)	(4000 est)	(4000 est)	(4000 est)c)	7.50	(.57)	(5000 est)
Norlestrin	9.75	(.82)	(500 est)	(500 est)	(500 est)	(500 est)	(500 est)c)	11.00	(.84)	(500 est)
Total			9,710	9,686	12,102	12,614	11,115			13,117

1/ Sources prior to 1981 include: various distribution checks Bagmati, Alliance Enterprises, Nepal Drug House, B.R. Pharmaceuticals.

2/ Source: Alliance Enterprises

3/ Based on 10 month sales figures

4/ Exact 1981 figure for another popular brand, Ovral, could not be obtained. Informal discussion with retailers led the team to believe that Ovral has a market similar to Lyndiol in the Kathmandu Valley. Outside Kathmandu, where Lyndiol is not available, it seemed Ovral has a major market which may even be equal to that of Gulaf in large towns.

Wider availability is another complementary contribution. CRS products are sold in almost 6,000 retail outlets now selling condoms and OCs*. Most of these shops are open all day (and sometimes in the evening). The co-opting of shopkeepers to display and sell contraceptives can be viewed as an extension of the family planning worker network since CRS retailers generally now are more supportive and knowledgeable about family planning.

Increased awareness and knowledge of condoms and OCs, while not measurable, can probably be partially attributed to the CRS efforts. Visibility of product dispensers and promotional materials is good. The Contraceptive Prevelence Survey (CPS) conducted in 1981 shows 25.4% of currently married women aged 15 - 49 knew of "pills" as a family planning method. The 1976 National Fertility Survey found only 22% knew any method. Only 13% of women in the CPS stated knowledge of condoms. Unfortunately, neither study interviewed men, the users and primary buyers of condoms, and level of male family planning knowledge is unknown.

Another complementing aspect is CRS concentration on condoms and OCs, two temporary methods in a national program which conscionsiously stresses sterilization** In addition, CRS promotional messages have reinforced HMG efforts to promote child spacing. There are indications that CRS has helped "desensitize" the public about condoms. This is evidenced by open shop display, increasing sales, shopkeepers' ready willingness to discuss Dhaal & Suki-Dhaal in interviews.

Finally, CRS appears to have established excellent on-going relationships with appropriate host-country government officials. The CRS project does not appear to be viewed as a competitive effort. In formal and informal discussions with HMG personnel, from top level officials on down to family planning field workers, the team got the impression that the CRS project is favorably thought of and seen as assisting family planning efforts. Although some officials expressed lack of knowledge about project performance, not one individual voiced a negative opinion of the project as a whole. In fact, there was almost unanimous concensus that the CRS project should continue as part of the government population effort. Government employees at FP/MCH clinics and health posts as well as at FPAN satellites were quite aware of the CRS project. CRS posters were visibly displayed in government facilities, an FPAN satellite in the Terai acts as a dealer, and almost everywhere the brand names Dhaal and Gulaf were used as generic names for condoms and OCs (as Kleenex has became a generic for

*Some but not all medicine stores carried commercial brands of OCs prior to the CRS project. There is no data in which to evaluate how many of the approximately 700 CRS Gulaf (200 certified pharmacies and 50 "medicine" stores) now sell OCs as result of CRS efforts. Informal evaluation team interviews with over (170) such shopkeepers between April 21 and April 29 indicate, however, that many do not and never have sold any OC other than Gulaf.

** FP/MCH does set annual targets for acceptors by method. In 1980- 1981 the OC target was 41% of all acceptors; this was increased to 53 percent for 1981-1982. Actual figures and percentage for 1979-1980 was 22.4%.

facial tissues in the U.S.A)*.

The last 1976 contract objective of "a self-supporting, or nearly so, commercial distribution system" appears to have been unrealistic. It is this team's opinion that a self-supporting program within a few years would have been impossible to achieve in Nepal. In fact, no major contraceptive social marketing project modeled upon marketing principles has ever achieved self-sufficiency. The principle of social marketing is to utilize the techniques and infrastructure of the commercial sector to broaden population programs and attract new users to family planning. As social programs they are not meant to compete with private sector businesses already selling contraceptives. On the contrary, these programs reach people and develop markets which, for the private sector, are not commercially viable. Different contract objectives and marketing strategies which might include non-socially related, high priced items already in demand probable could lead to self-supporting social marketing programs. Most programs, however, have not been given sanction to include such revenue generating products either by donor agencies or host country governments. In Nepal, where demand for family planning is low, distribution or supply to most areas difficult, and with low CRS prices (per contract objective), the contract objective of self-support is in direct conflict with those of low price and reaching the majority of the rural population. An evaluation in '978, six months after implementation, suggested Nepal was an extremely difficu t environment in which to strive for a self-sustaining marketing program. A s milar conclusion for the CRS project was reached as part of the 1980 evalua ion of health and family planning. Although never officially changed, the s lf-supporting goal appears to have been replaced in the 1981-82 extensi . by the second objective.

One of the 1981-82 objectives has been achieved, the second is a parently not achievable by the end of the contract period, and the third not m t by agreement with HMG, USAID, AID and CRS. The first, a 30% increase in sales per year in terms of Couple Years of Protection (CYP) was exceeded; 16,972 CYP in 1981 was a 36% increase over 12,466 CYP in 1980. While it is uch too early to predict another 30% increase for 1982, first quarter sales a e above those for the same period in 1981.

The second objective, a cost per CYP of $10.00 or less (based on local expenses only plus AID commodity costs) during 1982 may not be achievable. Projected expenses in 1982 appear to be considerably above those for 1981 ($231,000 vs. $141,000). These figures do not include commodity costs which can only be calculated at year end based on actual sales. When commodity costs are added to 1981 expenditures, the total is $199,308 ($58,330 + $140,978). Using 1981 CYP (16,972) as the basis for calculating 1982 CYP, or 22,064 (16,972 X 130%), and assuming a comparable 30% increase in commodity costs of $75,892 ($58,330 X 130%) added to $231,000 in projected expenses, the base for calculating cost per CYP is $306,830. By dividing expenses by 22,064 CYP, the cost increases to $13.90 in 1982.

*It is noteworthy that in one FP/MCH district office visited, a hand-painted poster showing all family planning methods depicted the Dhaal and Gulaf packs as the only representation for condoms and OCs. Similarly, at an HMG Health Post, the director named Dhaal and Gulaf as part of his family planning inventory even though the supplies were AID-donated Noriday and Tahiti.

TABLE

METHODWISE PER UNIT CONTRACEPTIVE DELIVERY COST IN 1979/80[1/]

(FROM FP/MCH PROJECT 1979/80 EXPENDITURE)

Service Provided in 1979/80	Vasectomies	Laproscopies	Pill Cycles	Condoms Units	IUD Acceptors	Depo-Provera
Number	3909	9695	294,963	2,581,849	989	1722
Equivalent Sterlization[2/]	3909	9695	2458	2151	329	527
Proportional Rate (Share of Overall Cost)	.205	.507	.129	.112	.617	.03
Total Unit Cost (Rs)	477.49	568.69	10.2	1.12	146.49	135.6
Total Unit Cost[3/] ($)	36.45	43.41	.77	.085	11.18	10.35

1/ Taken from FP/MCH 1979/80 expenditures reported in Appendix D, "Reducing Fertility through Family Planning in Nepal; a Cost-Benefit Evaluation"

2/ The authors assume the following equivalency for one sterilization: 120 OC cycles; 1200 condom units; 3 IUDs; 3 Depo-provera injections.

3/ Exchange rate in U.S. $1.00 = Rs. 13.10

The third objective, introduction of ORS by the end of 1981, has been deleted by mutual consent. As discussed in Sec. III, p. 9, HMG prefer e not to have CRS market ORS products at this time.

Comparison of cost-effectiveness in terms of CYP with other family planning programs has proved very difficult. Most other programs or projects deliver sterilization and other methods/services as well as distribute free condoms and OCs. FP/MCH, in addition to family planning, also dispenses other health services. FPAN provides development services, such as parasite control, agricultural assistance, etc., along with family planning. Several voluntary agencies, e.g. Mother's Clubs, Red Cross, Youth Club, dispense free family planning supplies and/or services as a small part of their total effort. (See Appendix B for a description of activities, budgets and accomplishments). Usually these organizations do not separate costs for family planning from those for other activities.

In addition to difficulties associated with eliciting comparable program costs associated with delivery of any one family planning method, CYP as an evaluation tool is viewed by statisticians as an imperfect indicator. One reason relates to the inherent assumption that a unit dispensed is a unit used by the recipient. The questioned validity of this assumption is less pertinent to programs which sell than to those which distribute free supplies. It is generally conceded that contraceptives purchased by consumers are used for their intended purpose. Consistent and proper consumer use to assure "perfect" contraception cannot be assumed, of course, for any program. In spite of problems with cost-effectiveness per CYP, the team used the evaluation method for rough camparisons of the costs of several family planning programs.

CRS appears to be contributing to the HMG program with reasonable effectiveness. When AID commodities as well as contractor costs are removed for consistency with other Nepal family planning program expenditure data, CRS cost per CYP in 1981 is $8.30 (140,978 ÷ 16,972 CYP) This is right in line with FP/MCH. Costs for distribution of condoms and OCs delivery cost per condom unit and OC cycle is $.85 and $.77 respectively. Assuming the same formula for CYP (100 condoms and 13 OC cycles), the cost per CYP is $8.50 for condoms and $10.00 for OCs in the FP/MCH project. Table VI on page 24 based on data presented in a recent paper presented at the April 1982 National Conference on Population, forms the bases for this conclusion.

It was impossible to do similar calculations for FPAN and other voluntary agencies because of incomparability of data on costs and/or reporting by acceptor rather than units distributed.

MARKETING MILESTONES AND PITFALLS

Marketing Research

Two research studies have been commissioned by CRS and conducted in 1978 and late 1980. The Motivational Marketing Research Study in 1978 was conducted several months after product launch. This was the first attempt at marketing research in Nepal. A review of the methodology and sampling techniques indicates the resulting information did not yield adequate information on which to base motivational promotional strategy. A total of 48 interviews (24 male and 24 female) were conducted in four towns (2 Terai and 2 hill). The questionnaire included a number of unfocussed questions only a few of which targeted in on messages and media. There were almost no questions to assist in developing a marketing stategy, such as buying habits, desirable product attributes, perceptions of CRS prices, or preferred units per packages.

The second study, done two years later, focused more marketing needs. Among other things brand awareness, price perceptions and availability of CRS products were studied. Media awareness and message impact were analyzed. It was found that Dhaal and Gulaf, as brands, were still little known products, and many people did not know where to buy. The methodology used was a new technique for NRA, the research group. Male and female focus group and individual in-depth interviews require great skill and training of group moderators and interviewers and sophisticated analysis of information. This is especially true for sexually - related subjects discussed within the context of Nepali culture.

A small research survey for the foaming vaginal tablet and low-dose oral pill was conducted among 194 consumer and 19 family planning professionals, pharmacists and retailers in the Kathmandu Valley and Biratnagar in 1981. Questionnaires and personal interviews were designed to generate information on brand name, pricing, packaging and logo testing. The CRS communication manager and its staff were responsible for this survey with the assistance of an outside expert and interviewers.

Products Sales

Condom sales have been quite good, indicating consumer product acceptance. There has been a steady increase in sales from 1978 through first quarter 1982 (see Exhibit C, p, 28) First quarter condom sales are up to 442,408. The slow growth in sales during 1981 reflects a shortage of supply due to late arrived of commodities and packaging supplies for Dhaal. Total condom sales, however, do not give an accurate picture about relative consumer acceptance of the two condom brands. Dhaal accounts for the majority of units sold. Suki Dhaal has never sold well. By March 31, 1982, total Dhaal sales were 3,115,152 (June 1978 - March 1982) while Suki Dhaal sales were 334,152 (June 1980 - March 1982). Although Dhaal has been on the market two years longer, in the first two years of sales (mid 1978 - mid 1980), Dhaal sales totaled 1,800,151. The first two years of sales for Dhaal show a steady monthly climb but almost static sales over 22 months for Suki Dhaal.

Suki Dhaal's slow growth is even more disappointing in light of the fact this product was "pushed" during the 1981 Dhaal shortage. This brand, intended for a more rural (and presumably poorer) population, is popular neither with retailers or consumers. Retailers are aware that they can make more profit on a dispenser of Dhaal (12 packs X R. 06=R1.92) than Suki Dhaal (36 packet R.04=1.44). Dispensers each hold 72 condoms.

