

Submitted to:

AID/Office of Population
Family Planning Services Division

TRIP REPORT

Santo Domingo, Dominican Republic

May 4-8, 1981

Prepared by ICSMP Consultantants:

Steven Joshua Samuel
Joseph Muniz

Project No. AID/DSPE-CA-0087

TABLE OF CONTENTS

INTRODUCTION	1
STATEMENT OF WORK	2
A. Objective	2
B. Contractual and Proposal Requirements	3
C. Project Implementation	4
1. Project Organizational Form	4
2. Marketing Plan	5
3. Project Management	8
4. Legal Concerns	8
5. Advertising and Marketing Research Subcontract	9
6. Distributor Subcontract	9
7. Packaging Subcontract	10
8. Project Staff	10
9. Evaluation	10
10. Commodities	10
11. Timing	11
Persons Consulted	12

INTRODUCTION

The Family Planning Association of the Dominican Republic (Profamilia) is interested in implementing a contraceptive retail sales project to reach couples who are not now being served by either the public or private sector. Profamilia's interest is based in part on a feasibility study performed through the American Public Health Association (APHA) in 1980. Data gathered by APHA consultants indicated that a CRS project in the Dominican Republic is feasible.

As an initial step, Profamilia requested the assistance of The Futures Group in developing a statement of work and preliminary design for a CRS project. Toward this end, a consultant visit was made during May, 1981.

Prior to the consultant visit, Profamilia conducted a survey of certain retail outlets in Santo Domingo and is conducting a further study of contraceptive distribution in Cibao. Upon arrival of the consultants, Profamilia presented a preliminary plan for a CRS project. The plan, with modifications negotiated during the week-long visit, is contained in the Statement of Work which follows. Primary among the modifications made in Profamilia's initial plan are broader geographic scope of product distribution and use of radio and point of purchase promotion. As expressed here, Profamilia's current plan to begin distribution in two major cities covering 40% of the nation's population (Santo Domingo and Santiago) with a full contraceptive product line and advertising, is a standard first step in development of a nationwide program. Extension of the program to a nationwide level is also planned by Profamilia after 12-18 months.

STATEMENT OF WORK

A. Objective

The proposed objective is to assist Profamilia in implementing a contraceptive commercial retail sale (CRS) program.

1. Despite the constraints on the commercial sale of contraceptives in the developing nations (high price, tariffs, prohibition of advertising, etc.) and the minimal efforts by commercial firms to increase contraceptive sales, approximately 40% of current users worldwide obtain their supplies through the commercial sector. However, contraceptives remain unavailable to a large number of both urban and rural fertile age couples. It is the objective of this project to make contraceptives available at locations and prices within reach of most fertile age couples.

2. A CRS project is both feasible and desirable in the Dominican Republic to serve a large, expressed, but unmet need for family planning services. Although public sector health services reach some rural areas (Servicios Basicos de Salud's programs are directed toward communities of 400-2,000 inhabitants) and most urban areas, usage rates of modern contraceptive methods have not risen above 30% of the fertile population. This, despite the fact that there is a 95% awareness level of modern methods and that nearly 50% of fertile couples have some experience with a modern method. Furthermore, there is a need for more accurate information and supplies of modern methods since nearly one-third of the current users are not using modern methods.

A significant portion of the population which does not currently have access to contraceptives because of high prices and lack of information could afford them at lower prices. More than adequate advertising, distribution, and packaging resources exist in the country. In addition, Profamilia has had

experience with a CBD (community based distribution) program. For a more complete discussion of the underlying data which lead to these conclusions, see "A Preliminary Assessment of the Feasibility of a Subsidized Contraceptive Marketing Program in the Dominican Republic," American Public Health Association, January, 1980.

B. Contractual and Proposal Requirements

Contractor's proposal should address at least all of the following issues:

1. All points raised under the heading "Project Implementation," in this report.
2. Standard U.S. government auditing procedures are to be followed in performing project and subcontract units.
3. Local currency generated above that required for in-country expenditures may not be used for any segment of the contract costs without written authorization of AID/W. The contractor will establish a separate local currency account in conjunction with Profamilia and will report all transactions for that account directly to AID/W on a quarterly basis.
4. Designation of the Project Director is subject to prior AID/W approval.
5. If new product packages are designed and used, any brand name may not be registered or trademarked by the country or its designated agent. Registered or trademarked contraceptives in existing commercial packages shall not be marketed in this program without AID/W permission in order to avoid using public funds to the advantage of a private company.
6. Each type of contraceptive to be packaged, advertised, and sold directly through this project must be approved in writing by AID/W CTO.

