

PC-112-759

AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

APR 26 1988

ACTION MEMORANDUM FOR THE SENIOR ASSISTANT ADMINISTRATOR  
FOR SCIENCE AND TECHNOLOGY

FROM: ST/POP, Duff Gillespie *DGG*

SUBJECT: Contraceptive Social Marketing II Project. (936-3051)

Action: Your approval is required to authorize \$39,845,000 for a follow-on to the Contraceptive Social Marketing Project (936-3051).

Discussion: The Office of Population proposes a five year project, Contraceptive Social Marketing II. The purpose of the project is twofold: to increase the availability and use of contraceptives among low and middle income groups using commercial marketing and distribution techniques and to establish realistic cost recovery schemes and targets in all sales programs. The project also supports broader A.I.D. goals of increasing involvement within the private sector.

This project is a follow-on to and incorporates activities started under the existing Contraceptive Social Marketing Project (936-3028). CSM II will represent a period of consolidation of established programs and expansion of sales programs, particularly in Africa. Countries in Latin America, Asia and the Near East with more sophisticated infrastructure and more mature family planning programs will be assisted in becoming more financially independent. Newer programs, particularly in Africa, will require heavier subsidies in the initial years and relatively more assistance in marketing research, policy and legal issues, and training. The project reflects refinements recommended for the follow-on project by the Global Assessment and Evaluation teams.

The estimated cost of this five-year project is \$39,845,000. This assumes S&T funding of \$29.345 million and USAID funding of \$10.5 million. This funding level will enable USAID missions to draw upon centrally managed technical resources as a bridge to bilateral support for contraceptive sales programs in later years. Funding will support technical assistance to design and initiate new sales programs in up to ten countries and provide continued support for up to 12 ongoing programs initiated under Phase I. Other areas of support include up to 5 in-country training workshops per year, 25 U.S. based internships and one conference in each region per year. Market research, and multi-country special studies will be conducted

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as the need arises. The project will also support centrally-managed internships. Contraceptives made available to this project will be provided under other project authority.

The project will be carried out by a U.S. based contractor selected through the competitive procurement process. The Cooperating Agency will have seven major responsibilities:

- 1) Carry out feasibility studies and design new CSM programs which include explicit cost recovery targets;
- 2) Closely monitor new CSM programs;
- 3) Provide continuous technical assistance and advise S&T/POP of commodities requirements to new programs and to ongoing programs initiated under CSM 1, and provide short term assistance for other CSM programs financed through bilateral agreements;
- 4) Develop CSM specific training modules and conduct in-country and regional training programs. Identify suitable locations for U.S. based internships and handle all arrangements for the participants;
- 5) Conduct market research and multi-country special studies to improve the sub-projects' performance; and
- 6) Disseminate the findings from market research, special studies, and country programs through workshops, seminars and publications;
- 7) Serve as a clearinghouse for data on all A.I.D. funded CSM programs.

Justification to Congress: An advice of program change has been drafted and is in the clearance process.

Clearances Obtained: The Project Paper was prepared in close collaboration with regional bureau staff and has been strongly endorsed at all levels of the Agency. Comments from the regional bureaus, S&T Bureau, and PPC have been solicited and incorporated in the Project Paper, as appropriate. A Concept Paper for this project was approved by you on February 12, 1988. The Population Sector Council reviewed the Project Paper on March 16, 1988 and suggested modifications have been made. The approved Concept Paper and Sector Council minutes are included in Annex A and Annex B, respectively of the Project Paper.

Certification of the Procurement Plan: The certification required in accordance with your memorandum dated November 15, 1985 subject: Increasing the Use of Minority Organizations and HBCUs, appears on page 45 of the Project Paper. The certification recommends full and open competition because of the complexity of the project and the importance of the project to the success of A.I.D.'s population strategy. S&T/POP believes that no single firm, 8-A, minority or commercial has all of the necessary skills and social marketing experience. S&T/POP believes that the interests of the Agency will be best served by full and open competition.

Recommendation: That you approve the attached authorization for the Contraceptive Social Marketing II Project.

Attachments:

1. Authorization
2. Project Paper

Clearances:

ST/POP/FPSD:JRogosch	/s/	Date:	3/31/88
ST/POP: BKennedy	<i>[Signature]</i>	Date:	4/20/88
ST/POP: BCase	<i>[Signature]</i>	Date:	4/6/88
S&T: BLangmaid	<i>[Signature]</i>	Date:	5/31/88
GC/CP: STisa	<i>[Signature]</i>	Date:	4/21/88
ST/PO: KMilow	<i>[Signature]</i>	Date:	4/28/88

Drafted by ST/POP/FPSD:BBrown/lkw:3/30/88:4847Y

PROJECT AUTHORIZATION

Country: Interregional

Project Title: Contraceptive  
Social Marketing II

Project Number: 936-3051

1. Pursuant to Section 104 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the centrally-funded project, Contraceptive Social Marketing II, involving planned obligation not to exceed \$39,845,000 in grant funds over a five-year period from the date of initial obligation, subject to availability of funds in accordance with the A.I.D. OYB/allotment process.

2. The purpose of the project is to increase the availability and use of contraceptives among low and middle income groups using commercial marketing and distribution techniques and to establish cost recovery schemes and targets in all sales programs.

3. The contract which may be executed by the officer to whom such authority is delegated in accordance with A.I.D. Regulations and Delegations of Authority shall be subject to the following terms and conditions together with such other terms and conditions as A.I.D. may deem appropriate.

4. Source and Origin of Commodities, Nationality of Services

a. Commodities financed by A.I.D. under the project shall have their source and origin in the cooperating country\* or the United States, except as A.I.D. may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services shall have the cooperating country or the United States as their place of nationality, except as A.I.D. may otherwise agree in writing.

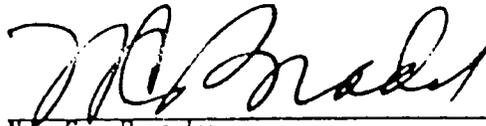
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\*Each country where research, training, technical, or other assistance takes place under the project shall be deemed to be a cooperating country for the purpose of permitting local cost financing of goods and services for the activity being conducted in such country. Such activities may be undertaken in any country included in the A.I.D. geographic code 935.

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b. The aggregate cost of all goods and services to be procured under each subagreement in a cooperating country may not exceed \$750,000.

c. Ocean shipping financed by A.I.D. under the project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States.



N. C. Brady  
Senior Assistant Administrator, S&T

5/5/88  
Date

Clearances:

S&T/POP/FPSD: JRogosch	/s/	Date 3/31
<sup>up</sup> S&T/POP: DGillespie		Date 4/20/88
GC/CP: STisa		Date
S&T/PO: KMilow		Date 4/28/88
S&T: BLangmaid		Date

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add  
 C = Change  
 D = Delete

Amendment Number

DOCUMENT CODE  
3

2. COUNTRY/ENTITY

Inter-regional

3. PROJECT NUMBER

936-3051

4. BUREAU/OFFICE

S&T/POP

5. PROJECT TITLE (maximum 40 characters)

Contraceptive Social Marketing Project

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY  
 12 31 94

7. ESTIMATED DATE OF OBLIGATION (Under 'B' below, enter 1, 2, 3, or 4)

A. Initial FY 88

B. Quarter

C. Final FY 92

8. COSTS (\$000 OR EQUIVALENT \$1 = )

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	3,500		3,500	39,845		39,845
(Grant)	( )	( )	( )	( 39,845 )	( )	( 39,845 )
(Loan)	( )	( )	( )	( )	( )	( )
1. (S&T/POP)						29,345
2. (Buy-ins)						10,500
Host Country						
Other Donor(s)						
<b>TOTALS</b>				39,845		39,845

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) PN	440	440				39,845		39,845	
(2)									
(3)									
(4)									
<b>TOTALS</b>						39,845		39,845	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code

B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

To increase the availability and use of contraceptives among low and middle income groups in developing countries using commercial marketing and distribution techniques and to establish cost recovery schemes and targets in all sales programs.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY  
 03 91 03 93

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000  941  Local  Other (Specify) 935

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a \_\_\_\_\_ page PP Amendment.)

17. APPROVED BY

Signature: *[Handwritten Signature]*  
 Title: Director  
 Office of Population

Date Signed MM DD YY  
 9/26/88

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY

Project Paper  
Contraceptive Social Marketing II (936-3051)  
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## I. Summary Project Description

The Office of Population, Bureau for Science and Technology, proposes a five year project, Contraceptive Social Marketing (CSM) II. The purpose of the project is twofold: to increase the availability and use of contraceptives among low and middle income groups using commercial marketing and distribution techniques and to establish realistic cost recovery schemes and targets in all sales programs. The project also supports broader A.I.D. goals of increasing involvement within the private sector.

This project is a follow-on to and incorporates activities started under the existing Contraceptive Social Marketing Project (936-3028). CSM II will represent a period of consolidation of established programs and expansion of sales programs, particularly in Africa. Countries in Latin America, Asia and the Near East with more sophisticated infrastructure and more mature family planning programs will be assisted in becoming more financially independent. Newer programs, particularly in Africa, will require relatively more assistance in marketing research, policy, legal issues, and training including heavier subsidies in the initial years.

The estimated cost of the project is \$39.8 million over five years (FY 88 - FY 93). This assumes S&T funding of \$29.3 million and buy-in funding of \$10.5 million. Such a funding level will enable regional bureaus and Missions to draw upon centrally managed technical resources as a bridge to bilateral support for contraceptive sales programs in later years. Funding will support technical assistance to design and initiate new sales programs in eight to ten countries and provide continued support in ten to twelve ongoing programs initiated under Phase I. Other areas of support include five in country training workshops per year, twenty-five U.S. based internships and one conference in each of the three regions. Market research and multi-country special studies and evaluative studies will be conducted in the course of project development and as the need arises. Additionally, the project will support the maintenance of a central management information system for all A.I.D. financed CSM programs. Contraceptives made available to this project will be provided under other funding authority but will be monitored by the principal contractor under this project.

The project will be carried out by a U.S. based contractor selected through the competitive procurement process. The Contractor will have nine major responsibilities:

- 1) Carry out feasibility studies and design new CSM programs which include explicit cost recovery targets;
- 2) Monitor both new CSM programs and those requiring continuous support initiated under CSM I;
- 3) Develop a plan to phase out of all ongoing programs funded under Phase I.
- 4) Provide short term technical assistance for other CSM programs financed through bilateral agreements;
- 5) Provide continuous technical assistance and advise S&T/POP of commodities requirements to ongoing programs initiated under CSM I;
- 6) Develop CSM specific training modules and conduct in country and regional training programs. Identify suitable locations for U.S. based internships and handle all arrangements for the participants;
- 7) Conduct market research and multi-country special studies to improve the new and ongoing projects' performance and answer specific questions on the most effective and efficient way to run these types of programs;
- 8) Disseminate the findings from market research, special studies, and evaluations of country programs through workshops, seminars and publications;
- 9) Serve as a clearinghouse for all data on A.I.D. funded CSM programs.

## II. Project Rationale

A.I.D.'s 1982 Population Policy paper provides clear justification for the expanded use of the private sector to deliver and promote family planning services. It states that, "Family planning programs are an essential element of the U.S. development assistance strategy," and that "A.I.D. intends to capitalize on the flexibility and innovativeness of the private sector as an important channel in the development and delivery of safe, effective contraceptives."