Consumers may be aware that Suki Dhaal unit cost (12.5 paisa) is close to Dhaal (16.6 paisa), a price difference of only 4 paisa. Also the far less attractive Suki Dhaal package and dispenser does not appeal to consumers or retailers. In shops where both products are sold, reorders of Suki Dhaal are far below Dhaal. Part of the problem rests with budgetary constraint placed on CRS since little money for promotion was approved. On the other hand, CRS salesmen, who sell Suki Dhaal direct to more rurally located outlets, receive no extra bonus or other incentive for working in more difficult areas. Even in a two month CRS-controlled experiment with equal promotion and quantities in shops in a newly opened sales area, Dhaal represented over 60% of sales. Reorders for Suki Dhaal were one half those for Dhaal. In short, there does not seem to be a market for low-cost, (to the project), low priced condoms. CRS hopes to get approval to drop Suki Dhaal.

Gulaf sales also have grown as rapidly (See Exhibit C, p. 28). Sales in 1981 (75,682), however were 278% above 1980 sales (27,261). Display contests for Gulaf, initiated in 1981 have a strong influence on sales to retailers. First quarter 1982 sales are 9,280 cycles. Based on experience with Dhaal, where peak sales to retailers reflect contests, Gulaf sales will fluctuate during 1982. There should be, however, steady growth if the pattern holds true (See Graph, P.29). High Gulaf sales in 1981 support the possibility for increased sales in 1982.

The pill has a bad reputation throughout the country, mostly among women. Alarming (and often false) reports occur frequently in the Indian press, which must have a strong influence in Nepal. Also taking pills daily requires some level of education. OC's do have some side - effects but Nepali women taking OCs tend to blame almost all physical and mental disorders on the pills. In a recent survey of physicians' attitude towards family planning undertaken by the I.E.C. Division of FP/MCH Project, physicians reported the main observed complaints among pill users seem to be irregular bleeding, weakness, nausea, obesity and backache. Irregular bleeding may be due to irregularity of pill use. Backache is the chief complaint among Nepali women, and weakness and nausea are common complaints in rural areas. Obesity, a rare occurence among typical Nepali women, could reflect physicians' awareness (not consumers) of this side effect and/or the likely high income of their patients.

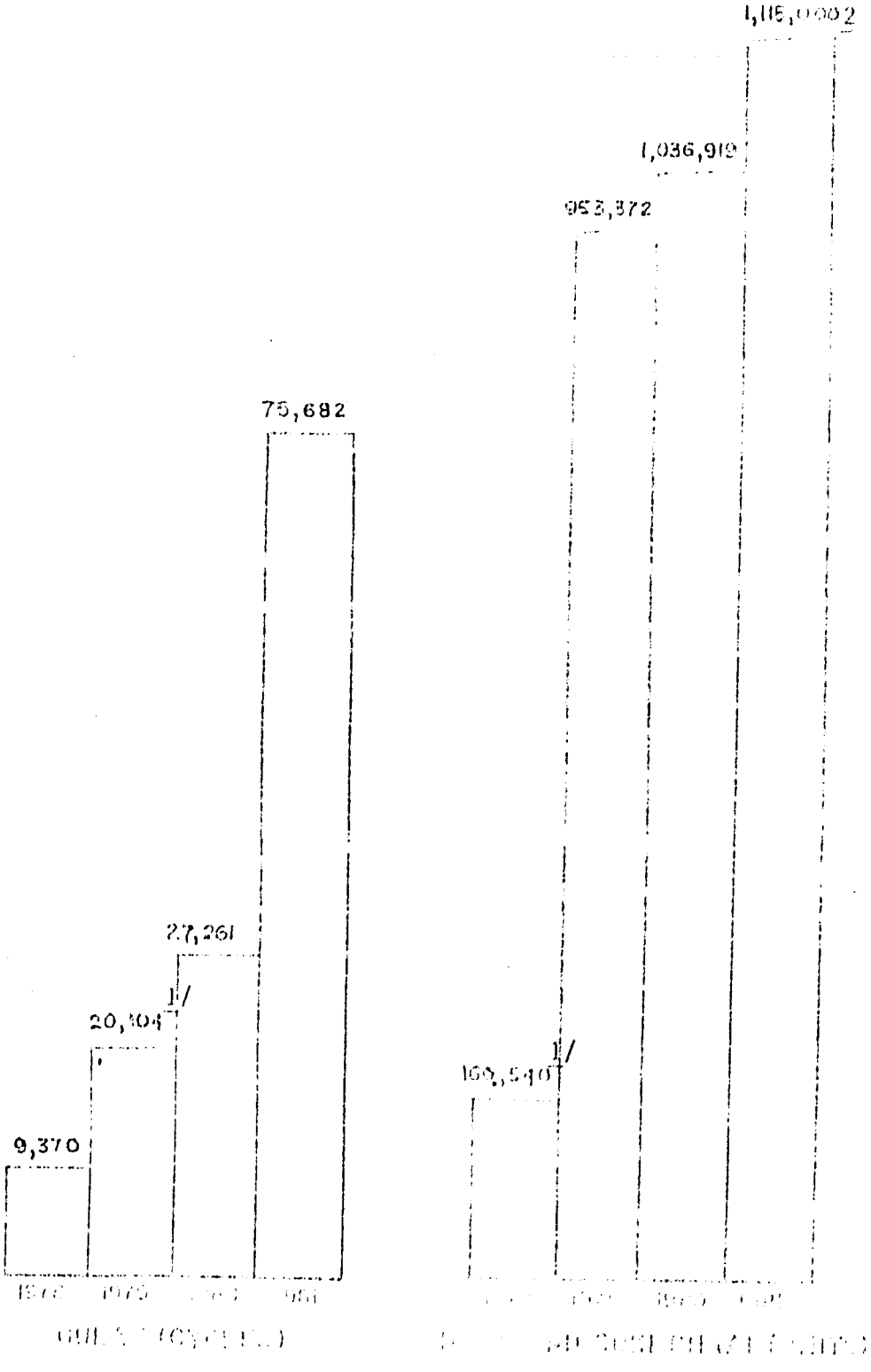
Other Product - Related Issues

Concern has been expressed that condoms are purchased by children to use as balloons. During the CRS-controlled study of Dhaal and Suki Dhaal to compare sales, some retailers stated children did buy Suki Dhaal for

EXHIBIT C

CRS CONDOM & CO.

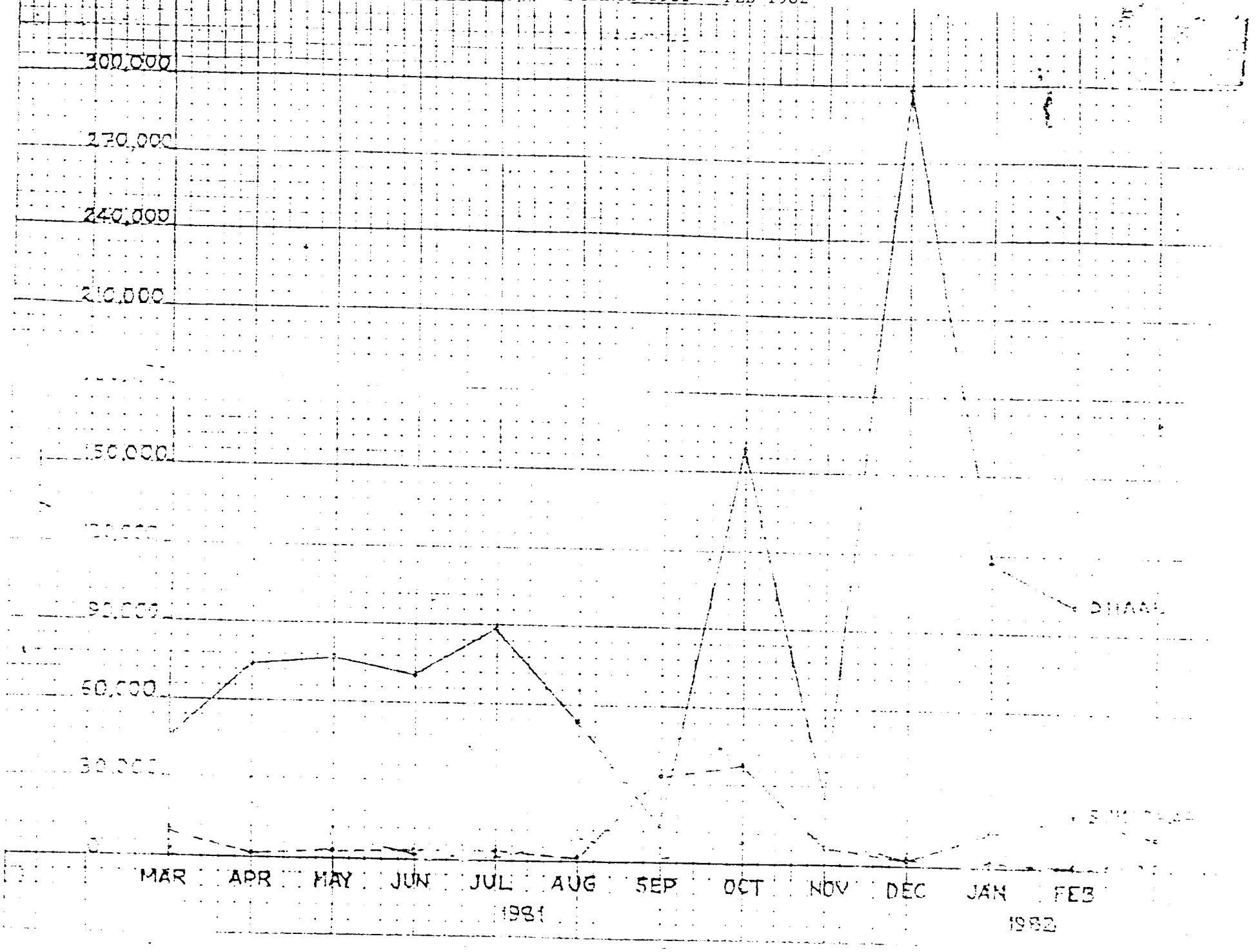
SALES, 1978 - 1981



1. 1978 figures represent only 7 months sales as CRS program began in June 1, 1978
2. CRS condom supplies and packaging for 1981 arrived late. This is reflected in low 1981 sales.

EXHIBIT D

CRS CONDOM SALES MARCH 1981 - FEB 1982



balloons during the festival of "Holi" held at the time of the experiment. The evaluation team queried a large member of shopkeepers about typical condom buyers. When children were mentioned, the consistent opinion of retialers was that the purchase was for parents who were too "shy" to buy themselves. No one suggested these were bought as balloons or toys. A spot check of balloon prices revealed that balloons are far less expensive than even Suki Dhaal. There seems to be little evidence that condoms are bought for this unintended use.

Another concern is that CRS products are bought and smuggled to India. A few merchants in border towns said Indians bought an occasional dispenser, but there was no evidence of any major smuggling activity. Terai shopkeepers overwhelmingly stated their customers were townspeople or villagers.

A number of merchants mentioned consumer complaints or informal discussions among men about condoms bursting. Since AID supplied condoms are of good quality and routinely sample batch tested by the manufacturer, it is difficult to understand why this so. It is a possibility that 49 mm instead of 52 mm size was not a proper choice for Nepal. A small survey of both CRS and FP/MCH condom consumers might be appropriate to establish the reliability of these suggested method failure.

Instructional inserts for condoms and OCs have been a problem for several social marketing projects. The Nepal CRS project is no exception. In fact, the very low literacy among women (5%) makes this an especially troublesome issue. The evaluation team feels research should be done on the present product inserts to test for clarity and comprehension. Pictorial directions may be necessary as the chief communication method. This is particularly true for the new product Kamal. The effectiveness of vaginal foaming tablets is highly dependent on proper use, and this is a difficult method to use. High failure rates associated with spermicides are generally attributed to user failure and not method failure.

The value of extensive warning about OC's contraindications and side-effects included with Gulaf is questionable. Many merchants referred to the dangers of OCs and the great concern women have for their health. Others felt the warning was excessive. In view of the fact that many more patent formulas are routinely sold and used, and that repeat pregnancy is far more dangerous to health than any OC, this may be counter-productive in both medical and marketing terms.

Pricing

Evidence to support Dhaal and Gulaf consumer prices is contradictory. The CRS product's prices have not changed for almost five years. Inflation has pushed up the price of almost all other goods. For example, among medications, only asprin seems to be cheaper per tablet than one Gulaf OC tablet, and even one of the cigarettes is comparable to one Dhaal condom.