7. Local funds generated by the project and remaining in local project accounts after final project expenses have been paid will be transferred to any local successor CRS project, with AID/W approval.

C. Project Implementation

1. Project Organizational Form

The CRS program in the Dominican Republic is a long term project of Profamilia. Contractor activity, especially in-country, will be supportive rather than directive and the contractor should anticipate phasing out its involvement completely after no more than two years.

Design of the project's organizational form is a critical element of the project. The contractor's approach should ensure that, from the outset, the CRS program is a Profamilia project. Assistance to Profamilia in negotiation of subcontracts, hiring of local personnel, and design of the contractor's role should be done with this objective in mind. At a minimum, the contractor will assist Profamilia to construct an organizational design which provides for:

- (a) Early hire of local personnel, including a person who should begin to function as CRS project manager at a very early stage of the project;
- (b) A consultative role for any on-site contractor representative, ending no more than 12 to 18 months after the project begins; and preferably calling for only occasional visits of varying length rather than full-time presence;
- (c) Training of local project personnel and providing a mechanism for obtaining potential replacements should the need arise;
- (d) Long term continuation of the project after the initial funding period ends;

- (e) Procedures for budget, accounting, and control of project inventory, receipts and disbursements which are compatible with both AID and Profamilia requirements. Contractor should keep in mind that although day-to-day management will be done by Profamilia from an early stage (see paragraphs a and b above), ultimate financial responsibility to AID/W for this project rests with the contractor. Contractor should therefore insure that its agreement with Profamilia makes this clear and gives contractor ability to withhold funds for inappropriate activities.
- (f) Reporting procedures for monthly, quarterly, and annual sales and distribution reports;
- (g) Procedures for establishing continuous and open communications between all parties interested in this project;
- (h) Procedures for ensuring a smooth working relationship between the project subcontractors (advertising agency, distributor, packager, etc.), Profamilia, USAID, and other parties involved. This shall also include assistance with negotiation of subcontracts to insure that acceptable standards for contract work are clearly defined in the subcontract.
- (i) All subcontracted services (i.e., advertising agency services, distribution, packaging) will be done by a subcontract between the service provider and Profamilia.

2. Marketing Plan

Contractor will assist Profamilia in preparing a detailed marketing plan which shall include but not necessarily be limited to the information outlined below. A report entitled "Preliminary Assessment of the Feasibility of a CRS

Project in the Dominican Republic" contains background information for this purpose and is available for prospective contractors.

a. Background

1. Background report: demographics, vital statistics, ethnic diversity, languages, religion, potential political issues, macroeconomic factors, education and literacy, media resources, medical and social welfare related programs, social cultural factors affecting family planning and family size, laws affecting contraceptive distribution and family planning (including registration procedures for new drugs and brand names and import procedures);

2. Description of current government and voluntary family planning programs. Particular attention should be given to the CBD program currently implemented by Profamilia and to the programs conducted by the Ministry of Health and Servicios Basicos de Salud.

3. A list of contraceptives available in the country along with a list of the local distributors and manufacturers;

4. The current distribution structure for contraceptives including the number of retail outlets selling contraceptive products; sales volumes of contraceptives by type; the range of wholesale and retail prices for contraceptives; description and classification of pharmacies or other outlets which sell ethical pharmaceutical products;

5. Description and estimate of appropriate trade channels which could be used for commercial contraceptive distribution and justification for their use;

6. Estimate of the number of contraceptive users currently being supplied through commercial channels;

7. General market factors which may influence contraceptive distribution and sale, documented to the degree possible.

b. Elements of the Marketing Plan

1. Contractor may assume and should design the marketing plan so that after the initial start-up period the project will operate for a 12 month sales period in Santo Domingo and Santiago (containing 40% of the national population) only and afterward roll-out to the national level.

2. Contractor may assume that products to be sold by this project will include one low-dose oral contraceptive, a condom, and a vaginal tablet. These products will arrive in bulk without individual external packaging, and will require new brand names and packaging. Profamilia may also be interested in marketing the copper-T IUD.

3. Definition and analysis of the target market, including description and enumeration of specific segments to be served. Estimation of market potential, including estimated sales objectives for introductory and maintenance phases of the project for both the Santo Domingo / Santiago phase as well as for national sales levels;

4. Setting of price levels in the distribution structure and at the consumer level which will make contraceptives economically available to the target market.