In the mid 1970s a new strategy emerged for promoting the use of family planning in developing countries: contraceptive social marketing (CSM). Underlying this approach, which was first proposed in the mid-1960s, is the idea of applying marketing concepts and techniques to the promotion of socially beneficial ideas and causes. This involves consideration of product planning, pricing, communication, distribution, and marketing research.

Social marketing of contraceptives is intended as a complement rather than a substitute for clinic-based services, which continue to be the prime vehicle for the delivery of family planning in many developing countries. The basic assumption behind these programs is that the more one expands the choice of methods and the range of outlets and distribution points offered to clients, the better and more continued the use of contraceptives.

The advantages of the CSM approach are: 1) it harnesses existing commercial channels for distribution and thus is believed to be a cost-effective means for delivering services; 2) it is oriented to the interests and needs of the consumer; 3) it aims to reach individuals who would not be willing to use clinic services; and 4) by having couples pay some of the costs of contraception, it reduces the magnitude of continued support.

CSM programs have also demonstrated that they can recover some of their costs. With the new emphasis among donors on increased use of the private sector, and cost recovery and sustainability, the CSM approach is being encouraged. It was the potential for mobilizing the human and material resources of the private sector which originally motivated A.I.D. to invest in contraceptive social marketing programs in the early 1970's. Over time as programs in Asia and Latin America began to demonstrate success in promoting and distributing contraceptives, additional investments were made in refining

social marketing techniques and further expanding the approach. Impetus for the CSM approach has also come from the realization on the part of developing countries and donors alike that public sector family planning programs will need assistance from the private commercial sector to meet the growing need for family planning information and services.

CSM programs have also transferred useful new technologies to indigenous private sector organizations. Private sector institutions in over 25 countries have received technical assistance in areas such as product distribution, advertising and promotion, market research, cost recovery and management information systems. Many of these organizations have used the skills gained through CSM projects to market or promote other vital public health products or messages. Many of these firms, particularly in Latin America and Asia, have also greatly enhanced the country's local research and marketing capabilities and now serve as a resource to assist the public sector in carrying out its family planning programs.

Finally, socioeconomic trends in A.I.D recipient countries, including declining budgetary allocations for the health sector and shortages of health care personnel, raise questions about the potential impact and coverage of family planning programs which depend heavily on public sector health infrastructure.

In view of this, the Office of Population is proposing that a second phase of the Contraceptive Social Marketing Project be funded to continue these essential programs by building on models that have succeeded in the past and by responding imaginatively to the challenge of expanding the CSM approach in those areas which still lack commercially-oriented family planning programs, particularly in Africa.

### III. Project Description

#### A. Background

The Agency's interest and involvement in social marketing dates from the concept's original application to family planning. The history of A.I.D. funding of CSM activities begins in 1971 with a study entitled, "The Distribution of Commercial Contraceptives in Eight Developing Countries."

The study indicated that even in countries with minimal government support for the private sector, the private sector invariably offered the most developed and extensive distribution network. The study also produced marketing plans for potential CSM projects in two countries, Korea and Jamaica, and led ultimately to A.I.D. implementing its first project in Jamaica, in 1974.

Since the time of those original studies and the first project, A.I.D. has funded more than two dozen CSM projects worldwide and is currently providing support for 24 active sales programs (see table I).

These programs each represent an individual response to a set of circumstances found in a particular country. While each program has evolved in a unique way, all of them are organized around a comprehensive marketing strategy based on market research.

Virtually all A.I.D.-funded CSM projects have been initiated with central funds and have required outside technical assistance in the developmental phase. Following project start-up, the pattern has been for Missions to fund established projects which are turned over to local management. Once established, the projects are then completely funded through a combination of project-generated revenues and host government or private funding. Countries which have graduated from A.I.D.-financed assistance and are self-reliant except for contraceptives include Jamaica and Colombia. (For a list of the funding status of ongoing and new programs, see table I.)

#### 1. Contraceptive Social Marketing(CSM) Phase I

In March 1984, A.I.D. authorized the \$25 million CSM Project for five years. The purpose of the project is to increase the availability and correct use of contraceptives among eligible developing country couples using commercial marketing techniques and distribution systems.

TABLE I

STATUS OF A.I.D. FINANCED AND PLANNED CONTRACEPTIVE SOCIAL MARKETING PROGRAMS  
AND SOURCE OF FUNDS

Country Region	Active Sales	Agreements Signed*1	Favorable Feasibility Assessment	Future Targets of Opportunity
<u>LAC</u>				
Caribbean Regional	(B)			
Colombia	(P)			
Costa Rica	(M)			
Guatemala	(M)			
Dominican Rep.	(C)			
Jamaica	(M)			
El Salvador	(M)			
Honduras	(M)			
Mexico	(C)			
Trinidad & Tobago		(B)		
Bolivia		(C)		
Peru	(M&C)			
Ecuador	(B)		(B)	
Panama			(B)	
Brazil		(B)		
Paraguay			(B)	
Haiti				(C)
Belize				(C)
<u>Asia/NE</u>				
Indonesia	(M&C)			
Bangladesh	(M)			
Egypt	(M&C)			
India	(P&M)			
Nepal	(M)			
Pakistan	(M)			
Sri Lanka	(P)			
Thailand	(P)			
Tunisia	(M)			
Morocco	(M&C)			
Jordan			(B&M)	
Turkey			(C)	
Yemen				(C)
Burma				(C)
Phillipines				(C)
<u>Africa</u>				
Ghana	(M)			
Zimbabwe	(C)			
Nigeria	(C)**			
Zaire	(M)			
Liberia	(C)			
Somalia		(M)		
Rwanda			(C)	
Malawi			(C)	
Mali			(C)	
Niger			(C)	
Kenya			(C)	
Sudan			(C)	
Senegal			(C)	
Guinea				(C)
Botswana				(C)
Cameroon				(C)
Mauritius				(B)
Swaziland				(C)
Zambia				(C)
Cape Verde				(C)

Key: Source of AID Funds: C= Central M= Mission B= Bureau  
P= Privately Financed

\*= countries which have signed project agreements but have not yet begun selling

\*\*= all centrally funded activities were funded through SOMARC except Nigeria which was funded through FPIA

Sales Programs - The CSM Project is now in its fourth year of operation and has resulted in the establishment of nine country projects and one regional project. Seven of the projects have active sales. Seven of the programs work through private pharmaceutical distributors, one works directly with a family planning association and one with a government agency. In terms of sales performance, those projects working directly with the commercial sector have been the most successful.

The five active sales programs which have been operational between 1984 through December 1987 have provided an estimated 540,324 couple years of protection. Consumer profiles from Indonesia, Mexico, Dominican Republic and the Caribbean show that 65 to 95 per cent of purchasers of CSM products are from lower socioeconomic groups, the target population for this project.

While 30 per cent of the CSM I sales programs have established a nationwide distribution system, the majority remain predominantly urban programs. This reflects the more developed marketing infrastructure available in urban areas. (For a list of CSM I supported active sales programs, the implementing agency, the product mix, the geographic focus, and the number of distribution outlets, see Table II.)

CSM I has also provided short term technical assistance to fourteen other ongoing A.I.D.-financed programs implemented by other agencies.

In the area of management information systems, under Phase I, technical assistance has been provided to improve data collection and management and to train staff from implementing agencies in computerized information processing techniques. To date, the project has provided computer equipment and computer training in seven countries and has assisted several countries in revising their accounting procedures. Additionally, the project routinely collects standard sales statistics on all of the A.I.D.-financed programs.

Research - Another important component financed under CSM I was evaluative research through a series of special studies. While evidence is currently available from only a limited number of countries the findings suggest that the CSM approach is having a positive impact on prevalence and that the programs reviewed are reaching their desired target audience:

1. A cross-section time-series analysis of 44 countries indicates that, on average, CSM programs have increased prevalence by about 20 per cent.

TABLE II  
PROJECT ACTIVITY SUMMARY

COUNTRY	IMPLEMENTING AGENCY	PRODUCT	Geographic Focus	Number of Outlets
Barbados Including St. Lucia & St. Vincent)	F. B. Armstrong (Pharmaceutical Distributor)	Female OCs  Female LD OCs VFTs * Panther condoms	URBAN	1300-1400 Pharmacies and small shops
Dominican Republic	Profamilia (Family Planning Association) Schering Pharmaceutical Manufacturer	Microgynon OCs	URBAN	2000 Pharmacies
Ghana	Danafco Pharmaceutical Distributor	Norminest OCs Beg. Aug. 87  K-mal VFTs Beg. 12/86 Panther Condoms Begin 4/86	URBAN	1000 Retail Outlets 10 Regional Sub-depots
Indonesia	P.T. Mecosin Pharmaceutical Distributor	Dualima Condoms	URBAN 10 cities	134,217 Pharmacies and Retail Outlets
Mexico	DIPLAF (Government Body) Through CONASUPO (Parastatal)	Protector Condoms	URBAN AND RURAL	4,500 CONASUPO Grocery Stores
Peru	APROPO Pharmaceutical Distributor	Microgynon OCs Lorophyn VFT (local)	URBAN AND RURAL	48,000 National Distribution Through Pharmacies
Zimbabwe	Geddes Limited Pharmaceutical Distributor	Gold Coin, Norquest LD, Flower Logo VFT	URBAN	1,040 Pharmacies and Drs. Clinics
Bolivia	Abendroth and Schering Manufacturer of Pharmaceuticals	VFT Noriday	URBAN AND RURAL	12,000 Pharmacies
Ecuador	Schering-Pharmaceutical Manufacturer/Distributor	Microgynon	URBAN AND RURAL	3,800 Pharmacies and Boticas (small shops)

\*VFT - Vaginal Foaming Tablets

2. Consumer intercept surveys from various countries indicate the net impact on prevalence is around 40 to 65 per cent in Sri Lanka (1977), Bangladesh (1976), Honduras (1986), Dominican Republic (1986) and Barbados (1987).

3. Time series data in Nepal shows no substitution between CSM and public sector clients in the sales and distribution of condoms, while market research in Mexico indicated that 34 per cent of the CSM clients are new users.

4. In the Dominican Republic, 84 per cent of the CSM users are from lower middle and low income socioeconomic groups.

5. In Honduras and Barbados CSM customers are from lower socioeconomic groups than other contraceptors while in Nepal, CSM clients come from lower economic groups in rural areas but tend to be better educated and older.

Market research supported in each of the sales programs has also yielded important findings which have been used to design well-targeted consumer oriented products and advertising and promotion campaigns. For example, in Liberia, focus groups revealed that men more frequently purchase contraceptives in pharmacies than women. In the Caribbean Regional project, careful market segmentation and concept testing led to the design of a message for young couples.

Private Sector Involvement- One of the most prominent accomplishments of the CSM I project has been its success in establishing active new partnerships with the commercial sector. In six of the sales programs initiated under phase I, commercial sector partners are willing to reduce prices to the public by as much as 50 per cent for high quality contraceptives, training of pharmacists and other contraceptive retailers, and distribution costs.

These partnerships have resulted in significant savings to A.I.D. Over the next three years, A.I.D will save an estimated \$1.1 million in commodity costs in the five Latin American countries where contraceptives are currently made available by the commercial sector. Approximately \$225,000 in Ecuador and \$400,000 in Peru will be saved as a result of private pharmaceutical manufacturers' contributions toward pharmacist training and educational materials for the training courses. In Liberia, the commercial distributor will contribute \$13,400 for repackaging of the product.