Quality is often equated with price by both retailers and consumers. Yet, the majority of retailers questioned thought CRS prices were right for their customers, especially when they referred to "villagers". Many stated they were satisfied with profits on sales because they felt they were serving a social cause. On the other hand, rumours persist that CRS and its personnel are profiting from the project. CRS plans to raise prices on Gulaf to R2.50 and introduce soon two new products, at R3.00 for 9 tablets (Kamal) and R5.00 per cycle (Nilocon). Table VIII shows price structure for present and new products. While some research has been conducted by CRS on prices for the new introductions, no research on the proposed increase on present products has been done. The team feels the whole pricing question needs more study. While there appears to be some justification in plans for pricing all three products, this may be not only a sensitive public issue, but could affect consumer buying habits at a time when CRS sales are experiencing substantial growth.

TABLE VIII

PRICE STRUCTURE FOR DHAAL, SUKI DHAAL, GULAF, KAMAL, AND NILOCON

PRODUCT	Units per consumer pack	Price to consumer	Price to retailer	Retailer margin	Retailer percent	Price to dealer	Dealer margin	Dealer percent
DHAAL (Colored condom)	6 condoms	1.00	0.84	0.16	19.0%	0.72	0.12	16.6%
SUKI DHAAL (Plain condom)	2 condoms	0.25	0.21	0.04	19.0%	-	-	-
GULAF (Oral pills)	1 monthly cycle	1.50	1.25	0.25	20.0%	1.10	0.15	13.6%
KAMAL (Foaming Vag. tablet)	9 tablets	3.00	2.43	0.57	19.0%	2.13	0.30	14 %
NILOCON (Low Dose Oral Pill)	1 monthly cycle	5.00	4.12	0.88	17.6%	3.55	0.57	13.8%

Distribution

Geographic expansion has widened availability to fifty two (52) districts at the beginning of 1982, and CRS plans to be in most of the seventy five (75) political districts by the end of 1982. (See Exhibit E p. 34). The project first concentrated on moving to towns and bazaars available by road but now also sells in a number of places accessible only by air or on foot. Product placement in major towns is good, and CRS outlets were observed in almost all small and larger bazaars. The project even distributes to "weekly" open markets on or near roads in a number of districts. It has tried in a number of ways to move products and promotion to even more rural areas. Efforts to push into deeper rural areas have been increasingly expensive and time consuming and without notable success. At times, attempts to move into places not served routinely by any motorized transport has been at the detrement of improving sales in areas already selling CRS products. While pressure to establish selling to ever more remote villages is understandable, it is not in the best interests of building a national market. The team feels CRS should concentrate more on increasing consumer acceptance and demand and on selling in existing areas, thereby encouraging the natural flow of goods to deeper rural areas.

The number of retail outlets has grown annually, and CRS now services around 5000 shops (See Table II on p. 17). Over 1500 new outlets have been added in the past 15 months. Numbers of outlets, however, are not necessarily a good measure of progress. For example, a number of shopkeepers complained that their sales had declined because too many stores in their neighborhood now sold CRS products. Such disenchantment can cause retailers to loose interest quickly. A better measure for the success of outlets is reorder levels at individual shops or towns. As Table IX shows, reorders seem to be picking up, especially for Dhaal, indicating sales reflect consumer purchases rather than just first sales to an ever widening network of new outlets.

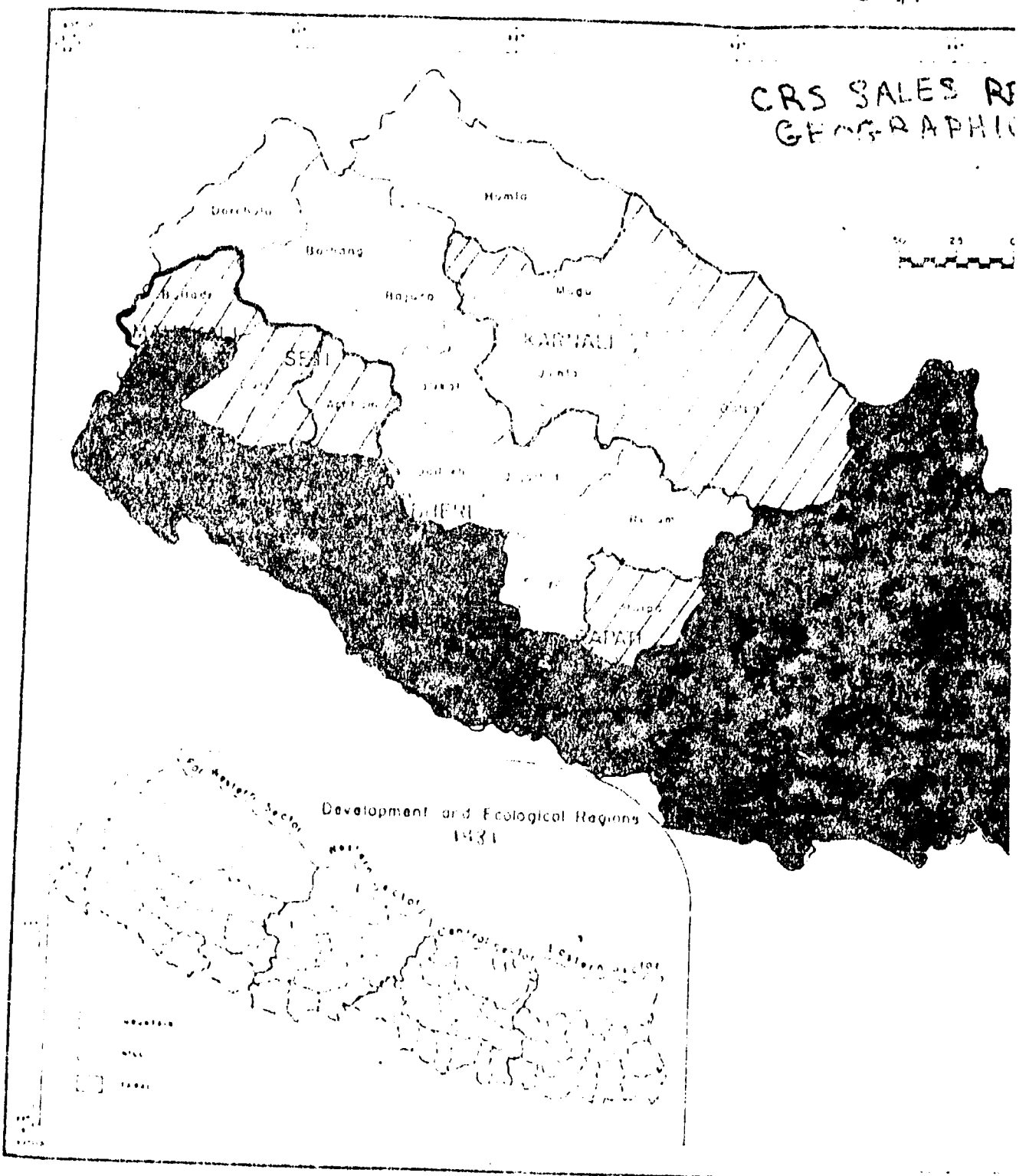
T A B L E IX

Number and Percent First Orders and Reorders
For CRS Products Last Quarters 1978-1981

	DHAAL				SUKI DHAAL				GULAF		
	First Order		Reorder		First Order		Reorder		First Order		Reord
Period	No.	%	No.	%	No.	%	No.	%	No.	%	No.
Oct - Dec 1978	504	77	144	23	-	-	-	-	105	78	29
Oct - Dec 1979	277	41	389	59	-	-	-	-	21	19	89
Oct - Dec 1980	196	37	327	63	217 1/	99	1	1	53	30	121
Oct - Dec 1981	202	17	922	83	56	23	184	77	13	5	207

1/ Suki Dhaal sales began in July 1980.

EXHIB



Main cities where dealers are located

DISTRICTS WITH SOME CPS PROI

DISTRICTS TO BE COVERED BY END

BOUNDARIES OF SIX CRS SALES REGION

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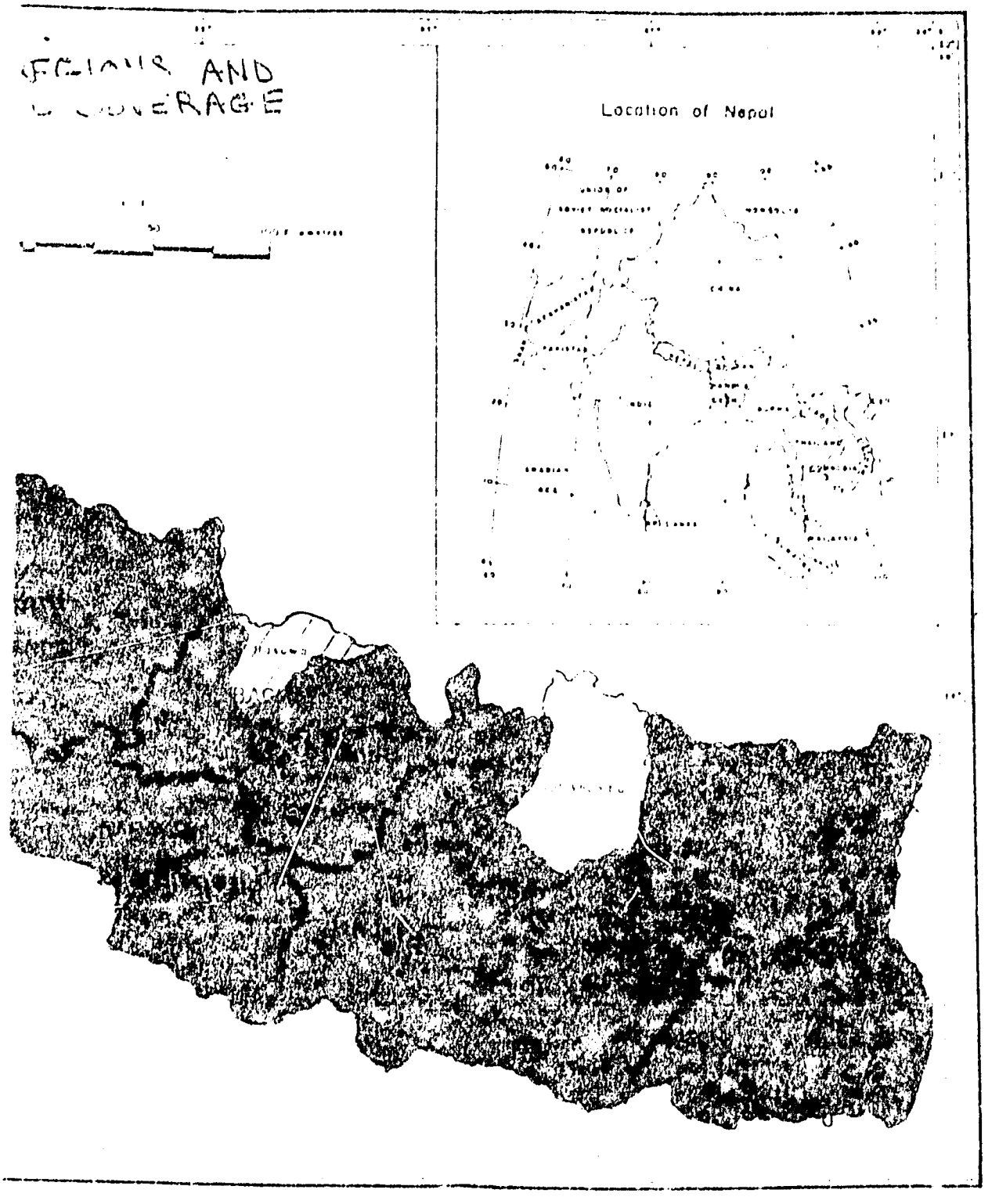


DISTRIBUTION, April 195

1982

CRS has experimented with expanding Gulaf sales to selected, larger, general stores. There are no legal restrictions to doing this in Nepal, and many medicines more powerful than OCs are sold by such outlets. The issue centers on 1) the need to adequately train such retailers about dispensing orals and 2) the possibility of backlash from the medical and pharmaceutical communities.

Training is a problem common to all CRS projects. It is expensive, difficult to organize, and hard to manage and maintain in almost any setting. The Nepal CRS project has been more conscientious than most social marketing projects in accepting the challenge. It instructs sales representatives to provide information and discuss medical aspects of OCs with retailers; it has also conducted a few retailer training seminars. Nevertheless, even "trained" retailers do not seem to have adequate knowledge of medical side-effects; indeed, they frequently attribute unrelated complaints to OCs or assume unestablished and false contraindications to use. Most advised people with those complaints/users which attibuted to OCs to a doctor, FP/MCH or health clinic; thus not fulfilling the rule of advisor/motivator, which training, theoretically, should encourage. CRS is aware of the need to intensify training efforts, especially with the imminent launch of two new products and continuous expansion of Gulaf to general stores.

