

Donor Conference
on Contraceptive Needs in the 1980's:
Summary Report

A conference to review selected donor perspectives on the contraceptive needs of developing countries during the 1980's was held on May 24-25, 1982, at U.S.A.I.D. in Washington, D.C. Five months earlier, in December 1981, representatives of IPPF, UNFPA, USAID, and the World Bank met to consider the usefulness of a conference to review available projections of contraceptive needs and measures and also donor experience with support for the local manufacturing of contraceptives.

Donors were increasingly aware of the limited resources available to respond to growing contraceptive needs of developing countries and agreed that more effective and coordinated assistance in this area was imperative. The May 1982 conference embodied a consensus of these donors that, with respect to contraceptive requirements and the complexities of local manufacturing enterprises, donors have a serious current and prospective need for additional technical information.

The May meeting brought together representatives of the following groups:

- four major donor organizations,
- three consultant bodies, and
- seven contraceptive manufacturers.

Attachment A provides a list of conference participants. During three sessions (the last of which was restricted to donors), the conference addressed the following principal questions:

- What are the foreseeable contraceptive needs of the 1980's from the viewpoint of major donor organizations?
- Under what conditions should the local manufacture of contraceptives in developing countries be encouraged?
- What future actions should the major donors take to ensure that essential contraceptive needs are met?

Attachment B provides the conference agenda.

The main conclusions of this conference, grouped under the principal discussion headings shown above, were as follows:

- Projections of Contraceptive Needs

There is no current method for estimating contraceptive requirements that is applicable across countries. U.S.A.I.D. experience in estimating needs in Bangladesh and Thailand indicates that the available data determines the appropriate estimating method. The problem of estimating contraceptive requirements is essentially a field problem; estimating skills and related systems in host country

programs remain seriously inadequate. However, even with limited data, useful projections of contraceptive requirements can be accomplished. (Attachment C provides notes on forecasting employed by A.I.D. in estimating contraceptive needs).

Donor capacity to estimate contraceptive requirements and plan future flows depends on their degree of involvement in contraceptive procurement; donors less involved in procurement and distribution have less capacity and incentive, as might be expected, to estimate contraceptive needs.

The management of contraceptive stocks, particularly consumables like oral contraceptives and condoms, requires sound logistics systems. Improved contraceptive supply means, in part, better logistics since a proper logistics system improves distribution, protects the physical quality of the products, and provides the network for reliable demand feedback to the primary source. Donors should direct an appropriate degree of attention to logistics, as well as to contraceptive needs. Some donors felt that there is a need to design a methodology to estimate contraceptive demands, a system which could be easily adapted as a management tool by interested governments.

Local Manufacture of Contraceptives

While difficult to generalize about the appropriateness of local contraceptive production, donors were in accord with the objective of encouraging countries to achieve self-support and manufacturer representatives stressed that each opportunity should be examined on its own merits. In fact, manufacturers have established plants in 14 of the largest and poorest developing countries, plans to establish local production facilities are progressing in several others, and they have produced or proposed OC production for public sector needs in some of these countries at competitive cost levels. However, numerous instances of unsuccessful manufacturing ventures in developing countries provide clear and dramatic warning of the perils involved.

Manufacturer representatives argue that local production is not a cost effective means to reduce unit costs to consumers. To bring unit costs to acceptable levels, the required investments in employee protective systems, filtration and exhaust systems, solvent recovery systems, laboratories equipped to provide quality assurance, and full-time staffs of highly skilled professionals must be allocated across multiple product lines and over substantial volumes of output which local demand alone can rarely satisfy. In addition, the constant technical change that characterizes the pharmaceutical industry implies continued reinvestment in these costly areas.

Contraceptive manufacturers view local manufacture as less profitable than PIACT studies indicate. PIACT stressed the

significant cost-sharing potential to be derived from local production, through which developing countries could reduce the demands on donors to the foreign exchange components of local production. PIACT noted that total cost might not be reduced through local production. Manufacturers see less benefit for developing countries both in terms of unit costs and in terms of foreign exchange savings. Manufacturers are more interested in LDC manufacturing if stable, long-term purchasing agreements can be established.

Oral contraceptive and condom manufacturers are unwilling to support industrial expansion in developing countries that is based on the free transfer of their technology developed at their cost; manufacturers, on the other hand, are willing to share technology on a commercial basis. Local production of IUD's and other devices developed in public institutions is difficult but raises less complex economic problems.

Under even the best of circumstances, success in local manufacturing requires careful analysis, probably a staged development of production capacity - initiated by packaging and testing operations -, long-term purchasing agreements to encourage investment in local production, and concomitant national attention to the adequacy of distribution and service outlets. The adequacy of power supplies and access to critical imported inputs are also key considerations.

Future Donor Actions

UNFPA will review A.I.D. methodologies for estimating contraceptive requirements with a view to their use in countries where UNFPA is providing contraceptive supplies.