#### Project Accomplishments

One of the project's principal objectives is to establish five

to ten full-scale sales programs by 1989. Thus far, the project has already exceeded its minimum target, and demand from Missions and host countries is increasing. By the end of 1988, there will be a total of eleven active sales programs supported through CSM I, bringing the total number of A.I.D.-financed sales programs worldwide to 33. The Missions and geographic bureaus have been highly responsive to this project through their large buy-ins, now totalling over \$3 million. In fact, one reason for proceeding with the Phase II design is that the project is currently unable to take additional buy-ins or initiate new programs under its current contract ceiling.

Some of the subprojects' most noteworthy accomplishments in the areas of increasing contraceptive use, heightening awareness of contraceptive methods and promoting technology transfer and policy reform are briefly summarized below:

In Indonesia, the project launched the Dualima condom in April 1986. The project is unique in that the government is paying for the contraceptives. Market research in June 1986 has also provided evidence that there has been a significant increase in awareness of all contraceptive methods as a result of CSM project activities in Indonesia.

In Ghana, since the launch of PANTHER condoms by the Ghana Social Marketing Program (GSMP) in 1986, actual product sales have exceeded projected annual sales by 50 per cent. In addition to sales success, the GSMP has continued its innovative training program for all pharmacists and chemical sellers in country. This training program is expected to serve as a model for other African countries and may lead to important policy reforms such as relaxing prescription requirements for oral contraceptives. In October 1987, the Ghanaian government lifted its ban on contraceptive advertising.

In the Dominican Republic, the CSM Project has established a unique collaborative relationship between Schering, A.G., the manufacturer of Microgynon, and the family planning association, PROFAMILIA. Schering's participation as a partner in this project has made it possible for the program to operate at a lower cost to A.I.D. as Schering provides the pill at a reduced price to PROFAMILIA. A consumer intercept survey in 1986 showed that 34 per cent of the purchasers of CSM products are new acceptors of any contraceptive method. The study also revealed that 84 per cent of the CSM product purchasers are from the targeted low income groups.

## 2. Lessons Learned:

In September 1987, the Office of Population commissioned two tasks: a global assessment of CSM programs worldwide funded under this central project and other bilateral or regional projects; and an external evaluation of the CSM I Project. This was the first time that such an assessment has been undertaken by an external team since A.I.D. became involved in this field.

The purpose of this assessment was to extract successful characteristics from new and ongoing country projects which should be incorporated in the next phase of A.I.D.'s social marketing program. After doing an in-depth visit to six country programs and a desktop review of six others, the Assessment team unambiguously endorsed the CSM approach and strongly urged A.I.D. to "continue supporting these programs over the next five to ten years."

Among the most significant findings highlighted by the team were the following:

In every case examined, CSM effectively expanded access to family planning services and increased awareness and knowledge of family planning methods. There is evidence from several countries that CSM programs are reaching a substantial number of new users;

The successful CSM projects have resulted in desensitizing family planning concepts. They also augment market expansion and contraceptive prevalence in general (halo effect), as a by-product of CSM promotion and advertising;

CSM permits governments and donors to take advantage of the private sector network for marketing and distribution which donors and governments cannot afford to duplicate. CSM also offers cost effective delivery systems which, after initial start-up investment in marketing, research and training, can approach self-sufficiency.

CSM programs have transferred important marketing techniques to private sector institutions in developing countries and provided a framework for marketing and distribution of other essential commodities such as oral rehydration salts.

The team identified lessons learned and recommendations in six areas including management, marketing, distribution, advertising, cost recovery and training.

Management - The report emphasized three central factors for success in future projects. These factors are:

- 1) Strong endorsement and support from the host government.
- 2) Presence of experienced marketing professionals to staff, supervise, and monitor projects and;
- 3) Adequate delegation of authority from the donor and host governments to the implementing agency.

Marketing - The report found that product packaging is critical to program sales success and warrants considerable investment. The team also recommended that A.I.D. consider switching from a policy of creating individual brands for each country to a policy of 'world branding'. Currently A.I.D offers fifteen types of condoms to its CSM programs. The team recommended that to resolve these problems A.I.D consider limiting its commodity line to two or three successful brands.

Distribution - The team found that the most successful distribution systems are through independent, for-profit organizations that carry other consumer health products. They emphasized however, that in order to enhance distribution the commercial sales and distribution personnel must receive adequate training about the products and the project's importance to the nation. They also pointed out that CSM programs should consider marketing products through private sector distribution channels beyond retail outlets such as private physicians and midwives.

Advertising and Promotion - The team found that while mass media programs have been effective relative to sales performance, media plan testing has not been adequately used. They recommended that all sales programs test its media mix through test markets, prior to formally launching the product. They suggested that messages be designed which reflect greater insight into consumer motivation rather than vague "small family, happy family approaches." They also recommended that CSM programs allocate greater resources to point of purchase advertisements and brochures for consumers, distributors, retailers and the medical community which provide useful information about the product which cannot be easily conveyed through the mass media. Finally, they recommended greater use of non-formal media such as the techniques used in Egypt through CSM rallies and in Bangladesh where the program advertises CSM condom brands on sailboats.

Cost Recovery - The team found that many of the programs have the potential to become self sustaining, if provided with free contraceptives. They recommended that A.I.D. and the recipient

organizations carefully analyze project costs at the outset to establish realistic cost recovery targets. They also stressed that CSM product price decisions be set which take into account the need to target to low-income groups but also maximize cost recovery objectives. Finally, the team encouraged A.I.D. to elicit support from other donors for CSM activities.

Training - An important lesson to be drawn from the CSM programs is that non-physician vendors play a valuable role in the safe delivery and promotion of family planning services. Experience has shown however, that short-term training is required before launching the product and that the most effective training programs emphasize patient screening, counseling and referrals.

A related issue to training of non-physician vendors is that of actively involving the medical community. In many countries it is the medical community which expresses the greatest opposition to CSM programs, particularly when ethical products are being sold over the counter. In countries such as Egypt and Bangladesh where training and public relations efforts have been targeted to the medical community, the CSM have been able to elicit their support.

In December 1987, an external mid-term evaluation for the CSM Project was carried out. The evaluation covered project design and management issues, contractor performance and the appropriateness of the projects' special studies and publications. Combined with the findings of the global CSM assessment, the evaluation was designed to provide guidance for the follow-on project.

In general, the team found the basic design of the CSM project and its contract to be sound. The project has exceeded its targets for establishing new sales programs. The team also highly commended the project for having increased the involvement of the private sector, especially in Latin America, in the management of programs, the provision of commodities and, to a somewhat lesser extent, training and promotion activities.

While no major design changes were proposed, a number of refinements for the follow-on project were recommended for the research agenda, information dissemination activities and strengthening technical assistance to African and Asian programs.

## B. Contraceptive Social Marketing II

The CSM II project is a follow-on to and incorporates

activities started under CSM I. The design also takes into consideration the recommendations provided in the recent global assessment and the mid-term evaluation. The project will however, be refocused somewhat to place greater emphasis on cost recovery and sustainability, training and increased use of country-specific market research.

### 1. Project Goal and Purpose

Project Goal: The goal of this project is to enhance the freedom of individuals in LDCs to voluntarily choose the number and spacing of their children.

Project Purpose: The project purpose has two parts: 1) to increase the availability and use of contraceptives among low-income groups using community marketing and distribution techniques; and 2) to establish realistic cost recovery schemes and targets in all sales programs.

2. Project Approach: CSM II will represent a period of consolidation and expansion of sales programs. Countries in Latin America and Asia/Near East with more sophisticated infrastructure and higher per capita incomes will be assisted in becoming more financially independent. Newer programs, particularly in Africa, will require relatively more assistance in marketing research, policy, legal issues and training including heavier subsidies in the initial years.

There are several new directions or areas of emphasis which this project will pursue over the five years; cost recovery, alternative sources for commodities, improving local marketing and management skills, innovative types of promotion and advertising and increased donor participation.

a) Cost recovery: In any discussion of the cost recovery of CSM programs it is necessary to acknowledge several realities:

1) CSM is neither a quick answer to the resolution of all contraceptive distribution problems nor to the achievement of the goal of complete sustainability. Rather, CSM is one component of a broader national effort to improve family and reproductive health and recover some of the national family and reproductive health program costs while working toward sustainability.

2) There are very real trade-offs between obtaining the social goal of increasing the availability and use of contraceptives among low and middle income groups and increasing program sustainability. New CSM projects

starting in high priority areas, such as Africa, which have generally low per capita income and poorly developed infrastructures, will probably not approach levels of sustainability nearly as fast as programs initiated in wealthier countries.

One of the main goals of the cost recovery component of this project is to gain efficiencies in cost recovery through more sophisticated pricing structures using better market sector analysis and more precisely defined cost recovery targets.

#### Cost Recovery/Sustainability: Discussion

i. The ultimate goal of a social marketing program with an emphasis on sustainability is to let market forces dictate commodity prices via supply and demand curves. However, market-determined pricing in CSM is not possible in many LDCs (initially, at least) for some of the following reasons:

- o There is a lack of demand due to insufficient information, traditional mores associated with contraception, and poor infrastructure for marketing efforts.
- o There are very high start-up costs, particularly for distribution, which cannot be absorbed into the product price structure.
- o The low socio-economic status of significant portions of target LDC populations.

CSM programs attempt to stimulate demand by informing populations about the benefits of contraception and, concurrently, subsidizing the price of product. Because of the high start-up costs involved in the informational/promotional components it is not rational to expect CSM programs to cover these costs from revenues generated by market-determined pricing. However, past experience shows that after initial start-up costs have been met, some programs may achieve near sustainability, or possibly, earn profits -- even without commodity donations.

It is most important to recognize, in each target market segment, the critical point at which the social and family planning goals of the program are no longer being met. A particular program's sustainability success, therefore, is determined by a convergence of three factors: the social goals of the program for each market segment, the marketing capability of the program in converting target segments into viable consumers of product, and the price of product --

determined in CSM, initially, as almost nil. As time passes, A.I.D. subsidy can approach, or reach, a 50 per cent subsidy in countries where A.I.D. donates the commodities and also pays for all start-up costs. (Ghana, Morocco, Zimbabwe) In countries in Latin America where the private sector is willing to support 50 per cent of the program's costs the potential exists to move from a 50 per cent A.I.D. subsidy to 0 per cent given market environments which are capable of paying the true cost of product.

While it is doubtful that all countries, through their varying target market segments, can pay this true cost (and thus become completely sustainable) there are a variety of maximum levels of sustainability which each country can reach after heavy up-front costs have been met and state-of-the-art marketing practices have been utilized. Knowing this mix of target markets, their receptivity to marketing messages, their ability to pay (and thus, maximum cost recovery levels), will be a basic goal of each CSM II country program.