Stepped up training may be one of the best ways to circumvent negative physician and pharmacist reactions. More attention to public relations and medical detailing is another. While not as powerful or numerous as in some countries, this group appears to have been somewhat neglected. Although doctors will have few patients from the CRS target, their opinions reverberate throughout the medical supply system. Pharmacists, medicine store owners, aurvedic doctors, and even "jhankri" (traditional medicine men) are influenced. The last catagories of medical suppliers are the prime contact and influence on CRS customers on potential consumers.

Distribution has been improved since CRS received vehicles in 1981. Dealers and retailers now are supplied regularly, a notable improvement over depending on transport through the Janakpur Cigarette Factory or even commercial trucks. The major benefit of internal transport, however, is probably yet to come. CRS plans to gradually phase out those dealers (there now are nine) who are not effective and begin active selling to numerous stockists, those large retailers who regularly wholesale to smaller shopkeepers from stores in towns and from villages. Most dealers have acted primarily as warehousers for CRS. Sales representatives, who are the active selling force, make the rounds to shops to check on supplies and take orders. Dealers have earned high margins simply for providing space, handling cash, and occasional delivery. CRS will have to locate safe, dry storage for warehousing on these areas. The result should be a more effective and efficient system. It also will boost the morale of CRS Sales Representatives, who often now are perceived as salesman for the dealer and who frequently waste time waiting for dealers to open up or release stocks during busy business hours.

A potential problem in selling to retailers through stockists as well as directly through CRS personnel relates to duplication and loss of incentive to stockists. The stockist system may prove an excellent way to tap into the rural distribution network. If, however, CRS sells direct to many of the town and bazaar stores whose shopkeepers normally go to stockists to buy, the stockist interest in CRS products may be decreased. At the same time, shopkeepers will break their buying patterns and wait for CRS salesmen to deliver. It may be wise for CRS to test the proposed stockist scheme before it further develops its internal transport system. Although CRS vehicles serve a valuable promotional function, the chief justification seems to be supplying a wide network of stockists.

In summary, CRS has made and continues to make improvements on distribution. Continual pressures to expand into ever more rural areas may mitigate efforts to improve selling activities where products are better established. Accessibility is growing in terms of numbers of new outlets carrying CRS products, both in old as well as new sales areas. The Gulaf sales network is expanding to more general stores. Reorders by retailers grow at a steady pace. CRS continues to experiment with distribution and is entering a new phase of concentration on smaller wholesalers. All these efforts should help solidify and refine the CRS operation as the distribution function continues to mature.

Promotion, Education and Advertising

Promotion and advertising can be viewed as complementary efforts to gain retailer acceptance of and create consumer demand for products. Developing a campaign to achieve these goals normally is contracted to an advertising agency. As discussed in Section III, p. 8, CRS management has had to develop promotional approaches without the benefit of experienced local advertising back up. In the history of social marketing projects, this is unique. Although quality varies by country, established advertising agencies have been available elsewhere to assist with this critical marketing element. In addition to planning the overall marketing design and strategies, CRS management assumed responsibility for helping develop an advertising capability with sufficient competence to help plan CRS campaigns. The present agency, COMMAT, Inc., has come a long way in a short time, and appears to be developing into a firm with several functions typical of an advertising agency. They have a good conceptual understanding, are conscious of necessary planning and of the specific tasks required in formulating a campaign. There appear to be weaknesses in research, some creative aspects, and selection/budget allocation to appropriate media and promotional items. In addition COMMAT and CRS promotional advertising efforts are hampered by limited local availability of quality printing and production facilities for more sophisticated promotional items such as packaging materials, decals & films. Often, CRS has had to go to neighboring countries to obtain quality materials. Mass media - TV, cinema, radio, etc - either are non-existent or very limited. The one radio station, government-owned Radio Nepal, has barely cooperated with CRS. It is unclear, however, how important Radio Nepal may be to CRS. As a result heavy emphasis has been placed on local promotion, "folk" media, POP, and promotion by CRS personnel (e.g., sampling, loud-speakers, brightly painted vehicles etc.).

Retailers have responded well to CRS promotional selling. High profit margins, attractive shop promotion, frequent CRS visits, and especially cash prizes for display contests have stimulated shopkeepers to buy and openly display product dispensers. Contest winners proudly showed team members Dhaal contest awards although, some also complained about not winning any prizes. The recent high sales to retailers resulting from the first Gulaf contest confirms the popularity of contests and bonus goods among retailers. POP materials are universally displayed and appreciated, and dispensers are almost always readily visible. The team felt, however, that these materials should be replaced more frequently: dust, insects, and sun-fading cause POP promotion and products to appear shoddy and outdated. This has added to the common inpression among retailers and consumers that products are too old. This perception, however, primarily relates to expired dates printed on the first packaging materials produced in 1977. New packaging will not carry expiration dates hereafter. Frequent rounds by CRS representatives are appreciated by retailers. No one said they had ever run short of supplies, and most stated the CRS personnel came by every three to five weeks. Lastly, retailers generally are satisfied with the profits made, even though several who had low turnover expressed disappointment about slow sales. After further questioning, it became apparent that the latter catagory made almost no effort to"sell" customers. Retailers with especially high monthly sales actively promoted sales by talking with customers and recommending CRS products.

Consumer promotion and advertising has gone through several stages in terms of message strategy and medium used. Several innovative ideas for Nepal, such as those discussed in Sec. III, p.11, are being tried, new promotional give-away items produced (keyrings, small cloth pouches), and standard promotional advertisting techniques used. The latter includes radio jingles and other spot ads (prior to 1982), posters, bill boards, POP etc. Message stategy has changed at least three times as more research yields information on which to base slogans, posters, etc. A large part of the local operating costs in the 1981-82 contact period are allocated to advertising (47%); however less than 1% is alloted to marketing research. Expenditures in 1981 reflect these budget projections-56% vs. 1.6%. The last major marketing research was done in 1980, yet, in spite of large advertising expenses and planned launch of two new products, little research has been done since. Research and planning for the two new products occurred in late 1981 and early 1982. Packaging designs, inserts, and advertising plans are either completed or underway. Thus, it appear that CRS has not developed an adequate research base for launching two new, important products. The promotion and advertising campaign developed in early 1981 has been running for about a year, but there is no feedback on which to evaluate effectiveness of messages or medium. With about half the local expenses going to this area, more information on impact is desirable.

Sampling of condoms will be increased in 1982. A shortage of product and no new USAID orders for additional shipments, however, has held back the massive sampling planned to commence in 1981.

MANAGEMENT

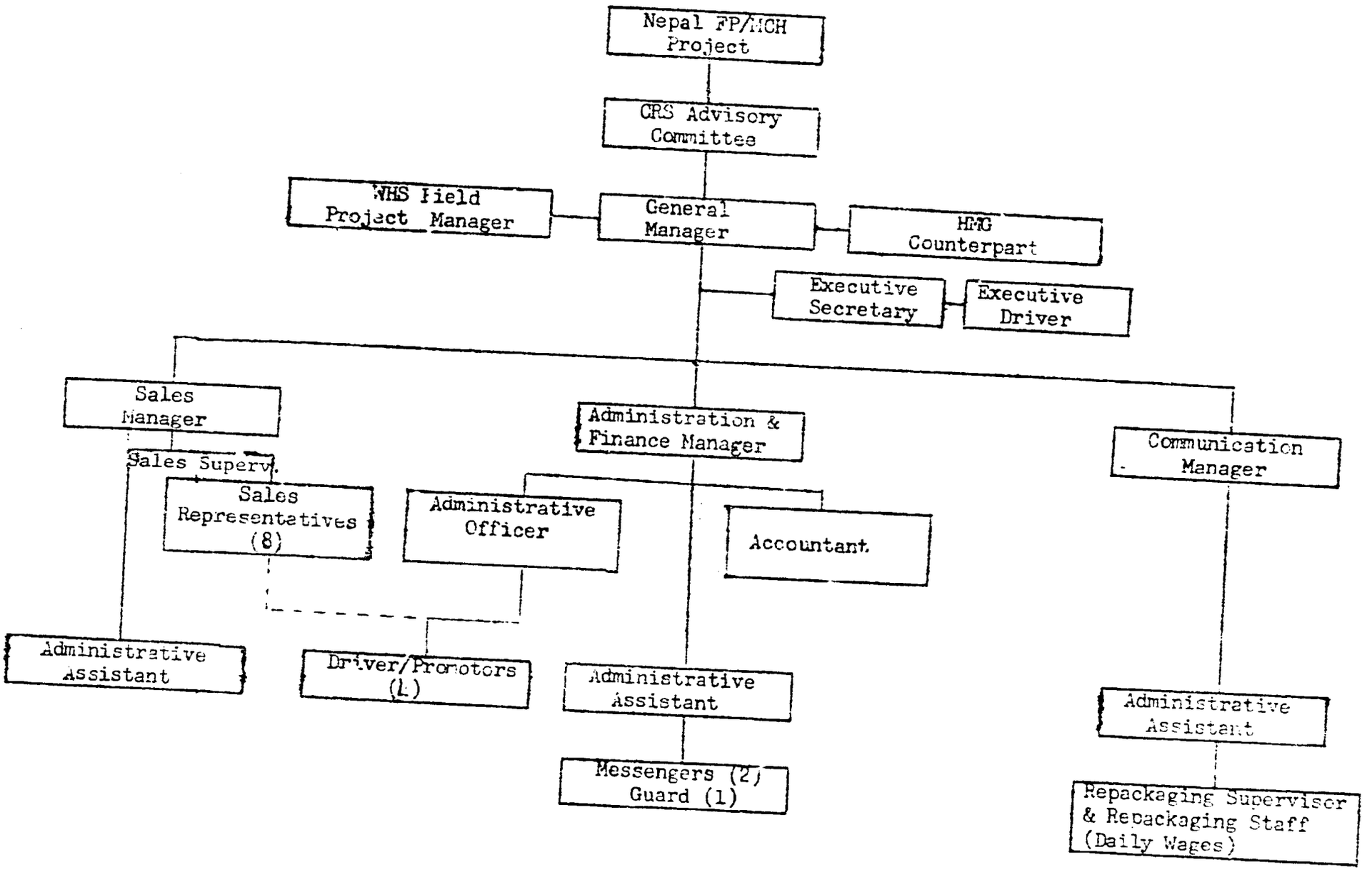
The present CRS management structure appears will suited to project operations (See Exhibit F). The Advisory Committee meets about 4 or 5 times a year and for special meetings, and meetings are generally well attended. Advisory Committee members contribute freely and bring differing perspectives from their respective businessess, government or voluntary agency viewpoints. The Advisory Committee chairmanship is appropriately given to the Chief of the FP/MCH Project, under whose policy guidelines CRS operates. Each of the three division heads reportsto the General Manager. The WHS Field Manager has assumed less of a daily management role and serves more as an advisor. The HMG counterpart continues to act as liaison with FP/MCH. The position of General Manager is critical to the future successful operation of the CRS project. He is responsible for overall strategy planning and coordination of the different divisions as well as principle liaison with the donor and business sectors. The present General Manager has been with CRS for sixteen months, during which time he assumed increasing responsibilities and developed a high level of competency. The evaluation team learned on May 3 that IPPF has offered the CRS General Manager a position of Regional Coordinator for Nepal and Bangladesh. It appears that CRS will have to seek a replacement immediately. The role of Marketing Manager, a postion which is scheduled to be filled in November 1982, is to assist the General Manager in areas related to establishing CRS products in the market. Each of the division heads manages daily operations within their specific areas. The Sales Division, which has the largest staff, handles distribution, sales promotion and selling activities. The Sales Manager has been with CRS since 1979. The Manager for Finance and Administration, who formerly worked for AID as an accountant, joined CRS in 1977.

The CRS staff has grown substantially in less than one year. Total staff is twenty five, double that of last spring. CRS has done a considerable amount of in-house training but recognizes the need for additional training at the mid-managment level. There are tentative plans for more sophisticated sales training for Sales Representatives in medical and consumer goods selling methods. CRS hopes to expose the Sales Manager and the Communicactions Manager to sales and advertising techniques used by Thai companies. The Finance Manager and one of his support staff are being locally trained to use the Apple computer. On-going training of Sales Representatives is a priority. In addition to field training by the Sales Manager and at semi-annual conferences, CRS is considering bringing in a consultant for an intensive training session. The team feels plans to give additional training to all these staff will benefit the project by upgrading the skills of the already competent CRS staff.

The recent loss of the General Manager will affect transition timing. CRS plans to advertise and begin interviewing candidates by mid-May. High level, experienced individuals with private sector skills in marketing should be sought. There is a scarcity of such persons in Nepal and, when available, they command top salaries. The present ceiling on CRS salaries established by USAID and HMG guidelines, the uncertainty over future CRS institutional form and project continuation offer little security. The search for an interested

EXHIBIT F

NEPAL CRS PROJECT ORGANIZATIONAL CHART



candidate may be time consuming. Once found, the necessary training and testing period will not fit within the present WHS contract period. The team is concerned that some mechanism be found to extend the contract time.