5. Design of procedures for testing new brand names;

6. Design of specific distribution structure for each product, including the number and types of retail sales outlets and their location;

7. Design of testing procedures for packaging and advertising;

8. Design of an information system to provide ongoing information for project management;

9. Outline of the types of promotional techniques which would be used in the CRS program and the estimated costs over a one, two, and three year period. This should include consideration of an educational / training

component for the various retailers consistent with other Profamilia activities.

10. Outline of the initial steps to be taken in each project function: distribution, promotion, and marketing research;

11. Estimates of total project costs for one, two, and three years;

12. An estimate of the portion of program costs which may be covered by project revenue at initial and maintenance levels.

3. Project Management

Contractor will pay special attention to aspects of project management, to ensure that management is from the outset a function of Profamilia, with contractor assistance. In consultation with Profamilia, a local project manager will be hired as soon as possible and trained so that Profamilia is fully capable of managing the project without any outside assistance as soon as possible. This person will assume the title of project manager as soon as possible after the project begins.

4. Legal Concerns

Contractor shall confirm that its proposed project design conform with USAID and Profamilia regulations and policies and the laws of the Dominican Republic especially with respect to the following:

A. Organizational Form

1. Whether Profamilia, a non-profit organization, may commercially market products;

2. Whether there are legal obstacles to importation of the program's products;

B. Product and Brand Registration

1. Identification of the registration process for any and all elements of product brands, packaging and advertising.

2. Contractor should determine whether any obstacles exist to product registration, sale, or distribution including prior rights or claims by other importers. Reportedly, Font Gamondi, a local importer, currently holds the selling rights to Norinyl. This may be the same for the other products.

C. Distribution Outside Pharmacies

Contractor should determine whether there are any legal obstacles to non-pharmaceutical retail sales of any of the products.

D. Advertising

Contractor should determine whether prior approval of any agency is necessary for advertising any of the products.

5. Advertising and Marketing Research Subcontract

The contractor shall assist Profamilia in selecting an agency to become subcontractor to it to provide advertising services. Contractor will also provide the advertising agency with additional information gathered by the W.F.S. survey conducted in the Dominican Republic in 1980 and assist in design of market research. At the minimum, this will include testing of proposed brand names and packages, survey data for making assessments of appropriate product price and distribution and advertising approach, pretest of attitudes toward contraceptives, pretest of contraceptive knowledge and use, and development of consumer profiles.

6. Distributor Subcontract

Contractor will assist Profamilia in designing a distribution method, including the possibility of subcontracting to a distributor capable of reaching

the required number, kind and geographic distribution of retailers necessary for reaching the target market.

7. Packaging Subcontract

Contractor will assist Profamilia in selecting a firm or group of firms to produce the packages and other printed material required by the project.

8. Project Staff

Contractor will assist Profamilia to describe staff needs for the project, including the designation of the organization in which each person will be placed, job description, his/her anticipated salary level, and the person to whom he/she will report.

9. Evaluation

Contractor shall propose criteria and methods for CRS project evaluation, including, but not limited to:

(a) pre-test for consumer attitude and usage with respect to contraceptives and post-test of effectiveness of introductory and successive advertising campaigns and contraceptive usage;

(b) distribution checks;

(c) sales and inventory levels;

The project will also be subject to independent evaluation by AID/W or outside evaluators.

10. Commodities

Commodities will be provided by AID/W or by arrangement with other international donors.

1. Timing

Contractor's proposed marketing plan shall include anticipated timing of all critical events. Timing and order of project tasks should be geared to assure that the project's products will be available for sale in retail outlets within six to nine months of the beginning of the project.

BEST AVAILABLE

Persons Consulted

1. Magaly Caram Alvarez, Executive Director, Profamilia
2. Gianna Sangiovanni, Director of Programming, Profamilia
3. Denis Mota, Director of Media and Communications, Profamilia
4. Phillip Schwab, USAID/Santo Domingo
5. Oscar Rivera, USAID/Santo Domingo
6. John Thomas, USAID/Santo Domingo
7. Arthur Danart, AID/Washington
8. Luis Heredia-Bonetti, Counsel to Profamilia
9. Sergio Forcadel, Marca Publicidad
10. Peter Croes, Taller Creativo
11. Juan Lopez, Extensa Publicidad