Therefore, a major goal of the CSM II implementing agency is to minimize the subsidy, over time, in order to maximize revenue to offset cost. The task of the implementing agency is to learn the market and its segments well enough to be able to change price according to elasticity of demand for these market segments in order to achieve maximum cost recovery and thus, greater sustainability. In addition, sufficient trade margins must be allowed to provide incentives for the distribution network. This will require state-of-the-art market research combined with expert economic analysis which will be provided by the project's technical assistance team during the project design phase.

ii. Financial Appraisal: Each new program design should include an initial sensitivity analysis which will project revenue and operating costs under varying sets of market assumptions and market pricing. This analysis will result in realistic cost recovery targets, based on the defined social goals of the project, and will be included in subproject agreements. Each project will also define levels of composition and support which are attainable and acceptable to the host government, the implementing agency, and A.I.D. and which show a propensity toward long-run sustainability. This economic, market and financial analysis will be an integral part of the initial feasibility study for each country program. Once the Mission and host government have agreed to target levels, a sub-contract incorporating these cost recovery targets will be signed by A.I.D./W, the Mission, and the implementing agency.

iii. Reappraisal of Ongoing Projects: As early as possible under CSM II, financial reappraisal teams will visit each of the eleven active sales programs to conduct an assessment similar to that described in (i.) above. The team's first responsibility will be to compile accurate operating cost data and project alternative cost recovery schemes via sensitivity analysis. In consultation with USAIDs, these projections will be used to establish project cost recovery targets and to map the way for an eventual phase out of centrally-funded assistance for all ongoing Phase I projects.

iv. Management Information Systems: Under CSM I, a Management Information System was devised for all sales programs and data has been collected. Under CSM II the system will be revised to include a more detailed report on costs in order to better assess start-up and recurrent costs and project revenue.

Also, because part of the problem with documenting cost-effectiveness of CSM programs in the past has been due to a lack of standardized data, CSM II will require more standardized reporting procedures on costs, revenue and CYP. The result should be more reliable data with which to measure cost-per-CYP trends.

b) Alternative Models of Commodity Support: There are currently several countries which have adopted alternative methods for obtaining contraceptives for their CSM programs outside of A.I.D. procurement channels. These include direct host government procurement from third countries and supply from private pharmaceutical manufacturers. While these options appear to be effective, Phase II will explore additional sources of program contraceptives. Several options which will be considered include host government procurement from A.I.D. (either through their own or A.I.D. commodity import program funds). Another option currently being tested in Morocco is to provide an initial seed stock of contraceptives which will be replenished by the local distributor after initial sales.

During the design phase for all new sales programs, careful attention will be paid to identifying a suitable and sustainable source for contraceptives. Experience has shown that in many countries, private pharmaceutical manufacturers are willing to provide CSM products at no cost to the project. In countries where the private manufacturers are not able to collaborate with this CSM market due to the size of the market or import restrictions, support from other bilateral or

multilateral donors will be sought. Short term technical assistance will also be provided to projects launched under CSM I or to other A.I.D.-financed CSM programs to explore alternative sources for CSM products.

Phase II will also encourage the concept of 'world branding' in new subprojects to increase efficiency in procurement through A.I.D channels.

c) Improved Marketing and Management Skills: The recent CSM assessment highlighted the need for additional short term training in the area of marketing and financial management for the implementing agency, host government, and USAID staff charged with providing policy advice and monitoring CSM program operations. Phase II will substantially increase the amount of short term training to launch and monitor sales programs. Section 3b below describes the levels and amounts of training which will be included in this project. Another area which will be further developed during Phase II is expanding the commercial distribution network by using non-traditional retail channels. In Bangladesh, CSM products are being sold to village medical practitioners who distribute them and in Egypt, the CSM program sells IUDs to medical representatives. These types of approaches will be encouraged in order to overcome weaknesses or barriers to effective distribution of contraceptives through the retail system.

d) Innovative Promotion Techniques: A key element of the CSM I Project has been to use creative promotion and advertising to persuade consumers to buy CSM products. A variety of techniques including broadcast media, point of purchase promotions, public relations campaigns and interpersonal approaches have been used to launch and maintain product sales.

The experience gained to date has shown that promotion works best when it is continuous as well as extensive, and that sales of contraceptives are quite sensitive to the level of promotion. The major constraint on CSM promotion however, is cost. Typically, promotion costs constitute between 20-40% of a program's operating costs.

CSM II will place increased emphasis on designing and testing media strategies which take into consideration recurrent cost considerations. Particularly, for ongoing programs in Latin America and Asia, increased attention will be placed on having the lead implementing agency cover its promotion costs.

The Project will also attempt to make greater use of locally produced point of purchase advertisements, package inserts and

instructional or promotional brochures which are less expensive to produce than television or radio spots, but have proven to be effective. These types of materials have been particularly effective in countries where advertising is prohibited and prevalence is low such as Pakistan and Ghana.

e) Increased Donor Participation: A.I.D. has virtually single-handedly financed the development of the CSM approach. To date, no other major donor has financed a CSM project. Now that A.I.D. has established the effectiveness of this approach, it is time to "market" it to the other donors in an effort to broaden the resource base available in this area. CSM II will invite other funding agencies to participate in annual workshops which review the achievements of ongoing CSM projects. Efforts will also be made by the Office of Population to effectively disseminate research results and program accomplishments to increase interest in this approach outside of A.I.D. Finally, an A.I.D./W project committee will be established for each of the eight to ten new sales programs launched during Phase II, and other donors participation will be solicited to contribute to the design of these new programs and to keep them informed about the subprojects' progress. Every effort will be made in the design phase of each new subproject to identify other donors who could potentially contribute funding support for commodities, advertising or research to the project.

3. Project Outputs The CSM II project will support five categories of activities including development and implementation of sales programs, staff development, research, management information systems, and information dissemination.

a) Development and Implementation of Sales Programs - By the end of Phase I, eleven active sales programs will be initiated under subproject agreements. These programs have provided technical support in the areas of feasibility assessments, market research, project design and implementation, management information and commodities. The CSM II project will continue to provide these forms of technical and commodity support for between eight to ten new subprojects. It will also continue to offer assistance to ten to twelve Phase I projects.

In terms of technical assistance for sales programs, experienced regional management teams (RMT) based within the region would provide continuous assistance to launch and monitor subprojects. Each RMT would consist of a General Manager, at least one Assistant, and one secretary. By basing

these teams within the regions rather than in the U.S., it is hoped that the frequency and quality of technical assistance will improve.

Typically, the RMT would carry out in any new country pre-design reconnaissance visits which would in turn lead to a country assessment. Following the assessment, a project design would be undertaken. Once the design has been completed and approved by the USAID Mission, the implementing agency, and A.I.D./W, the RMT would develop subcontracts with local firms to carry out the various aspects of the program.

In countries where long term in country resident advisors are required, the project would provide up to ten for approximately two years. These advisors would be locally hired and it is envisioned that the majority would be placed in Africa to launch new country programs.

The CSM II Project will also finance efforts to establish specific cost recovery targets in both the Phase I and Phase II programs. The objective of this aspect of the project is to "graduate" subprojects from reliance on central A.I.D. funds to a combination of locally generated project revenues, supplemented by Mission or other donor assistance.

- One major change in terms of subproject operations for all new sales programs is that a detailed project agreement will be prepared for each country program which spells out specific cost recovery targets, lines of authority and any policy reform measures which may be necessary to assure smooth project implementation.

Finally, this follow-on project will continue to respond to field requests for specialized short term assistance in countries with bilateral CSM projects.

b) Staff Development - Two types of training will be undertaken in the CSM II Project: in-country training and U.S. based internships. The project will support the design of approximately five project specific training modules in areas not covered by existing A.I.D. projects (contraceptive safety, cost accounting and cost analysis). Once developed, these modules would be used to support in country training for pharmacists, retailers and detail staff, the medical community and host government officials in contraceptive use, screening and quality control and the objectives of the CSM project. Five national in country training workshops will be financed each year. In countries where other cooperating agencies have

successfully conducted similiar training programs the cooperating agency which implements this project will collaborate with these groups.

In order to provide direct hands on exposure to state-of-the-art advertising and marketing techniques, U.S. based internships of up to four months will be provided to field staff from subprojects with U.S. advertising agencies and major consumer marketing firms. Experience in Phase I has shown that it is difficult and costly to provide this highly specialized private sector expertise in field settings. A total of 25 internships will be funded during the life of the project.

c) Research - Phase II of CSM will support two categories of research including country specific market research and multi-country special studies.

Based on the recommendations of the 1987 evaluation, the major accent of the Phase II research agenda will be support for market research designed to improve program performance in a particular country. These studies have been used to establish a baseline, track consumer practices and assess changes in knowledge and awareness of both contraceptives and particular brands. Other studies which are currently underway are designed to assess the impact of price changes on sales and consumer characteristics. Consumer intercepts, focus groups, retail audits, package design, name tests and panel research are all techniques which have been effectively used in Phase I and will be supported in Phase II. It is envisioned that this category of research will be carried out through subcontracts with private research firms in the various countries of operations, with technical assistance provided by the principal contractor.

The second category of research which will receive support is multi-country special studies which are designed to obtain answers to operational questions affecting the implementation of CSM programs. Several topics which warrant further study in the coming years include, but are not limited to: the impact of various levels of advertising on country sales performance; the development and testing of a model to forecast sales and the relative cost-effectiveness of various types of CSM programs. Whenever possible, the CSM project will work closely with the Operations Research Project to address questions such as these.

d) Management Information Systems - As highlighted in the December 1987 evaluation, it is essential for sound project

management that a reliable information system be maintained for the overall project as well as subprojects. Under Phase II, the principal contractor will review the system developed under Phase I and revise it to include standardized reporting on project costs and revenue and the cost per CYP. A central MIS which can be easily accessed will be maintained by the contractor. A financial analyst/management information specialist will be part of the contract team to respond to technical assistance requests by sales programs desiring an automated system. Funds will also be available to finance up to 20 microcomputers for sales programs.

e) Information Dissemination - The need to provide a forum for countries engaged in CSM programs and to promote the CSM approach was underlined by the 1987 evaluation. Phase II will therefore fund one regional workshop each year in each of the three regions. The regional workshops will cover topics of general interest to more than one country and will emphasize specific skill development in the areas of marketing, financial management and recordkeeping, business analysis and health safety. Workshops will range in length from five to ten days and the number of participants will average 75. The project will also support a conference for the international research community to disseminate the research findings from evaluations of the various country programs and special studies.

Finally, CSM II will support the publication of a series of technical papers or case studies which highlight project supported research findings. A library which contains all of the literature on CSM collected over the years will be maintained by the principal contractor.

f) Other Activities - Other activities related to the promotion and distribution of essential health related products such as oral rehydration salts (ORS) will be considered on a case by case basis. For example, in countries with established CSM programs where the Mission or implementing agency wishes to use the commercial distribution system to promote other products, technical assistance could be provided through this project to market these commodities. It is expected however, that regional or bilateral A.I.D. health funds would be used to purchase all health related commodities and pay for any related local costs.

4. Target Countries: Based on discussions with A.I.D./W Regional Bureaus, Mission requests and the results from feasibility assessments which have been carried out under Phase I, the project will provide technical assistance to promote the

design and implementation of eight to ten new CSM programs. Assistance will also be provided for ten to twelve ongoing CSM programs initiated under Phase I. Finally, short term technical assistance to "fine tune" older, more established programs, particularly in accounting, management information systems and cost recovery, will be offered to all operational sales programs. Possible sites for new program development and continuing support follow:

<u>New Program Development</u>	<u>On-going Assistance To Phase I</u>	<u>Shortterm T.A.</u>
Yemen	Caribbean Regional	Egypt
Phillipines	Dominican Republic	Bangladesh
Zaire	Indonesia	Nepal
Cameroon	Morocco	Somalia
Botswana	Liberia	Turkey
Sudan	Ghana	Sri Lanka
Guinea	Mexico	Colombia
Rwanda	Zimbabwe	Guatemala
Mali	Bolivia	Nigeria
Haiti	Peru	Kenya
	Brazil	Tunisia
	Malawi	
	Jordan	
	Ecuador	

## 5. Cost Sharing

Cost-sharing is an important element of A.I.D.'s private sector initiatives. CSM is one of three population projects supported by S&T/POP devoted exclusively to developing private sector service delivery programs which are entirely or largely self-supporting.