The 1981 consolidation and refinement of the MIS records gives CRS quicker access to sales performance and other information. Sales can be tracked by sale regions, districts, towns and individual outlets on a monthly, quarterly and annual basis. Recorders are also available using the same criteria. Inventories of commodities (packaged and unpackaged), and of packaging supplies, as well as records on equipment and vehicles are well maintained. All are recorded and tabulated by hand on an as-needed basis pending arrival of the computer. Details on annual expenditures and budgeting, however, are not readily available at CRS. For example, CRS has current records on local expenditures. Other expenses, such as for packaging or promotional materials paid for by WHS from the U.S., are sent to the Field Manager in Nepal in a cumulative project cost report. This may be normal practice and convenient for the contractor, but it makes annual planning and budgeting difficult. This is especially relevant as CRS moves to total Nepali management. The 1978 APHA evaluation team found similar problems when trying to analyze certain marketing costs and percentage of expenditures on various marketing tasks. This team supports their recommendation to transfer more responsibility for financial matters to CRS.

The team has reviewed contract requirements, USAID files, and CRS reports for indicators of contract compliance by WHS. There appears to be good management and no significant remissions. CRS and WHS seem to have conscientiously complied with contract regulations.

The institutionalization of the CRS project is a major consideration at this functure. Decisions about the structure and normal operational functioning of the body under which CRS management falls will have a strong influence on the future of the project. While it is too early to predict how any one organizational structure will impact on the Nepal social marketing project, experience from other countries is worth briefly reviewing. Examples from three countries, each with different organizational experiences, are relevant.

India (1980 population 672.2 million) began a condom social marketing program in 1967. Marketing responsibility for the product, called Nirodh, was placed under the Ministry of Health. A businessman from the private sector assumed daily management of the project for the first several years; subsequently a series of government officials have functioned in this role. Nirodh, which sells for about $ .02 for 3 units (1980 price), is distributed to a wide variety of outlet types by wholesalers and at no cost by about a dozen major companies (such as Brooke Bond, Union Carbide, Tata Oil) as a service to the GOI. After three years, 29,590,000 units were distributed to shops. After almost 10 years of operation (1978-79) -- twelve years post launch -- 118,000,000 were delivered. This is only a four-fold increase.

The social marketing project in Ghana (1980 population 11.7 million) put condoms and OCs on the market in 1979 under AID/W contractor management. Chana has a well established marketing infrastructure, and the Field Manager contracted with reputable, well-qualified advertising and distribution companies. When the contract expired in mid-1980, management was transferred to the government family planning program. Unfortunately while exact sales data is not available, the project has been virtually defund since 1981.

The Bangladesh (1980 population 90.6 million) project, also initiated under a contractor and funded by AID/W, began selling in December 1975. It experienced problems similar to those in Nepal. Distribution was extremely difficult, and the marketing infrastructure was in the early stages of development. During the July 1976 - June 1977 period, sales for condoms were 13,800,673 and for OC cycles, 705,076. One year later, condoms sales had grown almost 200% (to 26,000,000) and OC sales growth was over 135% (to 960,000). By 1978 when USAID/Dacca assumed responsibility for funding, the project began transition from expatriate to local management and planning for a new organizational base. The team understands that now the project is incorporated as a private, independent Bangladeshi company, Family Planning Social Marketing Limited (FPSML), with the sanction of the GOB and technical assistance from the contractor. While current sales data are not available, the project sold 36,000,000 condoms and 800,000 OC cycles in 1980 and now sells several new products as well.

The historical lesson from these and other social marketing project is that governments, which by nature are more beaurdcratic, find that inclusion of such business-oriented projects conflict with their normal program and management style.

UNPLANNED DEVELOPMENT BENEFITS

The CRS Project has provided some unplanned development benefits for the private sector. With the initiation of the CRS Project, the Project Management saw th need for the services of an advertising agency capable of getting across to the general public, in a readily understandable form, messages about CRS product. There was need for creation of communications, including packaging, display materials, ads in the papers, etc. This kind of advertising agency was not in existence in Nepal before the commencement of the CRS Project. With the development of COMMAT, a model has been developed for others wishing to enter the advertising field and for present firms engaged in advertising work.

The implementation of the CRS Project required the creation of an active promotional salesforce for the distribution and sales of CRS products. This, again, is a new concept for the business sextor. CRS has developed a prototype for others to follow in actively selling, promoting and distributing.

The CRS Project is the only major social marketing venture in Nepal. It adds to Nepal's social welfare programs an entirely new dimension by actually marketing the programs products at subsidized prices for a social case. CRS motivates the target group to buy contraceptive products in the hopes that it will be possible to gradually transfer the project into a completely commercial sales operation. The example which CRS has set can be beneficial to social welfare programs desiring to enter into social marketing of their products and services. CRS has created a system which can be used to market other health and development-related goods or to serve as a model for other organizations.

Finally, the CRS Project through its many attractive display materials, public advertising, and CRS vehicles plying the roads and markets of rural and urban towns broadcasting product information and distributing samples has helped desensitise embarrasing feelings associated with contraceptive methods. The evaluation team experienced little difficulty talking to men and women retailers about Dhaal and Gulaf. These developments may be taken as positive signs for family planning in the future.

V. RECOMMENDATIONS

PRINCIPLE RECOMMENDATION: The Evaluation Team recommends that the CRS project be continued. This conclusion is based on the important contribution the project is making to HMG. A significant increase in new family planning acceptors have been added to the HMG family planning program. CRS sales in 1980-81 accounted for 22% of all condoms and 14% of OCs distributed by Government and the Family Planning Association of Nepal. In 1981, the equivalent of 16,972 couples, a 36% increase over 1980, were protected from pregnancy as a result of CRS efforts. The project does not appear to be attracting customers from either the Government or commercial sector. HMG acceptors have grown annually alongside both CRS and commercial sales. The project has accomplished this by expanding availability of family planning methods through a new network of outlets, namely medicine and general stores, in over 50 districts in the country. All indications are that this network will further expand and that increasing CRS sales will continue to add significant increases in family planning users to the Government program. Through its marketing efforts, CRS not only has substantially contributed to HMG family planning efforts, it has helped strengthen the commercial distribution and advertising sectors and furthered other HMG development goals as well.

A. Marketing Research

The team recognizes the problems related to generating marketing research information in Nepal. Nevertheless, many marketing decisions by CRS would be better supported if more and better research was done. A minor part of the project budget thus far has been allocated to marketing research. The launch of two new products and the maturing sales program for existing products make this a matter of some urgency. Research is suggested for the following areas: effectiveness of instructions in package inserts (both present and planned); product use and typical consumer profiles; effectiveness of present advertising messages and mediums; retailer knowledge of CRS methods and satisfaction with the products; informal monitoring of sales by stockists and movement of products after they leave stockists.

RECOMMENDATION: CRS should contract for the best available marketing research services. Generation of consumer information need not be costly and extensive. Small surveys can yield adequate information for marketing decisions.

B. Products

Three areas related to products are identified: Suki-Dhaal's potential; the need for a second condom brand; and the nature of manufacturer's condom packaging received by CRS from AID.

Suki-Dhaal has not been successful product. It is not well accepted by consumers or retailers. The cost of distributing and selling only one product in rural areas is unreasonable and detracts attention from selling other CRS products.

RECOMMENDATION: CRS should sell out present supplies of Suki-Dhaal through the same distribution and sales system as other CRS products. No new supplies of this product should be ordered.

There may be a market for a quality packaged, higher-priced, 52 mm condom. Before any product decisions are made, CRS should investigate the potential for such a product and research the reliability of present informal feedback from retailers that condom "bursting" is a frequent consumer complaint.

RECOMMENDATION: CRS should introduce a higher-priced condom in 52 mm size if research demonstrates there is sufficient consumer market and condom breakage is a real problem. This would help help generate more income for the project.

USAID needs to order condom commodities as soon as possible. CRS is now using Tahiti borrowed from HMG as a substitute for the former plain, unbranded manufacturer's wrapping. Apparently such switching has occurred several times during the life of the Dhaal product. This could have an impact on retailer and consumer perception of product quality . Products should be different from condoms supplied to FP/MCH or other free distribution programs. Also experience with Suki-Dhaal shows consumers and retailers associate quality packaging with quality product. Similar experience from other social marketing projects indicate overpackaging is an important product attribute. Overpackaging represents a relatively small proportion of local CRS expenditures (i.e., exclusive of WHS contract costs); all packaging costs--from consumer packs through shipping cartons--for present and future needs represents less than 8% of expenditures under the 22 month extension period.

RECOMMENDATION: AID and CRS should decide on a manufacturer's wrapping which can be supplied to the project on a regular basis and which will connote quality and distinctiveness. The ideal manufacturer's wrapping would be one with the Dhaal brand/logo. If this is provided by AID, overpackaging for multiple units and quality appearance should not be scrificed. USAID orders for CRS should go to AID/W no later than July, 1982 to match AID ordering cycles.

C. Price

CRS plans to launch a second OC brand and vaginal foaming tablets shortly; price increases for Gulaf are scheduled for this summer. There has been little research done by CRS on product pricing. There are a number of unanswered questions about whether consumer prices established for CRS products are 1) optimal for growth in sales or 2) politically acceptable for a social program.

RECOMMENDATION: CRS should study the consumer pricing of all products. The present prices for common consumer goods, inflationary trends, and consumer/retailer surveys should form the basis for decisions.

D. Distribution

Contract objectives and HMG programshave formed the basis for CRS experiments to move products into ever deeper rural areas of Nepal. Although there is a flow of goods already in demand to rural villages, establishing a market for products not yet in demand in inaccessible areas is extremely costly and time consuming. As a result, consolidating distribution and improving sales in already established CRS markets have been sacrificed at times. The project and the HMG family planning program might benefit from CRS concentrating less on rural expansion and more are creating additional demand in present areas.

RECOMMENDATION: CRS should not expand now to areas inaccessible by roads or by air. The project should concentrate on building the present market and opening new, more easily reached towns, bazaars, and "weekly" markets. The proposed stockist wholesaling system should be monitored to observe increases in the natural flow of CRS goods to more rural villages.

E. Promotion

Training programs have been an on-going concern for CRS, and management has and is trying to educate retailers about family planning and CRS products. Nevertheless, retailers in both general and medicine stores do not seem to have an adequate understanding about CRS products. Information is especially important for Gulaf and the two new products. As CRS gradually expands these products to general stores, retailer training for all level of merchants becomes increasingly important.

RECOMMENDATION: CRS should refine their plans for retailer training. Local seminars for owners of medicine shops might be organized semi-annually. Sales representatives should regularly talk with all shop owners to determine gaps in information. Transportable visual or audio materials which can be used for in-shop training should help reinforce verbal communication. Brief written materials on products can be left with shopkeepers. Training and training materials should stress how retailers can help overcome problems associated with CRS products and not just refer clients to doctors.

CRS has consciously stressed local, non-mass media promotional methods suitable to Nepalese society. While this type promotion is difficult and time consuming, it seems to be very appropriate. CRS should anticipate the possibility that Sales Representatives may depend more and more on CRS vehicles for promotional activities. This could gradually mitigate their potential as local spokesmen for CRS and promoters to the community.

RECOMMENDATION: CRS should plan for regularizing (and reporting on) visits by Sales Representativies to local Panchayat officials or other community leaders in order to build support for CRS and its products. CRS should consider providing Sales Representative with hand cassette players or other portable attention-getting devices for those times when vehicles are not available, as well as for off-road promotion.

No provision has made in the present contract extension budget for Kamal or Nilocon promotion/advertising. CRS has used some monies originally budgeted for Dhaal and Gulaf advertising, but this still is inadequate to launch two new products. Traditionally, advertising campaigns allocate a large percentage of the budget to product launch for an initial "blitz". It appears CRS will not have adequate monies to back up product "sell-in" to retailers with demand creating promotion.

RECOMMENDATION: Since ORS was not added to the CRS product line in 1981, $65,000 in AID funds remain uncommitted. AID, USAID and CRS should arrange to use these monies for promotion and advertising to launch Kamal and Gulaf early this summer. Part of $65,000 should be reserved to research and monitor new product acceptance, especially for Kamal, which is a new method for Nepalese consumers.