CSM makes use of existing private sector networks for distributing and supplying contraceptive commodities -- thereby foregoing much of the infrastructure development (and costs) associated with other approaches to service delivery expansion. Tapping the private sector has a number of proven advantages for A.I.D.'s assistance objectives. Local private distributors have a financial incentive to make the system work because they receive income from trade margins rather than from program budgets. Economies of scale apply as programs grow. State-of-the-art marketing techniques are employed in determining commodity promotion plans, selecting points of distribution, setting price structures, and designing product packaging. Because there is an element of cost recovery from program revenues, there is impetus for program sustainability.

While it is difficult to quantify with precision the value of the private sector's contribution to contraceptive social marketing programs, it is possible to make rough estimates. Because these programs make use of an existing distribution network, A.I.D. averts the costs associated with establishing a comparable network.

## 6. Women in Development

The types of commercial outlets targeted for CSM programs are primarily owned and operated by men. Therefore, the CSM II project does not include discrete activities in which the interests of women in developing countries figure predominantly. However, increasing the availability of contraceptives is of direct benefit to their health and welfare since the burden of unwanted and excessive childbearing falls disproportionately on the poor women of the world.

#### IV. Project Implementation

##### A. Primary Cooperating Agency

This project will be carried out by a U.S. based contractor selected through the competitive procurement process. A contract between A.I.D. and a Cooperating Agency (CA) is advised because the Office of Population wishes to maintain a good degree of management control over project direction and activities, and to be assured of receiving a specific type and level of project outputs.

The CA will have nine major responsibilities:

- 1) Carry out feasibility studies and design new CSM programs which include explicit cost recovery targets;
- 2) Monitor new and ongoing CSM programs initiated under Phase I;
- 3) Develop an explicit plan to phase out of all ongoing programs funded under CSM I.
- 4) Provide continuous technical assistance to ongoing programs initiated under CSM I and advise S&T/POP of commodity requirements;
- 5) Provide short term assistance for other CSM programs financed through bilateral agreements;
- 6) Develop CSM training modules and conduct in country and regional training programs. Identify suitable locations for U.S. based internships and handle all arrangements for the participants;
- 7) Conduct market research and multi-country studies to improve the subprojects' performance;
- 8) Disseminate the findings from research and evaluation of country programs through workshops, seminars and publications;
- 9) Serve as a clearinghouse for data on A.I.D.-funded CSM programs.

A contractor will be sought that can provide expertise and demonstrated competence in the design and implementation of CSM programs in developing countries, market research techniques, developing and conducting training programs, carrying out business and cost analyses, organizing international workshops and seminars and providing effective backstopping to multiple

field sites engaged in CSM programs in a variety of geographic settings. The contractor will need to demonstrate an understanding of A.I.D. procedures and policies such as, but not limited to, travel, clearances, funding cycles, contract guidelines, financial management and legislative requirements.

The contractor should also have a network of contacts with private sector pharmaceutical manufacturers and market research firms in both developing countries and the U.S.. The CA selected will be required to have strong existing internal capability to conduct all eight of the major responsibilities outlined above. Due to the range of technical and geographic requirements of this project it is likely that some aspects of the scope of work may require expertise beyond that available through the CA and it is likely that some sort of subcontractor arrangement will be required.

In the interest of minimizing the degree of fragmentation of project staff and successfully completing the scope of work, it is imperative that a single managing contractor assure that the scope of work is successfully completed. Wherever possible, the CA will use the services of minority and disadvantaged firms to assure an affirmative obligation. (See section X. for the certification of the procurement plan.)

The CA will be required to demonstrate existing in-house capability in all of the geographic regions. Ideally, the staff will contain professionals who have field experience and specialized skills in social marketing in LDC private sector family planning programs. In addition, the three regional managers would be expected to have extensive experience in the regions which they will manage including a substantial amount of time spent living and working in the region. The regional managers will be expected to travel 40% of the work year. French and Spanish language capabilities will be necessary in Africa and Latin America. The contractor should also make every effort to use third country nationals who are recognized as experts in CSM when providing technical assistance. Two thirds of the resident staff overseas should be from the regions in which they are working.

#### A. 1 Cooperating Agency Staff

It is anticipated that the project will support a senior technical staff of eleven full-time professionals in the key areas related to CSM program design and implementation, training and management information as well as one

administrative officer and two support staff. Up to ten locally hired resident advisors will also be funded upon request. In order to increase support to field operations it is envisioned that the Project Director, Deputy Director, Management Information Specialist, and Training Coordinator would be based in the U.S. while the RMTs would be based in their respective regions. Illustrative staff requirements appear on the following page.

#### A. 2 Cooperating Agency Facilities

The CA must have facilities necessary to carry out the program described, e.g. access to computers and word processing facilities and communications systems. Project funds will not be available for renovation of facilities construction. Limited funds will be available for some essential office equipment.

#### A. 3 Coordination and In-Country Implementation

The CA will act as A.I.D.'s principal technical resource for CSM programs. It will be expected to establish good working relationships with all appropriate Regional Bureaus, Missions, and other contractors, or grantees working in similar areas. The CA will also be responsible for coordinating and collaborating with other donors and A.I.D. funded CAs supporting and implementing family planning programs worldwide to ensure that the CSM programs are an integral component of family planning programs in a given country.

In terms of the design and implementation of new subprojects, the CA will assure that every effort is made during the feasibility stage to identify all existing sources of data and information relevant to the implementation of this program. The CA will take the lead in developing, managing and implementing subprojects and other activities in the field including assessing current knowledge, attitudes and practices related to contraceptive use, and identifying suitable counterparts and implementing agencies.

#### B. A.I.D. Management

Primary technical and administrative responsibility for the CSM II project will rest with ST/POP/FPSD. The A.I.D. Cognizant Technical Officer (CTO) will provide the contractor with overall technical guidance and will ensure that project implementation is consistent with the design set forth in this project paper. In managing the CA, consistent with the

Cooperating Agency Staff

<u>I. Headquarters Professionals</u>	<u>Full-Time Equivalents</u>
Senior Project Director	60pm
Deputy Director	60pm
Management Information Spec.	60pm
Training Coordinator	60pm
<u>II. Headquarters Admin/Clerical</u>	
Admin Officer/Contracts Mgmt.	60pm
Secretaries (2)	120pm
<u>III. Overseas Regional Mgmt. Teams</u>	
General Manager Africa	60pm
Assistant Africa Manager	60pm
General Manager LAC	60pm
Assistant LAC Manager	60pm
General Manager Asia/NE	60pm
Assistant Asia/NE Manager	60pm
Secretaries Regional Offices(3)	180pm
<u>IV. Overseas Resident Managers</u>	
Locally-Hired Managers (10 for 2 years)	240pm
<u>V. Consultants</u>	2900 days or 145pm

pm = person months

substantial involvement concept underlying contracts, the CTO will exercise a variety of functions including:

- 1) collaborative involvement in the development of an annual workplan and all modifications of the workplan;
- 2) monitoring project implementation, reviewing all regular and special reports; holding project debriefings;
- 3) approval of all activities carried out under this contract including subcontracts, information dissemination, research protocols, and international travel,
- 4) participation in periodic management reviews and evaluations to review program progress and future strategy;
- 5) approval of all key personnel and consultants.

The CTO, in conjunction with the Regional Bureaus and Missions will define country and specific programmatic priorities during the life of the project. An A.I.D./W project review committee will be established for each of the new subprojects to review the design and periodically review the projects' implementation progress. The CTO will chair these project review committees. All contractor travel to a particular country and the assignment of resident advisors will require approval from the appropriate Mission.

All significant findings produced by the contractor and major project accomplishments will be shared with the Regional Bureaus, USAID Missions, other family planning donors and commercial pharmaceutical manufacturers where appropriate. The CTO will be responsible for organizing periodic special project presentations in A.I.D./W.

Throughout the life of the project, the CTO will assure that coordination with other ST/POP projects is provided. The CTO will also work closely with various technical, administrative personnel such as M/SER, and PPC, Regional Bureaus, GC and Missions to assure that subprojects and contracts adhere to A.I.D. regulations and are consistent with A.I.D. strategies in a given country.

Finally, the CTO will prepare an initial cable to the field to describe the major components of this follow-on project. Missions will be asked to identify future needs and possible buy-ins.

### C. Implementation Schedule

The implementation schedule for the major components of the project is presented on the following page. Project paper approval is expected to take place in April 1988. Procurement for the contract will begin as soon as the project is authorized and will be awarded in September 1988. It is anticipated that there will be a six month overlap between the completion date of CSM I and the start-up of CSM II.

Subcontracts for country programs will be phased throughout the first three years of the project. Given the start-up time required for CSM programs, country programs started in years three and four of this project would not normally be completed by the end of project. The overall project evaluation scheduled for the third year will assess the need for new or amended project authority to complete these programs.

Two outside evaluations are scheduled for March 1991 and March 1993. Internal management reviews are scheduled at the conclusion of each fiscal year.

PROJECT IMPLEMENTATION PLAN  
BY Quarter (FY 88-94)

<u>Activity</u>	FY88 3/4	FY89 1/2/3/4	FY90 1/2/3/4/	FY91 1/2/3/4	FY92 1/2/3/4	FY93 1/2/3/4/
<u>I. Program Documents</u>						
PP Approval	X					
Process PIO/T	X					
Process RFP	X					
Select CA	X					
<u>II. Country Projects</u>						
10 New Projects		3	5	2		
On Going		XX	XXXX	XXXX	XXXX	XXXX
<u>III. Technical Assistance</u>						
Resident Advisors		2	5	3		
<u>IV. Training</u>						
		XXXX	XXXX	XXXX	XXXX	
<u>V. Conferences</u>						
		1	1	1	2	
<u>VI. Special Studies</u>						
		1	2	1	1	
<u>VII External Evaluations</u>						
				X		X
<u>VIII. Management Reviews</u>						
		X	X		X	

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#### U. Budget and Financial Plan

The total life of project funding for activities described in this project paper will be \$39.8 million over five years. ST/POP will provide \$29.3 million of this total. Regional Bureaus and USAID Missions are expected to provide approximately \$10.5 million through buy-ins which will cover local program costs and will be encouraged to cover some core costs, if appropriate. Contraceptive commodities will be provided to subprojects under separate ST/POP funding authority.

Table III presents the estimated obligations and budget line items by fiscal year. It is an extrapolation of Table IV which contains an estimated budget for the first year. Future year budgets will be modified by ST/POP/FPSD based on experience, relative need and evolving priorities.

Costs for travel, consultancies, workshops and estimated buy-ins are based on ST/POP/FPSD experience during CSM I. Buy-ins under Phase I totalled \$3,100,000 or 15% of total project funding to date. A five percent annual inflation factor is assumed for all budget components. A ten percent fixed fee on all project costs is estimated.