The value of brand advertising on Radio Nepal to support CRS product selling is difficult to assess. One of the findings from an educational base study is that Radio Nepal's listening audience cuts across all spectrums of Nepalese society. It concluded radio is an effective means of communicating with illiterate populations. On the average, there is one radio set for every 80 persons in Nepal. The NRA focus group research done for CRS also indicated radio is an effective media. Earlier research, however, concluded the opposite, at least for brand advertising. Advertising is broadcast in "blocks" between 9:30 - 11:00 am and 9:00 - 11:00 pm when most villagers are not listening. This, coupled with Radio Nepal's earlier ban on brand advertising and recent position that CRS pay foreign rates (4 times higher than local), raises questions about the utility of stressing the brand advertising issue with Radio Nepal as a priority issue.

RECOMMENDATION: CRS and high level HMG officials should negotiate with Radio Nepal about broadcasting endorsements of CRS products by influential Nepali persons, such as entertainers, sports figures, and religious leaders during times when villagers are listening. Another approach would be sponsoring a daily entertainment broadcast similar, perhaps, to an American "soap-opera". At the same time, CRS and HMG officials should persue with Radio Nepal the question of appropriate rate charges for spot-ads.

CRS Sales Representatives now receive bonuses for sales over and above established monthly targets. The percent is the same for all products. This does not appear to provide any incentive to sell any one product more actively over another.

RECOMMENDATION: CRS should explore the possibility of increasing or decreasing the bonus to Sales Representatives on different products. Differing incentives for products CRS wishes to emphasize or deemphasize during different periods could add an extra stimulus.

F. Management

CRS provides annual sales data to FP/MCH. These figures are comparable to distribution figures reported from political regions to FP/MCH. These, in turn, are compiled for annual reports. CRS sales regions, however, are different. This may be the reason FP/MCH has not included CRS sales in its condom and OC distribution reports.

> RECOMMENDATION: CRS should compile sales data from each of the seventy-five Nepalese districts and, with the help of its new computer, combine districts to correspond with HMG's 5 development regions. These should be provided to FP/MCH at the same time FP/MCH is gathering distribution figures from CHIPS and FPAN. The resulting combined figures will provide a more accurate picture of the results of family planning programs for HMG.

Although officials concerned with HMG family planning program are quite aware of the CRS Project, performance and data generated by CRS are not well known. CRS reports it provides such information to HMG, but it is not published or routinely organized to demonstrate overall results.

> RECOMMENDATION: CRS should consider printing a newsletter-type publication with concise, graphic information on a semi-annual or annual basis for distribution to HMG and other relevant organizations and individuals. News of usually significant results still should be circulated separately.

G. Institutionalization

The CRS project has been preparing for transition from WHS to local management for almost a year and a half. Major management responsibilities have been assumed by Nepalese citizens. A legal consultant and USAID Legal Advisor explored possible alternatives for institutionalization. The CRS Advisory Committee, USAID and the AID Regional Legal Advisor all endorsed the option for a private sector, non-profit company incorporated under local company act 2021. The evaluation team reviewed the planning documents and had majority concurrence that such a company provides a vehicle for optimal future project performance. Historical experience from several similar CRS projects supports the need for autonomous, flexible management of social marketing programs. Indeed, this has been identified as one of several key needs for success.

> RECOMMENDATION: A private sector, not-for-profit company should be incorporated in Nepal for the express purpose of managing the CRS social marketing project. The company should be formed as soon as possible, and the CRS project

should begin operating as a new company. There should be sufficient time alloted for management and staff to adjust to the new organizational structure. A decision from HMG regarding the formation of such a company and transfer of CRS to operate under the new legal entity should come, therefore, no later than September 1, 1982. USAID/N should facilitate this decision by deciding on commitment to fund or not fund the CRS project following submission of this evaluation report.

H. Contract Extension

The imminent departure of the General Manager complicates the timing of the repatriation of the WHS Field Manager. A person skilled in marketing and business management will have to be oriented to the CRS project, family planning, and social marketing by the Field Manager. Skill in marketing and private sector management techniques is a second key area identified for successful social marketing. It is anticipated that recruitment of a Nepali with these credentials may take some time. Once recruited, there should be sufficient overlap for adequate training and oversight until the manager assumes full responsibility and all project staff are working as a smooth operation. In addition, some contingency should be built-in to allow time for operational maturation under a new organizational structure (the private, not-for-profit company), new relationships with HMG & AID, and new senior management.

RECOMMENDATION: The present contract should be extended for up to but no more than 9 months, or until August 1, 1983. Discussion should begin immediately with AID/Washington to determine the most feasible method for funding the extension. Most expeditious would been continuation of the present arrangement for 50/50 funding by AID and USAID. Part of the extension costs can be covered by the sales revenue fund, which should be close to $40,000 by October 31, 1981. This requires a letter of agreement with HMG. If AID/Washington, which has expected USAID to assume full funding responsibility, has planned for other commitments of central CRS funds, USAID immediately should explore other funding possibilities.

VI. PERSONNEL CONTACTED

USAID/Nepal

Dennis J. Brennan, Director
Gerald V. van der Vlugt, Chief, HFP Division
Carl J. Hunter, Public Health Advisor
David E. Mutchler, Population Advisor
William B. Nance, Program Officer

Family Planning/Maternal and Child Health Project

Dr. Badri Raj Pande, Chief, FP/MCH Project
Mr. Tovo Raj Giri, District Family Planning Officer, Gorkha

Population Commission

Kul Shekhar Sharma, Vice-Chairman

Planning Commission

Prof. U. M. Malla, Member

Ministry of Health

F. B. Malla, M.D. Chief, Planning Unit
Baiteyananda Vaidya, M.D., Deputy Chief, Planning Unit
Health Assistant in-Charge, HMG/N Health Post, Lumbini

CRS Project

James Messick, Field Project Manager
Jagdish Chimire, General Manager
N. K. Pradhan, Sales Manager
B. K. Wriba, Administration & Finance Manager
Ranjan Poudyal, Communications Manager
Tara Nath Poudyal, Sales Representative - Biratnagar
Lava Kumar Shrestha, Sales Representative, Janakpur Anchal
Narayah Baral, Sales Representative, Pokhara
Bala Ram Fatle, Legal Advisor

CRS Advisory Committee

Dr. Badri Raj Pande, (Chairman) Chief, FP/MCH Project
Hem Hamal, (Mem. - Sec.) Chief IEC Division, FP/MCH Project
Tek Bahadur Thapa, Joint Secretary, Ministry of Home
Gautam Man Chipalu, Joint Secretary, Ministry of Industry and Commerce

Pashupati Mishra, Zonal Manager, Agri, Dev. Bank
Puspa Lal Rajbhandari, Chairman, Chemist and Druggist Association
Shashindra B. Shrestha, Manager, Nebico, Pvt. Ltd.
Dr. Gerald V. van der Vlugt, Chief, HFP Division, USAID/N

Voluntary Agencies

Family Planning Association of Nepal

Shanker Shah, Chief Executive
Kanak B. Joshi, Chief, Finance Division
Kush Narayan Shrestha, Chief Programme & Training Division
Sunder G. Mulepati, Senior Evaluation Officer

T. R. Onta, Executive Director, Nepal Red Cross Society

Ms. Indu Arval, Program Director, Mother's Club

Birendra Man Shrestha, Member Secretary, Youth Activities Co-ordination Committee

Other

Rabindra Rimal, Director, National Research Associates
P. L. Rajbhandari, Alliance Enterprises, Gulal and Dhaal Dealer, Bagmati Anchal
Sita Ram Ketan, Birgunj Medicine Centre, Gulaf Dealer Narayani Anchal
Sunder Store Proprietor, Dhaal Dealer, Narayani Anchal
Shyam Sunder Chainwala, Anand Sales, Daaal Dealer, Biratnagar
Mr. Rajbhandari, Rajbhandari Medical Hall, Gulaf and Dhaal Dealer, Pokhara

VII DOCUMENTS REVIEWED

1. CRS: various Project materials, documents, records, etc.

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19. UNFPA, "Nepal." Report of Mission of Needs for Population Assistance. New York, N.Y. October, 1979, 136 p.

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APPENDIX A

Field Survey Report

The evaluation team divided into two sub-teams to facilitate wider field survey coverage for this evaluation. Prior to initiating the field survey outside of Kathmandu Valley, the two sub-teams visited a number of medical and general shops at different locations in Kathmandu, Patan and Bhaktapur to interview Dhaal and Gulaf retailers on April 13 and 15, 1982. After completing the survey in Kathmandu Valley, one team undertook the field survey of the eastern sector (April 18- 22) which covered Birgunj, Lahan, Mirchaigy, Janakpur, Biratnagar and en route; the other team undertook the field survey of the western sector (April 18 - 22) which covered Mugling, Gorkha, Bharatpur, Aruna Khola, Bhairawa, Butwal, Tansen, Walling, Pokhara and Dumre and en route. Altogether the teams visited 91 medical shops and 79 general shops in and out of Kathmandu Valley.

The questions asked retailers were: 1) How long have you been selling the CRS products? 2) Have your sales been increasing over the years? 3) How many dispensers of Dhaal/Gulaf have you been selling on avarage per month? 4) Have you received any training/instruction on Dhaal/Gulaf from CRS or other places? 5) Has the CRS Sales Representative been supplying you with Dhaal/Gulaf on a regular basis? 6) Have you ever been out of supply of Dhaal/Gulaf? 7) Who are the product consumers, of which sex and age group? 8) Do you provide instruction to buyers? 9) Do buyers complain about CRS products? 10) if they complain about Gulaf, do you advise them on switching to Dhaal for their partners? 11) If not, what do you recommend? 12) How do you feel about the pricing of the CRS products?

The general finding of the survey is as follows: All retailers are happy with Dhaal sale because their sales are increasing, but they are not as happy with Gulaf because sales are increasing more slowly. Dhaal sale seemed to vary according to location of the shop and population, but but most shops reported that their sale of Dhaal has been increasing steadly despite the fact that condoms are being feeely distributed by the Government through Health Posts/clinics/hospitals. The explanation given was that the Health Posts/clinics/hospitals were not in accessible areas in most cases. Even in places where they were, those people who did not want to take the trouble of waiting or answering questions had been replying on nearby commercial outlets. Buyers, mostly males, included all strata, upper, middle and lower, aged 20 - 50 years. Very occasionally, expatriates were reported to have bought Dhaal. The failure of Dhaal as a contraceptive device was occasionally reported by the retailers as a complaint by buyers. One retailer from Gorkha reported that of 175 Dhaal users querried by him about the Dhaal "breakage" problem, 35 responded this had been a problem.

Suki-Dhaal had not been found to be a popular product. Some retailers felt the unpopularity of Suki-Dhaal could be due to unimpressive packaging, or the consumers' reluctance to buy "something made in Nepal" even though "Made in USA" is clearly printed in the package. A great majority of retailers in larger towns did not even know about the existence of Suki-Dhaal.

In comparision to Dhaal sales, Gulaf has not been as successful. Gulaf is sold generally by medicine shops expect in cases where areas are without any medicine shop. A large number of medical shops visited had other Ocs such as Lyndiol and Ovral , and sales for Gulaf and other OCs generally were equal. Most of the medicine store retailers did not have any training in pharmacy. About half of the retailers interviewed said they had received training from the CRS Project, and many expressed interest in receiving training. On the other hand, those retailers who had received training did not seem to have made much use of their training. Some of them complained that the CRS training was too short, making it inadequate for giving medical advice. Many reported that instead of advice to theiriliterate customers regarding possible complication with Gulaf, they simply referred to the leaflet contained in the packet. The customers with complaints were routinely referred to clinics or doctors. The general sales practice for Gulaf seemed to be that neither the seller nor the buyer cared much about giving/receiving instructions. This is indicative of the fact that those retailers who had received training had not been using their salesmanship talent or providing their medical advice to the customers of CRS products. Customers were reported to be buying OC's surreptiously and in many cases sending someone to buy them. Because of this phenomenon, the retailers were not able to report who the acceptors might have been and of what age group. Retailers reported that physicians never prescribed Gulaf. They suspected that it could be because of its low price.

The price for Dhaal and Gulaf was felt to be reasonable. Retailers suggested that the sale of CRS products might have be increased if there were wide-spread health education for the general public. Some retailers felt that injectables (like Depo-Provera) would sell better than Gulaf or at least equally well. The reasons expressed for low sale of Gulaf were: a) physicians are not prescribing Gulaf; b) side effects of Gulaf, e.g., irregular bleeding, excessive bleeding; giddiness, vomiting, loss of weight and weakness; c) problem of taking Gulaf every day; and d) lack of alternative CRS pills for those who complain about side effects of Gulaf.