PROJECTIONS OF OBLIGATIONS BY YEAR  
(IN U.S. \$000)

Project Component	YR 1	YR 2	YR 3	YR 4	YR 5	TOTAL	Percent
Personnel	1,605	1,632	1,605	1,605	1,578	8,025	20.1%
Fringe Benefits	353	359	353	353	347	1,765	4.4%
Indirect Costs	1,957	1,991	1,957	1,957	1,925	9,787	24.6%
Short Term Consultants	150	150	180	200	200	880	2.2%
Travel/Per Diem	263	263	283	340	350	1,499	3.8%
CSM Workshops/Advisory Council	100	100	100	100	0	400	1.0%
Training	700	650	650	650	600	3,250	8.2%
Training Materials	50	50	50	50	50	250	0.6%
Special Studies/Publication	60	120	60	60	0	300	0.8%
Microcomputers for Headquarters	35	0	0	0	0	35	0.1%
Microcomputers for LDCs	35	70	35	0	0	140	0.4%
Subcontracts for new project	1,000	1,100	1,200	1,300	1,500	6,100	15.3%
Continuation of Older Program	420	450	500	400	300	2,070	5.2%
Fixed Fee	673	673	697	701	685	3,449	8.7%
<b>SUBTOTAL</b>	<b>7,401</b>	<b>7,628</b>	<b>7,670</b>	<b>7,716</b>	<b>7,535</b>	<b>37,950</b>	<b>95.2%</b>
Inflation	370	381	383	385	376	1,895	4.8%
<b>TOTAL</b>	<b>7,771</b>	<b>8,009</b>	<b>8,053</b>	<b>8,101</b>	<b>7,911</b>	<b>39,845</b>	<b>100.0%</b>
	19.5%	20.1%	20.2%	20.3%	19.9%	100.0%	
 Mission Levels of Funding Necessary To Pick Up Programs Are Estimated At this time To Be:	 2,000	 2,000	 2,000	 2,500	 2,000	 10,500	

TABLE IV  
DETAILED BUDGET FOR YEAR 1

<u>I. Personnel</u>	<u>Approximate G S Level</u>	<u>Salary and Overseas Allowances</u>
Project Director (12/P/M)	15-5 (61,006)	61,006
Deputy Director (12 P/M)	14-5 (51,863)	51,863
General Manager Africa (Based in Africa) (12 P/M)	13-5 (43,891)	200,000
Assistant West Africa Manager (Based in Africa)	12 (32,567)	200,000
General Manager Latin America (Based in LAC)	13-5 (43,891)	200,000
Assistant LAC Manager (Based in LAC)	12 (32,567)	200,000
General Manager Near East/Asia (Based in Asia)	13-5 (43,891)	200,000
Assistant Near East/Asia Manager (Based in Asia)	12 (32,567)	200,000
Management Information Specialist	14	45,763
Training Coordinator	9-4	24,732
Locally Hired Resident Manager (5)	11( 27,172)	135,860
Admin/Contract Mgt.	9	22,458
Secretaries (2) Headquarters	6	33,042
Secretaries (3) Regional Offices	(10,000)	30,000
	Subtotal Personnel	1,604,724
II. Fringe Benefits (22%)		353,039
III. Indirect Costs (100%)		1,957,763
IV. <u>Short Term Consultants</u>		
\$300 daily rate x 500 days per year (\$150,000)		150,000

V. <u>Travel and Per Diem</u>	
\$200 per diem x 500 days per year (\$100,000)	
Travel: (Assume 36 International Trips/Year)	
18 Trips to Africa x \$5,000 (\$90,000)	
10 Trips to Latin America x \$1,800 (\$18,000)	
8 Trips to Asia/Near East x \$6,000 (\$48,000)	
Domestic Travel 20 Trips x \$350 (\$7,000)	
	263,000
VI. CSM Workshops in LDCs:	
1 Regional Workshop/Year	100,000
VII. Training	
In Country	
(Assume 5 in-country training workshops/year @\$120,000/wkshp)	600,000
U.S. Based Internships	
(Assume 10 the first year @\$10,000/internship)	100,000
VIII. Training Materials	
Five courses/year	50,000
IX. Special Studies	50,000
X. Publication of Research Findings	10,000
XI. Microcomputers for Contractors' Headquarters Network of 5 IBM PC/XT	35,000
XII. Microcomputers for MIS in LDCs (Assume 20 IBM PC/XTs @ \$7,000 ea. for life of project with 5 the first year.)	35,000
XIV. Subcontracts	
- New Country Programs	1,000,000
Continuation of Older Programs	420,000
Subtotal	6,728,526
Fixed Fee (10% of contract)	672,852
Inflation (5%)	370,068
Total	7,771,446

## VI. ECONOMIC ANALYSIS

The cost-effectiveness of family planning projects is generally measured in terms of cost per couple-year of protection (US\$/CYP). While cost per CYP data for CSM are not yet precisely standardized from program to program, a standardization process is occurring now so that comparisons and trends can be studied. However, it must be recognized that there are many factors which cause costs per CYP to vary and some of these factors make comparisons across countries of little value. Some of this variation occurs due to a lack of standardization of costs but, in general, variation in cost per CYP can be attributed to three main factors:

- o The age of the program. Costs per CYP are high in the early years because of heavy start-up costs and little or no revenue.
- o The size of the program. Larger programs with higher volume sales are able to take advantage of economies of scale and to achieve lower costs per CYP.
- o Price Determination. All things being equal, programs which are able to sell higher-priced commodities have lower costs per CYP. The key factor here is in knowing the critical price elasticities of demand so that program social goals are not being lost at the expense of revenue gain.

CSM data for 1984 show estimates of the net operating costs per CYP (Table I).<sup>(1)</sup> Operating costs include the costs of TA, local subcontracts for advertising, research, marketing and repackaging, local salaries and overhead, and the cost of purchased commodities. Because costs of donated goods were frequently unavailable, they were excluded from these cost-effectiveness estimates. It is only with caution that one should attempt to compare CSM project performance across countries. Some of the many confounding factors are: the level of socio-economic development in each country, urban/rural program mix, size of program, age of program, government regulations, political stability, and so on.

As programs mature cost per CYP decreases as front-end costs diminish and sales increase. In the first year of the Bangladesh program (1975) net operating costs per CYP (excludes commodity costs) were \$27.91. By the second year, with a decrease in costs and an increase in sales, net operating cost per CYP had decreased sharply to \$2.55.<sup>(2)</sup> In Nepal, net

total cost per CYP (which includes commodities costs) fell from about \$49 the first year, 1978, to about \$19 in 1981 and to \$8.30 by 1984.(3)

Large programs, taking advantage of economies of scale, tend to be able to be the most efficient in controlling costs. The Bangladesh program, which had an operating budget of about \$3 million in 1984 and a sales volume of about 1.4 million CYP, had an operating cost of \$2.25/CYP.(4) (This did not include the cost of commodities or the revenues from sales.) In comparison, smaller programs such as the one in El Salvador, with operating cost of about \$230,000 in 1983, had an operating cost per CYP of \$21.70. When adding sales revenue, the net operating cost was still \$14.56 per CYP.(5)

TABLE I. CSM Program Cost-Effectiveness Indicators, 1984

CSM Programs With Active Sale	Net Operating Costs per CYP (US\$ (a)s
Latin America and Caribbean	
Caribbean Region (b)	322
Colombia (c)	-2
Urban CSM	-4
Rural CBD (d)	2
El Salvador	3
Honduras (b)	40
Jamaica	0
Mexico	0
Asia and Near East	
Bangladesh	2
Egypt	4
India	NA
Nepal	4
Sri Lanka	0
Thailand (c)	0
Urban	-2
Rural CBD (d)	1

- (a) Data are rounded to nearest U.S. dollar. Net operating costs per CYP is calculated by subtracting CSM program revenues from operating costs (including technical assistance costs, if any, and local operating costs such as salaries, administrative costs, promotion, research, packaging and distribution costs, and cost of purchased commodities), and dividing by program CYPs. Program revenues include income generated from contraceptive sales and other ventures. A negative sign indicates that revenues are greater than operating costs and a zero indicates that revenues are roughly equivalent to operating costs. The costs of donated commodities are frequently unavailable and were therefore not included in the cost-effectiveness estimates.
- (b) 1984 is first year of sales.
- (c) Includes both community-based distribution sales programs in rural areas and traditional urban-oriented retail sales programs.
- (d) Community-based distribution.

Source: Binnendijk, Annette L., A.I.D. Evaluation Special Study No. 40, PPC/CDIE, USAID, 1986.

Pricing of product, once it has gained a level of consumer acceptability, is a complicated variable in the cost-effectiveness/sustainability equations. Higher pricing is a double-edged sword. At the margin, increased prices tend to increase revenues while decreasing demand, and subsequently, sales volume. On the other hand, decreasing prices tends to have the opposite effect. At the same time, margins must be large enough to provide incentives for distributors. Optimal price determination through market sector analysis and allowance for distributor incentives is at the heart of the cost recovery component of CSM II.

Caution must be taken when comparing the cost-effectiveness of the CSM approach to family planning with other family planning programs. However, CSM appears to be more cost-effective than other approaches and, because of its cost-recovery/private sector emphasis, provides argument for its expansion. The experience in Colombia provides an example of the spectrum of family planning alternatives and their costs:

<u>PROFAMILIA FAMILY PLANNING PROGRAM COMPONENT</u> (1984)	<u>US\$/CYP</u>
CSM rural-based program (6) (a)	-\$2.18 (profit)
CSM urban-based program (6) (a)	-\$3.81 (profit)
Instructor as (CBD) (6)	\$2.11
Clinic-based (7)	\$15.27
Voluntary Sterilization (7) (b)	\$ 2.18

- (a) includes commodity purchases  
(b) based on 12.5 CYP

The reasons for CSM program success in achieving a measure of economic sustainability are many. And, unlike other family planning modes of operation, they involve factors borrowed from the world of business.

- 1) CSM tries to use existing networks for distribution and supply of commodities thereby foregoing much of the infrastructure development (and costs) associated with other family and reproductive health programs.
- 2) Distributors have a financial incentive to make the system work because they receive income from trade margins rather than from program budgets.
- 3) Economies of scale apply as programs grow.

4) State-of-the-art marketing techniques are deployed in determining promotion plans, points of distribution, price structures and product packaging.

5) There is an element of cost recovery from program revenues which provide an impetus for program sustainability.

#### NOTES FOR ECONOMIC ANALYSIS

- 1) Binnendijk, Annette, A.I.D. Evaluation Special Study #40, PPC/CDIE, A.I.D. p. 15 1986.
- 2) Population Reports, No. 30, July-August 1985, p. J-802
- 3) Ibid.
- 4) Ibid.
- 5) Ibid.
- 6) Ibid.
- 7) Ibid.

## VII. EVALUATION

Overall project evaluations will be conducted by S&T/POP/FPSD and external evaluation teams. There are three types of overall evaluations in this project.

1. Continuous monitoring and assessment by S&T/POP/FPSD. The cognizant technical officer (CTO) will monitor and evaluate the project on a continuing basis. Annual internal management reviews will be held during the last quarter of each fiscal year to consider issues, project progress and necessary corrective actions.

2. Mid-term project evaluation. This evaluation, scheduled to take place in March 1991, will be conducted by an external evaluation team. A.I.D. staff may or may not participate on the team. The purpose of this evaluation is to examine project effectiveness and continuing needs for project assistance. The evaluation will provide guidance for mid-term correction and give early indication of need for follow-on activities.

The mid-term evaluation will focus both on the process of project operations, and on the project's success in producing the planned outputs and achieving its purpose. For example, the evaluation team will consider the efficiency with which project actions occur--whether project staff is in place and well qualified; whether the project headquarters operates smoothly; whether planning and implementation of the project's activities take place on schedule, and whether they are responsive to Mission and host country needs and requests; whether consultants and sub-contractors are well-qualified for their tasks, and supplied in a timely manner; and whether the overall project implementation plan is realistic. The evaluation team will also examine progress toward achieving project outputs such as initiating new sales programs and gradually phasing out of some older programs, organizing and conducting appropriate training and providing follow-up and technical assistance as needed.