The teams visited a Health Post in Lumbini and in Lahan. The Health Post in Lubmini, which carried stickers of Dhaal and Gulaf for display in the office, appeared to have difficulty in popularizing family planning services because of the high Muslim settlement in the area. He felt many Muslims believe that religion prohibits the practice of family planning. The Health Post in Lahan had a section devoted to family planning services distributing pills and condoms only a few days a week. One team visited the District FP/MCH Office in Gorkha. It was found they out stress on sterilization (male and female) but also provided other services freely (e.g., distribution of pills and condoms, distribution of some medicines, insertion of IUDs and provision of Depo-Provera.). The private Sunshine Hospital in Pokhara provides basic health care for women and children and to some extens offers IUDs and sterilization. Condoms and pills were sometimes given free but, and especially, for condoms ,not very popular.

APPENDIX A

The teams also interviewed the CRS dealers and Sales Representatives during the field survey. The impression from interviews is that: a) the dealers do not seem to have done any sales promotion activities in their areas; b) the Sales Representatives go to retailers to check their supply level and take orders and are the only persons approaching new shops to persuade them to sell CRS products. The impression from Sales Representative was that they generally were happy with their jobs but felt a few improvements such as "peons" to help carry products, a sleeping bag for an overnight trip and a "provident" (retirement) fund would be helpful.

A list of medical/general shops visited by the teams along with their locations follows:

Location	Medicine Shops	General Shops
Kathmandu	14	10
Patan	11	5
Bhaktapur	2	4
Thimi (between Kathmandu & Bhaktapur)	1	-
Eastern Sector		
Hetauda	7	-
Birgunj	9	2
Lahan	5	2
Mirchaiya	-	2
Janakpur	9	-
Biratnagar	8	-
En route	-	4
Western Sector		
Mugling	1	6
Gorkha	2	1
Bharatpur	6	3/4 Panshops
Aruna Khola (small Terai)	1	2
Bhairawa (trade town 8 miles from border)	3	2/1 Panshops
Butwal (hill town)	4	2
Tansen (hill town serving villages)	1	5
Small Bazar outside Tansen	-	1
Walling (small town between Tansen & Pokhara)	-	2
Pokhara Central (Nepali & Foreign)	2	5
Buggar (old market)	1	-
Affluent Area (India & Nepali)	1	2/1 Stockist
Bus stop	-	4
Near Power Station (outskirt town)	1	2
Across Hospital	2	-
Dumre (medium-size between Pokhara - Kathmandu)	-	7
	91	79

R. C. Shrestha

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Family Planning Association of Nepal

FPAN, founded in 1959, has a Central Office in Kathmandu and 15 Branches (Morang, Sunsari, Dhankuta, Saptari, Dhanusha, Chitwan, Kaski, Valley Branch (Kathmandu, Patan and Bhaktapur), Baglung, Kanchanpur, Doti, Dang, Surkhet, Banke and Kavre).

Each Branch area has:

- 1 Office responsible for
  1) I & E compaigns & service delivery, and
  2) arranging mobile camps
- 1 Voluntary Mobilization Program (for sterilization)
- 1 Integrated FP/Small Farmer Development Project

Key personnel in implementation & coordination of branches activities are:

- Senior Office Assistant assisted by 1 peon and 2 motivators.

  Motivators are given 1 week training for the first time & 3-5 days refresher training every year.

FPAN has a total of

- 156 Motivators
- 50 Paramedicals
- 3 Full-time Doctors
- 4/5 Doctors per sterilization camp under contract.

FPAN undertakes the following activities:

Multi - Media

6000 copies of quarterly journal 'Niyojan' published and distributed to target groups. Niyojan Reader Survey (1980) reveals 20% of respondents were motivated for contraception by it.

APPENDIX B

Radio Program

Twice a week 15 minute radio programme and 4 spot announcements of 15 seconds each are aired daily in the commercial service of Radio Nepal. These transmit family planning messages to radio listeners.

Youth Project

Objective is a) mobilization of youth through providing education for creation of awareness about the necessity of family planning and b) integration of programs with other agencies/organizations leading to acceptance of family planning methods. Activities include: Family planning orientation to house wives; population education classes in high schools; symposia and high school debates on family planning; suitable folk medias; health education and sanitation programmes; and group discussion, film shows, etc. on basic health.

I & E Campaign

I & E program is intended to increase the number of sterilization cases in branch offices. Activities include: week long training to increase efficiency of motivators; group discussion & mass meetings; film shows; and exhibitions.

The 1980 FPAN contribution to national sterilization cases is reported to have exceeded 20% of all sterilizations and in 1981 total cases of FPAN sterilization is reported to have been 3909 (it is expected these cases will equal or exceed the 1980 contribution).

Integrated FP/Small Farmers Development Project

This is an experimental project run in 15 village panchayats of 15 branch offices to mobilize group leaders in family planning. Activities include: home visits to learn about family planning methods used by acceptors; organizing mobile clinics to provide basic health treatment; and organizing healths and family planning meetings.

Boudha - Bahunepati Family Welfare Project

Operates in 33 panchayats in Sindhu Palchowk and Kavre Districts, for a population of approximately 160,000.

Integrated program to arouse consciousness among local people about long-term benefits of a planned family through integrated strategies based on mobilization of local human and material resources for their own betterment. Activities include: family planning services to continuing and new acceptors; recruit new acceptors; produce and distribute tree sapplings; sow grass seeds: demonstration production on sheep and goat

husbandry; primary treatment (e.g., liverfluke) for sheep; nursery development and horticulture farming to farmers; and basic health treatment to people.

Integrated Family Planning/Parasite Control Project

Serves a population of 51,000 in 3 wards in Bhaktapur and 3 village panchayats in Panchakhal. Objective is for a) parasite program to serve as an entry point for enrollment of family planning acceptors, b) arouse public awareness on need to maintain health care and e) adopt contraception for personal well being. Activities include: administration of combatrine to school children of 2 primary schools in Bhaktapur; provisions of family services and follow-up services for family planning acceptors and parasite control activities; conduct laboratory tests of stools; organize film shows, group discussions and orientation program on parasite control; construct public latrines and subsidize local efforts for their construction, etc.

R. A. M. Center (Kathmandu)

The objective is to establish better facilities to conduct female sterilization, which is gaining increasing popularity in Nepal, through effective maintenance of equipment. Repair & Maintenance Center activities include· develop an inventory of association equipment; repair and maintain publicly donated endoscopic equipment, generators and projectors; conduct visits for smooth functioning of regular and camp activities; organize training of auxiliary technicians and para-medics.

Central Clinic (Kathmandu)

Caters to needs of couples design to plan their family. Activities include: male and female sterilization; consultation; recanalization; pregnancy tests and analyse semen, follow-up of persons sterilized; blood, urine and stool tests, etc.

Voluntary Sterilization Services

IPAVS sponsored program to provide male and female sterilization in clinic and camps situations. Other activities include: training of doctors and paramedics in sterilization procedures; follow-up of acceptors; provision of basic health treatments; mobilization of satisfied clients for enhancing acceptance, etc.

Family Planning Service in Industrial Sectors (Kathmandu Valley & outside)

Provides contraceptive services & follow-up to workers factory at health & family planning depots in selected industrial estates.

Population Education (Kathmandu Valley)

Services of short-term training/orientation programmes to different sections of society, e.g., students, housewives, young men and women, etc.

APPENDIX B

Management Development

Training/orientation for branch executive personnel. This program basically stresses the importance of a feedback mechanism, supervision, and evaluation for family planning program accomplishments.

Funds and supplies provided by IPAVS, FPIA, JOICEP, IFRP and IPPF. 1982 expenditudes $ 464,596.

Contraceptives Distributed to Acceptors

Condoms (pieces)	601,728
Orals (cycles)	23,685
Vaginal Tablets (pieces)	30,200
IUDS (pieces)	67
Depo-Provera (vials)	223
Vaginal Jelly (tubes)	440
Vaginal Foam (cans)	745

APPENDIX B

Nepal Red Cross

Family planning activities and basic health care (immunization, TB detection, leprosy detection) started 2 years ago.

Districts covered include: 20 panchayats in Syangja District covering a total population of 80,795 including 7,271 married couples .

20 panchayats in Chitwan District covering a total population of 1,65,938.

NRC field office district has: .4 Supervisors

.1 Store keeper

.1 Administrative officer and

.2 Motivators.

The motivators, selected from the local area are provided training before they undertake the job of volunteer motivators. They receive Rs.75/- during their training period and are Rs. 200/- per month thereafter. They are also paid Rs. 5/- by sterilization camps for each person brought by them for sterilization. The motivator has to motivate 22 persons each month for sterilization and 12 persons for contraceptive use.

The primary emphasis of the program is sterilization while the secondary emphasis is motivating people for use of contraceptives. In addition, the program has a basic health care component. Identified cases, e.g., of malaria and leprosy, are referred to appropriate offices in the district.

FPIA provides the funds and NRC provides organizational support, training, basic medicine and milk powder for the program support.

FPIA contribution	year 1	Rs. 400,000	$ 30,534
	year 2	Rs. 500,000	$ 38,168

Accomplishments (January 15, 1980 - May 14, 1981)

Contraceptive Method		Acceptors
Pills		4143 couples
Condoms		2352 couples
IUDS		12
Vasectomy	referrals	517
Laproscopy	"	283
Mini-laproscopy	"	6

APPENDIX B

Mothers' Club

Mothers' Club activity in family planning started two years ago. Of the 32 member groups 20 have some family planning activities. These are:

5 in Kathmandu	)	
5 in Morang	)	
1 in Makwanpur	)	without family planning component
1 in Kavre	)	
5 in Dang	)	
5 in Lalitpur	)	
5 in Kaski	)	with family planning component
5 in Bhojpur	)	
32		

Each Mothers' Club office in Dang, Lalitpur, Kaski and Bhojpur has:

- 1 woman motivator
- 1 club organizer
- 1 district supervisor

Motivators are provided 10 days' training in family planning, use of contraceptives and side effects, nutrition, child care and literacy. Actual Mothers' Club activity in family planning includes FP only not health services. They receive Rs. 20/- per day during training period and Rs. 100/- per month thereafter. During the first year, the motivator has to motivate 80 persons for using a family planning method, and during the second year, she has to have continuing acceptors of 80 plus new acceptors of 60.

FPIA provides funds. Pills & condoms provided by FP/MCH, FPAN & FPIA.

1982 budget for family planning component is Rs. 6 lakhs, $ 45,802

Last year's (6 months - June 1981 - December 1981) accomplishments

Pills distributed (cycles)	345,554	
Condoms distributed (units)	338,644	
Sterilization (men & women)*	244	
Pills & Condom acceptors	7500	
Pills & Condom drop outs	1476	
Continuing	6024	(pills = 4663; condoms = 1361)

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* Sterilization service provided by sterilization camps conducted in districts from time to time by FP/MCH and FPAN.

APPENDIX B

Youth Clubs FP Project

Family planning activities started 2 years ago through 12 youth clubs. Clubs are located in Kathmandu, Bhaktapur, Dhulikhel, Narayangarh, Nuwakot, Butwal, Dolkha, Bara, Damak & Jaleswar.

Memberships in individual clubs = 50 - 100

Central Office Staff
- 1 Project Director
- 1 Program Officer
- 4 Supervisors
- 1 Accountant
- 2 Peons
- 1 Typist

Motivation for members is participation in games, seminars, etc. Members are primarily men & women volunter.

Funds received from FPIA. Commodities (pills & condoms) from FP/MCH & FPAN.

Annual budget is Rs. 300,000,- $ 22,900.

Family Planning Accomplishments 1981

Pills (cycles)	2,221
Condoms (units)	104,702
Vasectomy* referrals*	201
Laporoscopy "	306
Minilap "	43

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* Through camps organized by FP/MCH & FPAN from time to time in locations of club's area of responsibility.

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A Brief Presentation
on
Advertising Campaign for
Nepal Contraceptive Retail Sales Project 1/

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Communication, Management
Advertising and Training Incorporated
(COMMAT INC.)

April 12,1982
Katlmandu

1/ 1981-82

INTRODUCTION

COMMAT is HMG registered private consultative firm which is working for development support communication in the kingdom of Nepal.

COMMAT is basically a creative and result oriented organisation with wide variety of interest eventually leading to socio-economic development of the country.

COMMAT INC. has the priviledge of providing a full scale advertising services to Nepal Contraceptive Retail Sales Project (Nepal CRS Project) from January 1980.

COMMAT INC is associated and works closely with Hemant Media, New Delhi, with a private media group in Bangkok and with Woodlands Institute in West Verginia, U.S.A.

COMMAT was awarded The Masc Lewis Memorial Challage Trophy by the 12th Asian Advertising Congress held in Singapore for launching successful advertising campaign for Nepal CRS Project in September 1981.

While developing advertising campaign for Nepal CRS Project, COMMAT INC had the pleasure of introducing many innovative and creative programs.

Besides CRS Project COMMAT INC is currently working with the Association of Nepalese Creative Writers in their program development. COMMAT INC prepared a master advertising plan for Anchoria milk product in 1980. More recently COMMAT INC has been asked to formulate a Development Support Communication Plan for a Cottage Industry Plant funded by the World Bank.

COMMAT prefers to work with limited number of clients at a given time for the sake of quality and maintaining professional standard.

Of the total advertising plan of 1981/82, a major concentration falls in consumer advertising tasks followed by Sales Promotion and Educational Tasks. A substancial task was also formulated to test advertising materials in 1981. This was further recommended and suggested by Market Research done National Research Associates (NRA) unlike previous years, while developing advertising materials the current advertising plan has taken into consideration the regional language variations and ethenicity wherever applicable and appropriate.

MATERIALS DEVELOPMENT

Any single advertising material development consisted of certain number of steps before it goes for final production.

(a) Brain storming sessions of qualified an experienced persons are organised for the concept development of creative tasks.

(b) Layout design and consultation with client is done periodically to ensure the quality of materials.

(c) Final Prototype design is then done by qualified and experienced graphic artists.

(d) Pretesting of materials is arranged invariably with the intended target audience. Pretest is usually carried out in actual field situation. The following five variables, are often taken as an instrument to measure the result of the pretest.

- attractiveness
- comprehension
- acceptability
- self-involvement
- persuation.

The data gathered in the field is then analysed and a pretest report is written and is submitted to the client.

Non-availability of contraceptive and lack of awareness were other serious concerns of the market research. In order to combat with these two limitations, COMMAT INC. proposed for a localized campaign though cassette programs and handbills. Even the advertising and promotional materials are now displayed close to the shops where CRS products are sold.

IMPACT

CRS Project contributes 22 percent of total consumption of condom 14 percent of oral pills through its marketing outlets in the kingdom of Nepal.

Because of massive advertising and promotional campaign it is directly contributing to increase the awareness of family planning in general and CRS products in particular. According to MFS 1976, less than 3 percent women know about one of the contraceptive devices. The situation, however, is greatly improved. The Population Education Baseline Survey and Contraceptive Prevalence Survey both indicate that awareness is as high as 90 percent and more than 50 percent eligible couple know one of the contraceptive devices. The prevelence rate is 7 percent whereas it was less than 3 percent in 1976.

Because of increased outlets and visible promotional advertising materials, the exposure rate has been tremendiously increased.

SALES FIGUR

Contraceptive / Year	Dhaal	Gulaf
1979	956,396	21,067
1980	1,051,774	28,701
1981	1,137,030	77,[illegible]
1982 (up to April)	442,402	9,220

OBJECTIVE OF THE CAMPAIGN

The long term objective of the advertising campaign is to create a demand for CRS products in the consumer market.

The immediate objective is to inform and motivate eligible men and women to buy and use contraceptives being marketed by Nepal CRS Project under the brandname.

DHAAL (Shield) Lubricated, coloured high quality condom for men.

SUKI-DHAAL (25 paisa shield) a cheaper non - lubricated plain condom for men.

GULAB (Rose) Family Planning oral pills for women.

It has been planned to introduce two new products in near future.

KAMAL (Lotus) A warm vaginal tablet for women.

NILOCAN A low dose oral pill for women.

ADVERTISING STRATEGY

The advertising campaign for CRS Project consists of four basic components.

(a) Consumer Advertising task.

(b) Educational task.

(c) Sales Promotion task.

(d) Product launch task.

In order to meet the objective of the advertising campaign, COMMAT JHC. adopted a multi-media approach ranging from a sophisticated media like Ad Film to a traditional folk media like folk singers and folk dramas.

MESSAGE STRATEGY

In order to find out the best suitable message for CRS products, National Research Associates made an attempt to test different messages with different appeals in their market research. The visuals as well as the messages were developed by COMMAT in consultation with CRS Project. The messages were pretested in discussion groups of both male and female seperately. The testing was done by trained moderators and recorders. The following conclusions were drawn by NRA in terms of message comprehension.

1. Educational appeal (F. P. for the cause of children's education) was most understood and liked by men both in Tarai and Hill. As a result of which the visual as well as the message for Dhaal is built around the educational appeal. "Father practicing family planning can provide good education to the children" is adopted in Tin Poster. A paper poster of the same kind is produced for Tarai as well.

2. "Better household management" was the other concept associated with family planning and less member of children by the women of both Tarai and Hill. "The smaller the family, the better is the household" type of message is incorporated in Gulaf Posters.

3. Educational Poster for Gulaf with a message very close to "Take one tablet a day, without missing any day" was purposefully designed to educate women to continue Gulaf every day. The message proved to be very comprehensive among women respondents. COMMAT INC then adopted this theme and incorporated in many media like poster, newspaper ad and radio drama.

The market research also reveals the fact that there are many rumours about Gulaf oral pill, however it is not possible to counteract rumours in a single medium. Anti rumour messages are therefore built in radio drama, newspaper ad, newspaper articles and radio cassette program.

Advertising Tasks, Number COMMAT Budget, and Percent

Allocated to Tasks for 1981 - 82

Type of Task	No. of Tasks	Budget	%Budget
Consumer Advertising Task	14	$51,000	42.4
Sales Promotion Tasks	12	63,000	52.4
Educational Tasks	3	6,000	5.0
Total	29	$120,000	100

PROMOTION

	RETAILER	CONSUMER	ADVERTISING	OTHERS
THAAL	Tin posters Paper posters Calendars Display contests Mobiles Store signs Envelopes for Druggist and Chemist Thaal glow signs Dealer sign board	Keyrings Wall calendar Sampler Handbill Small stickers Pictorial booklet	Tin posters Paper posters Pictorial booklet Radio spots Ad flim Large billboard Small billboard Large stickers Small stickers Bar panel press ads. Audio cassettes CRS vehicle painting Radio drama	Nepal Medical Association Journals and Souvenir Issues Ad in Nepal Peadiatrics Society Souvenir Issue Field workers flip chart Ghandharva folk festival Field workers flip chart Journalists P.R. meetings and orientation to F.P. and population workers New year ad in Gorkhapatra Thankot bus shelter
GULAF	Wall calendars Paper poster Display contests Store signs Dealer signboard	Keyrings Wall calendar Gulaf premium Thaili Small stickers	Paper posters Ad flim Large billboard Small billboard Big stickers Small stickers Gorkhapatra educational press ad. Audio cassettes CRS vehicle painting Radio drama Radio spot	Ad in Nepal Medical Association Journal and Souvenir Issue Ad in Nepal Peadiatrics Society Souvenir Issue Pen stand for Doctors Prescription pad for Doctors Gandharva folk festival Field workers flip chart Journalists P.R. meetings and articles. Orientation to F.P. and population workers Thankot bus shelter

PROMOTION

CHILDHAND	RETAILER	[illegible]	[illegible]	OTHERS
	Store signs Paper posters Envelopes for Chemists and Druggist Wall calendars	Wall calendars	Suki-Dhael radio spot Newspaper announcement ads Paper posters Radio drama CRS vehicle painting	Orientation to P.P. and population workers. Field workers flip chart Gandarva folk festival Journalist P.R. meetings and articles Pen stand for Doctors Product announcement ads Product launch ceremony
ZAVAL	Paper posters Store signs Display contests Store flags	Samples Stickers	Audio cassettes Bar panel press ads Educational press ads Paper posters Stickers	Product launch ceremony Newspaper articles Product announcement press ads Prescription pad for Doctors
NILOCON	Paper posters Store signs Display contests Glow signs Mobiles Envelope for Chemists and Druggists.	Keyrings Small stickers	Audio cassettes Bar panel press ads Educational press ads Paper posters Paper posters Big stickers Small stickers	Product launch ceremony Product announcement press ads. Newspaper articles Newspaper articles Prescription pad for Doctors Ad in Nepal Peadiatrics Society Newsletter. Giveaways for Doctors

OPTIMAL PLAN FOR INSTITUTIONALISATION[1/]

Optimum Criteria for the Institution

The basic criteria furnished to the lawyer for the evaluation of the relevant legal provisions relating to the five possibilities include:

A. The institution should be able to make and apply its own rules and regulations, hire, appoint, and discharge its employees from within the Project itself without external interference.

B. The institution should be set up so that the Chief of the Nepal FP/MCH Project and Ministry of Health will be able to provide regular policy inputs for the institution.

C. The institution should also provide for some inputs from the donor agencies.

D. The institution should maintain its own salary scale without specific reference to HMG's salary scale and have its own wage and benefit policies-including incentives for employees for motivating.

. The institution should operate its business with the private sector with complete freedom to implement its programs once approved by the Board.

F. The institution should be able to receive funds from USAID or other donors (domestic or foreign) and be able to use them to pay program costs.

G. The institution should be able to work openly and fully within the private sector community (shops, wholesalers etc) where its major program is conducted.

H. The institution should be able to receive revenues from the sales of CKS Products and use them for program expenses.

I. The institution should be free to pay cash incentives to its personnel to increase the effectiveness of the program.

1/ Taken from Sept 10, 1981 Draft.

Structure Endorsed by CRS Advisory Committee, USAID
Submitted to FP/MCH November 1981

Recommendation: The Nepal CRS Project should become a non-profit Private Company on November 1, 1982.

The Nepal CRS Project has successfully proved its viability in Nepal by its non-profit social marketing of temporary contraceptives through the private commercial sector. When the USAID-funded contract with Westinghouse Health Systems ends on October 31, 1982, where should the CRS program go? Where should it be institutionalized?

The following substantiation is provided for the primary recommendation: that the Nepal CRS Project should be institutionalized as a private, non-profit company in the commercial sector with regular policy input and official support from His Majesty's Government (HMG) including the Nepal FP/MCH Project.

1. The primary and central CRS activities are within the private commercial sector, i.e. marketing contraceptive products to the public through shopkeepers.

2. The CRS management and staff members are the keys to continuing success. The present staff has come from the private sector; their previous experiences and talents have been further developed at CRS and they are considered essential for continuing the program.

   If the project should be transferred to become a government operation, these personnel may or may not be able or willing to get appointments within the framework of the Civil Services Act's rules and regulations. Apart from that, the project, under government control, may not be able to provide sufficient incentives to the employees and still expect more efficient job performances from them. There will be no restrictions on cash work incentives as a private company.

3. The primary motivation to shopkeepers for stocking CRS products has been business; the secondary motivation has been to assist the family planning program. The primary mode of service delivery by CRS is through private sector business and while CRS serves the national family planning program, it is itself primarily a business, not-for-profit. Business is private. CRS should be in the private sector.

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4. CRS has gained from HMG sponsoring and supporting the program but both HMG and CRS have sometimes shown considerable differences in approaching issues. Each has been justified in taking its particular approach, but sometimes the difference can disturb normal operations. The main difference is that one is primarily government (for social good) and the other is primarily business - albeit for social good. To CRS, an optimum level would be where HMG provides policy guidance and open, official support and CRS employs the policy to run the program for the benefit of all -- to reduce the population growth rate.

Consideration Regarding A CRS Private Non-Profit Company

1.	Proposed Name of the Institution	Nepal CRS Company Pvt. Ltd. or Nepal Contraceptive Social Marketing Company Pvt. Ltd.
2.	Relevant Act	Company Act 2021.
3.	Proposed Arrangement (Financial)	Share capital and its division. 1. Less than 50 percent (i.e. 1 to 49 percent) to HMG Nepal. 2. Balance to private sector. 3. Major contribution by USAID and/or other donors.
4.	Organization and Appointment	1. Special Advisory Board. 2. General body of shareholders 3. Board of Directors 4. General Manager appointed by the Board. Initial appointment by joint agreement of Nepal FP/MCH and USAID/Nepal. 5. Other personnel appointed by the General Manager with Board approval. 6. HMG would have two seats on the Board (see chart) 7. If desired, HMG might have full time policy representative in the company.
5.	Legal Implications	No problem except that this has to be non-profit making business undertaking (Social Marketing); i.e., usually private companies are for profit.

6.	Prospect for meeting set criteria	Maximum in terms of internal autonomy and ability to operate freely within the private sector.
7.	Policy Questions	1. will the government like to participate as a minority investor? 2. will the government agree that foreign assistance funds may support this private non-profit company?
8.	Inherent Problems	The problem of attracting the private sector to invest in such a non-profit making institution? Import privileges? These could be specified in the HMG-USAID-other donor letter of agreement.
9.	Need for special arrangement	More emphasis may be given to social institutions such as local panchayats, FPAW, other social services committees under SSNCC, to the social workers, wholesalers of CRS products, and the employees of the company to participate as shareholders in the CRS company.
10.	General Remarks	This type of enterprise will be the most efficient to carry out its Social Marketing business in the pvt. sector being less constrained by day-to-day government processes and still be assisted by government policy in puts coordination, and official support. This may also remain like a trust since it is a non-profit making enterprise.