3. Final project evaluation: This evaluation, scheduled for March 1993, will also be conducted by an external team, with possible participation by A.I.D. staff.

The final evaluation team will examine the same questions as the mid-term evaluation team, but will concentrate on examining indicators that the project has achieved its purpose, and to a lesser extent, quality, quantity and timeliness of planned project outputs. The final evaluation will make

recommendations on changes in content, scope, or focus for follow-on projects.

#### VIII. CONDITIONS AND COVENANTS

##### Source of Origin and Commodities and Nationality of Services

Waiver: Each developing country where a sales program is initiated, or other assistance takes place under this project shall be deemed to be a cooperating country for the purpose of permitting local cost financing. The sum of all purchase orders and contracts for goods and services procured under each sub-contract in a cooperating country from A.I.D. Geographic Code 935 countries (Special Free World) may not exceed \$750,000.

Justification: The authority to procure goods and services at this level in A.I.D. Geographic Code 935 countries is essential for the implementation of the project. The essence of the CSM II Project is that host country institutions be supported in establishing commercially-oriented contraceptive social marketing projects. Therefore, except for technical assistance provided by a U.S. based contractor or consortium and associated U.S. purchased commodities, almost all expenditures in the project will be within the cooperating countries. Since these projects are almost totally dependent on the use of goods and services, it is only through the local procurement of goods and services that the project can encourage the development of improved institutional capacity in contraceptive logistics systems.

Certification: Exclusion of procurement from Special Free World countries other than the cooperating country and countries included in Code 935 would seriously impede attainment of U.S. foreign policy objectives and objectives of the foreign assistance program.

LOGFRAME FOR CONTRACEPTIVE SOCIAL MARKETING II (CSM II)  
MEANS OF VERIFICATION

NARRATIVE SUMMARY

OBJECTIVELY VERIFIABLE INDICATORS

IMPORTANT ASSUMPTIONS

PROGRAM OR SECTOR GOALS:

MEASURES OF GOAL ACHIEVEMENT:

ASSUMPTIONS FOR ACHIEVING GOAL TARGETS:

To enhance the freedom of individuals in developing countries to voluntarily choose the number and spacing of their children.

Developing country couples' actual and desired fertility are consistent and safe and affordable contraceptives are available to all couples desiring them.

Census information, contraceptive prevalence surveys, vital statistics.

Accepting couples have ready access to contraceptives and choose to use them for family planning purposes.

PROJECT PURPOSE:

CONDITIONS THAT WILL INDICATE PURPOSE HAS BEEN ACHIEVED: END OF PROJECT STATUS.

ASSUMPTIONS FOR ACHIEVING PURPOSE:

To increase the availability and use of contraceptives among low and middle income groups using commercial marketing techniques; and to establish realistic cost recovery schemes and targets in all sales programs.

Increased contraceptive usage to be determined individually by subprojects. Programs designed.

Collection and analysis of survey data, monthly sales reports and market research.

1. Host government and A.I.D. agree on program goals and means of implementation and cost recovery targets.
2. Socioeconomic conditions in cooperating countries are suitable for CSM programs.
3. Potential exists for increasing significantly overall use of contraceptives.

OUTPUTS:

MAGNITUDE OF OUTPUTS:

ASSUMPTIONS FOR ACHIEVING OUTPUTS:

1. Contraceptive Sales Programs in place with detailed cost recovery plans.

- a) 8 to 10 new CSM projects operational.
- b) Cont'd support for up to 11 programs initiated under Phase I. Contraceptives provided to programs which have not established alternative support for commodities.
- c) Short-term technical assistance offered to up to 22 countries with active sales programs supported through A.I.D. bilateral or private funds.

- 1) Signed agreements from host governments and missions, contractor and CIO site visits, contractor reports.
- b) Consultant reports, commodity reports.
- c) External evaluation.

1. - Commercial infrastructure and expertise available in the cooperating countries.
- Sales programs proceed without legal impediments from cooperating countries.
- AID/W, Mission, private sector financial inputs are adequate for proper project implementation.
- Host countries will accept the tech. assistance offered

2. Trained Project Managers and staff.

- a) Five in-country training workshops offered each year for pharmacists, retailers, detail staff, the medical community, host government or family planning association officials
  - 150 participants per year have training
- b) 25 U.S. based internships of up to four months provided to project managers, from subprojects with U.S. advertising agencies and major consumer marketing firms.

2. Contractor's training reports.
  - Roster of Participants, their pre and post training performance evaluations.
  - U.S.A.I.D. Reports

2. - Suitable participants can be identified and are available for training.

- Internships with U.S. firms can be arranged.

3. Market Research and Multi-Country special studies carried out.

Market research and Multi-Country special studies conducted as the need arises or specific topics of immediate use to the project are identified.

3. Study findings.
  - Contractor Reports

3. - Capable research firms in cooperating countries can be recruited to carry out research.

4. Expanded and strengthened Management Information Systems are in place both centrally and in all subprojects.

- Data from 22 management information systems in all sales programs will be available for analysis and a central MIS which may be accessed and will be maintained.
- 20 microcomputers will be installed in cooperating countries and staff will be trained in its use and maintenance.

4. Contractor Reports
  - Project Information Reports

4. Sales programs which are not receiving centrally funded assistance agree to provide sales statistics.

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5. Information on CSM programs, project accomplishments, new technologies and techniques disseminated.

5. 1 workshop in each region will be carried out out each year . 75 participants will attend each year.

- 1 International conference to disseminate research findings will be held. 150 participants will attend.

- Research findings reported through a series of technical papers/case studies.

- A CSM library will be established in the contractor's headquarters.

#### 5. Conference Reports

- Published Articles

- Published Case Studies

5. Participants can be identified and are available for training. The case studies, articles and library become a useful in CSM programs.

#### INPUTS:

#### Implementation Target (Type and Quantity)

Personnel/Consultants	8,905
Travel/Per Diem	1,499
Training/Training Materials	3,500
New Programs	6,100
Ongoing programs	2,070
Special Studies	300
Other Costs	17,471
TOTAL	37,845

AID/W and Contractor Financial Records

Assumptions for Providing Inputs

Appropriations permit funding at planned levels.

X. CERTIFICATION OF THE PROCUREMENT PLAN

As the project paper states on page 26, ST/POP will give full consideration to 8-A and Gray-Amendment firms in this procurement, to serve as subcontractors.

ST/POP considers this project to be critical to the long-term success of the Agency's Population Policy and Strategy. There are a total of 10 discrete functions/activities that will have to be carried out by the contractor with AID/W, USAID Missions, and commercial sector entities in as many as 22 countries at any given time. The project is clearly complex and will require an organization with extensive worldwide experience in social marketing, technical and language skills, and sufficient institutional and administrative depth to implement the project quickly and effectively.

Therefore, ST/POP believes that the interests of the Agency will best be served by full and open competition, thus permitting a combination of skills and experience from different organizations.

  
\_\_\_\_\_  
Duff G. Gillespie  
Director,  
Office of Population

4/26/88  
Date

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JAN 25 1988

ACTION MEMORANDUM FOR THE SENIOR ASSISTANT ADMINISTRATOR  
FOR SCIENCE AND TECHNOLOGY

From: S&T/POP, Duff G. Gillespie 

Subject: Concept Paper: Contraceptive Social Marketing II  
Project (936-3051)

Problem: Your approval is required to design a five-year project to begin in FY 1988 for the second phase of the Contraceptive Social Marketing Project at a total estimated cost of \$25,000,000, including S&T funding of \$25,500,000 and buy-ins of \$9,500,000. The purpose of this project is to increase the availability and use of contraceptives among eligible LDC populations using commercial marketing techniques and distribution systems.

Relationship to Bureau Strategy: The basic strategy of the population program is to ensure the widespread availability of high quality voluntary family planning services through which couples who so wish can regulate their fertility. However, in light of decreasing resources, the expansion of family planning services cannot proceed unless programs become more cost-effective. In order to meet this dual challenge, the Bureau's CPSS and Action Plan identified involvement of the private sector in social marketing as one of the key areas of emphasis. CSM programs have demonstrated that contraceptive availability can be increased through private sector delivery systems and that they can recover some of the program costs.

Priority of the Project: The priority given this project in addressing the problem of unmanageable population pressures is reflected in the ranking it received in the FY88 and FY89 Bureau Action Plan. The project was ranked seventh in this key problem area in the FY88 Action Plan and was moved up to fifth place in the Plan for FY89. While Phase II will expand upon and institutionalize the approach to CSM developed under Phase I, it will place added emphasis on cost recovery mechanisms, technology transfer and staff development, all of which are Agency priorities.

Discussion: The Agency for International Development has nearly two decades of experience with the approach to family planning known as contraceptive social marketing (CSM). Since the early 1970's, A.I.D. has funded more than two dozen contraceptive social marketing projects worldwide and is currently supporting 18 active sales programs with bilateral and central funds.

The common goal shared by all CSM programs is to generate strong consumer demand for contraceptives, which are then subsidized so that they may be sold at the lowest feasible prices. What is unique about the CSM program approach is that it promotes the use of existing networks for marketing and distribution - the commercial distributors, wholesalers and retailers that operate in virtually every country. CSM programs, therefore, have both a social goal and a commercial orientation.

With the new emphasis among development assistance donors on increased use of the private sector and cost recovery techniques and sustainability in development projects, the CSM approach is being encouraged.

This concept paper will provide background on the first phase of the CSM project and briefly outline the second phase.

#### A. Contraceptive Social Marketing Project(CSM), Phase I

In March 1984, A.I.D. authorized the \$25 million CSM Project for five years. The CSM Project is now in its fourth year of operation and has resulted in the establishment of nine individual country projects and one regional project. Three other ongoing programs implemented by other agencies receive ongoing technical assistance from this project.

One of the project's principal objectives is to establish five to ten full-scale sales programs by 1989. Thus far, the project has already exceeded its minimum target, and demand from the USAID Missions and host countries is increasing. By the end of 1988, there will be a total of 11 active sales programs receiving ongoing support from the CSM I Project.

The Geographic Bureaus and Missions have been highly responsive to this project through their large buy-ins, now totalling over \$3 million. One of the primary reasons for proceeding with the design of a follow-on project eighteen months prior to the completion date of Phase I is that the current contract, under its existing ceiling, is unable to take any additional buy-ins or start any new country programs.

Each country project represents in some unique way a new use of the private commercial sector in the delivery of contraceptive services. Some of the subprojects' most noteworthy accomplishments in the areas of increasing contraceptive use, heightening awareness of contraceptive methods and promoting technology transfer and policy reform are briefly summarized below:

In Indonesia, the project launched the Dualima condom in April 1986. Marketing research in June 1986 has provided evidence that 30 per cent of users are new acceptors and that there has been a significant increase in awareness of all contraceptive methods as a result of CSM project activities in Indonesia.

In Ghana, since the launch of PANTHER condoms by the Ghana Social Marketing Program (GSMP) in 1986, actual product sales have exceeded projected annual sales by 50 per cent. In addition to sales success, the GSMP has continued its innovative training program for all pharmacists and chemical sellers in the country. This training program is expected to serve as a model for other African countries and may lead to important policy reforms such as relaxing prescription requirements for oral contraceptives. In October 1987, the Ghanaian government lifted its ban on contraceptive advertising.

In the Dominican Republic, the CSM Project has established a unique collaborative relationship between Schering, A.G., the manufacturer of Microgynon and the family planning association, PROFAMILIA. Schering's participation as a partner in this project has made it possible for the program to operate at a lower cost to A.I.D. as Schering provides the pill at a reduced price to PROFAMILIA. A consumer intercept survey in 1986 showed that 34 per cent of the purchasers of CSM products are new acceptors of any contraceptive method. The study also revealed that 85 per cent of the CSM product purchasers are from the targeted low income groups.

#### B. The CSM Global Assessment

In September 1987, the Office of Population commissioned two tasks: a global assessment of CSM programs worldwide funded under this central project and other bilateral or regional projects; and an external evaluation of the CSM I Project. The purpose of the global assessment was to extract successful characteristics from new and ongoing country projects which could be incorporated into the next phase of A.I.D.'s social marketing program. After doing an in-depth visit to six country programs and a desktop review of six others, the Assessment Team unequivocally endorsed the CSM approach and strongly urged A.I.D to "continue supporting these programs over the next five to ten years."

Among the most significant findings highlighted by the team were the following:

1. In every case examined, CSM effectively expanded access to family planning services and increased awareness and knowledge of family planning methods. In most cases, CSM has resulted in attracting substantial new acceptors to contraceptive use.
2. The successful CSM projects have resulted in desensitizing family planning concepts.
3. CSM permits governments and donors to take advantage of the private sector network for marketing and distribution which donors and governments cannot afford to duplicate.
4. CSM programs have transferred important marketing techniques to private sector institutions in developing countries and provided a framework for marketing and distribution of other essential commodities such as oral rehydration salts.

The external evaluation for the CSM I Project covered project design and management issues, contractor performance and the appropriateness of the projects' special studies and publications. Combined with the findings of the global assessment, the evaluation was designed to provide guidance for the follow-on project.

In general, the team found the basic design of the CSM Project and its contract to be sound. In terms of the number of operational sales programs, the project has exceeded its targets. The team also highly commended the project for having increased the involvement of the private sector, especially in Latin America, in the management of programs, the provision of commodities and, to a somewhat lesser extent, training and promotion activities.

While no major design changes were proposed a number of refinements for the follow-on project were recommended. The team emphasized that under Phase II projects should be required to cover more marketing and distribution costs to guarantee sustainability.

In terms of the research agenda, the team recommends that the principal contractor for the project concentrate on operations research designed to improve program performance rather than evaluative research. The evaluation also highlighted the need for additional staff development in Phase II to strengthen project management and to adequately orient and train retailers and pharmacists.

Finally, the team recommended that Phase II continue to include a substantial technical assistance component. They emphasized however, that more specialized marketing and management expertise drawn from the regions was required, particularly for African and Asian programs.

C. Summary Project Description: The CSM II project is a follow-on to and incorporates activities started under CSM I. The project will however be refocused somewhat to place greater emphasis on cost recovery and sustainability, training and more operations research.

While the goal of this project remains the same as that of the first phase, the purpose has been broadened somewhat to include the concept of promoting cost recovery in all subprojects. The revised project purpose has two parts: 1) to increase the availability and use of contraceptives among low-income groups using commercial marketing and distribution techniques; and 2) establish realistic cost recovery schemes and targets in all sales programs.

CSM II will represent a period of consolidation of established programs and expansion of sales programs, particularly in Africa. Countries in Latin America, Asia and the Near East with more sophisticated infrastructure and higher per capita incomes will be assisted in becoming more financially independent. Newer programs, particularly in Africa, will require relatively more assistance in marketing research and policy and legal issues and training and heavier subsidies in the initial years.

Finally, Phase II will continue to encourage participation of major pharmaceutical manufacturers and distributors in an effort to encourage CSM projects that do not rely on A.I.D. subsidized contraceptives.

The CSM II project will support four categories of activities including development and implementation of sales programs, staff development, research and information dissemination.

1. Development and Implementation of Sales Programs - By the end of Phase I eleven active sales programs will be initiated under subproject agreements. These programs have provided technical support in the areas of feasibility assessments, market research, project design and implementation, and commodities. The CSM II project will

continue to provide these forms of technical and commodity support for between seven to ten new subprojects. It will also continue to offer assistance to the eleven Phase I projects.

The CSM II Project will also finance efforts to establish specific cost recovery targets in both the Phase I and Phase II programs. The objective of this aspect of the project is to "graduate" subprojects from reliance on central A.I.D funds to a combination of locally generated project revenues, supplemented by A.I.D. Mission or other donor assistance. Finally, this follow-on project will continue to respond to field requests for specialized short-term assistance in countries with bilateral CSM projects.

2. Staff Development - Three types of training will be undertaken in the CSM II Project: regional workshops, in-country training and U.S. based internships. The regional workshops will cover topics of general interest to more than one country and will emphasize specific skill development in the areas of marketing, financial management and recordkeeping, business analysis and health safety. In-country training in contraceptive use and quality control will also be supported for pharmacists retailers and detail staff. In order to provide direct hands-on exposure to state-of-the art advertising and marketing techniques U.S. based internships of up to four months will be provided to field staff from subprojects with U.S. advertising agencies and major consumer marketing firms. Experience in Phase I has shown that it is difficult and costly to provide this highly specialized private sector expertise in field settings.

3. Research - Phase II of CSM will support both operations research and evaluative research. The only modification to this component of the project is that the prime contractor will only be responsible for carrying out all operations research related to improving the implementation of the sales programs. Examples of possible topics to be addressed include: the effect of price changes on the structure of the market; the effect of marketing contraceptives in conjunction with national A.I.D.S campaigns; and the effect of product expansion. Funds will also be set aside to contract separately for special studies as the need arises.

4. Information Dissemination - The need for periodic update on techniques and progress in the field of contraceptive social marketing has been demonstrated in Phase I. CSM II will support the publication of a series of technical papers or case

studies which highlight project-supported research findings. A number of other activities related to the transfer of information are also planned under this follow-on project including a limited number of regional conferences and observation tours to successful programs.

D. Illustrative Budget (\$000)

	<u>ST/POP</u>	<u>BUREAU/MISSION</u> <u>BUY-INS</u>	<u>TOTAL</u>
FY 88	5,000	1,000	6,000
FY 89	5,500	2,000	7,500
FY 90	4,500	2,500	7,000
FY 91	5,000	2,000	7,000
FY 92	<u>5,500</u>	<u>2,000</u>	<u>7,500</u>
TOTAL	25,500	9,500	35,000

E. Target Countries: The project will provide technical assistance to promote the development and implementation of seven to ten new CSM programs. Assistance will also be provided to up to 11 ongoing CSM programs. New program development will be primarily focused on the Africa Region. Possible sites for new country programs include Botswana, Swaziland, Mali, Niger, Rwanda and Jordan. Special attention will also be given to stimulating interest and assisting project development in selected priority countries such as Turkey.

F. Administrative Arrangements: CSM II will be implemented through a five year contract (1988-1993) with a U.S. based contractor selected through the competitive procurement process. A contract between A.I.D. and a Cooperating Agency (CA) is advised because the Office of Population wishes to maintain a good degree of management control over project direction and activities, and be assured of receiving a specific type and level of project outputs. The CA would be responsible for providing technical assistance to new and ongoing sales programs, short-term training, information dissemination activities and operations research.

There are no major project design questions arising from the CSM I Project which warrant exploration through a Project Identification Document (PID) exercise. Our experience under Phase I, as evaluated by the assessment team and the evaluation, provides a sound basis for developing Phase II.

Recommendation: (1) That you waive the requirement for a PID.

Approved: McNulty

Disapproved: \_\_\_\_\_

Date: 2/9/88

(2) That you authorize S&T/POP to proceed with developing a project paper as outlined above.

Approved McNulty

Disapproved \_\_\_\_\_

Date 2/9/88

Clearances: S&T/POP/FPSD, J. Rogosch (Draft)  
S&T/POP/OCS, B. Case 1/11/88  
S&T/POP/OCS, B. Kennedy SR  
S&T/POP, J. Dumm [Signature]  
S&T/PO, GGower [Signature] 2/2/88

Drafted: S&T/POP/FPSD:BBrown:01/11/88:235-3618:4340Y

POPULATION SECTOR COUNCIL  
MINUTES

Date and Place: March 16, 1988 10:00 a.m.  
Room 809 SA-18

Participants: S&T/POP, Duff Gillespie  
S&T/POP, Barbara Kennedy  
S&T/POP, Betty Case  
AFR/TR/HPN, Gary Merritt  
AFR/TR/HPN, Jack Thomas  
ANE/TR/HPN, Charles Johnson  
LAC/DR/P, Maura Brackett  
PPC/PDPR, Connie Carrino  
S&T/POP, Brenda Colwell  
S&T/POP/FPSD, John Rogosch  
S&T/POP/FPSD, Dawn Liberi  
✓S&T/POP/FPSD, Betsy Brown  
S&T/POP/FPSD, Roy Jacobstein  
S&T/POP, Bill Martin  
S&T/POP, Sigrid Anderson (Executive Secretary)

Review of the Association for Voluntary Surgical Contraception  
(AVSC) Draft Project Paper

The Council reviewed this follow-on five year \$80 million dollar project paper (including \$15 million in buy-ins) which will continue the provision of quality voluntary surgical contraception services worldwide. In the new project, increased attention will be given to the use of other clinical methods, e.g. implants, injectables, and male methods in addition to VSC. AVSC's assessment and evaluation program areas will also be strengthened. The LAC representative made several suggestions for strengthening AVSC's training and information tracking activities which will be incorporated into the project. The Council unanimously approved the project paper.

Review of Family Planning Service Expansion and Technical  
Support (SEATS) Concept Paper

This is a new five year \$75 million project designed to ensure that unmet needs in family planning service delivery are addressed through the provision of appropriate technical, financial and human resources. It is expected that Africa bureau buy-ins will total \$25 million. Since a major focus of this project will be on sub-Saharan African countries, this concept paper will be discussed at upcoming HPN officer's conference in Cote d'Ivoire. A worldwide cable will be sent out soliciting mission's views on this new activity. A review of the draft project paper is tentatively scheduled for the April 1988 meeting of the Sector Council. The Council unanimously endorsed the project as outlined in the concept paper.

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Review of the Contraceptive Social Marketing II Project Paper

This is a \$39.8 million (including \$10.5 million in buy-ins) five year follow-on project to the current contraceptive social marketing project. Suggestions were made by Council members, which will be incorporated into the final paper. These included: the addition of an administrative assistant to the ANE management team; enhanced collaboration with other donors on CSM programs in the field; RFP offers should discuss creative approaches to providing commodities for CSM programs. A worldwide cable will be sent out soliciting comments from the field. The Council unanimously approved this project paper.

CY 1988 Sector Council Draft Workplan

The draft workplan for Cy 1988 Sector Council Activities was unanimously approved.

Reprogramming of UNFPA Funds

S&T/POP provided a handout on the FY 1988 budget allocation of UNFPA fallout funds. The Council will critically review this and discuss it at a special meeting to be held Thursday, April 7, 1988 at 10:00 am in Room 809B SA-18.

Next Meeting

The next regular meeting of the Population Sector Council is scheduled for Thursday, April 21, 1988 at 10:00 am. in Room 1207 N.S. An agenda will be given prior to this meeting.

Distribution:

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