The donors will explore a further stage of discussion of contraceptive supply issues that would involve other donors and selected developing countries for whom the issue of local manufacture is imminent. The ASEAN countries appeared to be an appropriate focus for this next stage. -A.I.D. and UNFPA will collaborate in approaching ASEAN on this matter.

Donor Conference
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List of Participants

<u>Organization</u>	<u>Participants</u>
International Planned Parenthood Federation	James Chapman, Director, Purchasing and Supply Francisco Ramirez, IPPF/Western Hemisphere Office
United Nations Fund for Population Activities	Joep Van Arendonk, Chief, Program Division Alan Keller, Technical Division Uyen Luong, Program Officer, Asia Branch
U.S. Agency for International Development	J. Jarrett Clinton, Agency Director for Health and Population J. Joseph Speidel, Deputy Director, Office of Population Duff Gillespie, Associate Director, Office of Population Don Newman, Chief, Family Planning Services Division Tony Boni, Commodity Branch Chief, Family Planning Services Division Mary Seliskar, Program Officer, Family Planning Services Division Carl J. Hemmer, International Organizations Liaison Officer R.J. Metcalfe, Population Program Officer, Near East Bureau Robert Corno, Population Program Officer, Latin America/Caribbean Bureau
The World Bank	Ved P. Kumar

International Fertility Research Program	John Ganley
The Population Council	Beverly Winikoff
Program for the Introduction and Adaptation of Contraceptive Technology	Gordon W. Perkin, Executive Director Michael Free, Technical Officer

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Ansell Incorporated

Robert Martin, President
John Quinn, Vice-President, Public
Sector
John Silverman, Senior Vice-President,
Worldwide Marketing

London Rubber Company

Dennis Blairman
David Crossley

Schering, A.G.

Hanni Ellis, Consultant
Klaus Scholz, Manager for Foreign
Plant Operations

Schmid Laboratories, Inc.

Samuel A. Baker
Don W. Falk
Stanley H. Perkins

Syntex Laboratories, Inc.

Thomas Hoffmeister, Executive Vice-
President and General Manager
Roy Kuramoto, Senior Vice-President,
Operations

Wyeth International, Ltd.

E. Steven Bauer, Vice-President
Cedric C. Phillip, Executive Assistant
to the President

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Donor Conference
on Contraceptive Needs in the 1980's:
Conference Agenda

May 24 Morning session

Foreseeable contraceptive needs of the 1980's

- Descriptions of A.I.D. and UNFPA experience in estimating contraceptive needs.
- Open discussion.

Afternoon session

Conditions for local manufacture of contraceptives

- Description of findings of PIACT feasibility studies; World Bank presentation of capital investment issues.
- Open discussion.

May 25 Morning session

Open discussion by donors of results of conference

BRIEF NOTES ON FORECASTING, REQUIREMENTS ANALYSIS
AND LOGISTICS CONSIDERATIONS

Excerpts From Thailand: Forecasting Of Contraceptive Requirements
1981-1986 (Based on Consultancy By A. F. Boni, 11/17/80-12/5/80)

1. Forecasting: An adequate decision-making process for projections of contraceptive requirements must take into account at least three basic elements. The first refers to historical data on changes in patterns of contraceptive use over time as well as actual past availability and use of different commodities. Service statistics and logistics data, particularly when coupled with the findings of a survey that measures the prevalence of contraceptive use by method and source of contraception, can provide valuable tools for predicting future trends. The second element involves proposed plans regarding the future orientation and implementation of the program. These might include new strategies for the expansion of service delivery, the relative emphasis to be placed on the different contraceptive methods, the perceived future availability of funding and contraceptive supplies, and the population growth rate targets set forth in planning documents. These factors are translated into important variables that must be given appropriate weight in the forecasting process. Lastly, there are underlying assumptions, some of which are related to program plans, that serve as the basis for projections. These may refer to judgments as to how demand will vary over time, particularly for contraceptives that may have been in short supply in the past, probable method switching and the evolving contraceptive mix, likely substitution effect as regards source of contraception, and the relative reliability and validity of the many data sources used in making the projections. The most important point to be stressed is that a forecasting decision cannot be based exclusively on past performance. The forecasting process is best characterized as a complex of weighted considerations that must be constantly revised as new and relevant information and data inputs become available. (Page 1)
2. Internal Pipeline Requirements: The purpose of any logistics system is to move supplies in a timely fashion and at a reasonable cost to the places where they are needed. Supplies do not usually go directly to the end user, however; in addition to being in transit part of the time, they must frequently be held as inventory at one or more intermediate points along the way. Therefore, whether a logistics system is of the "push" or "pull" type or a combination of both, some determination should be made regarding internal pipeline requirements -- that is, the established/acceptable range of total, in-country contraceptive supplies broken down into the maximum and minimum stocks to be maintained at each level of the system in order to ensure continuous and effective availability of contraceptives to the end user. Some of the factors to be considered in setting the appropriate stock levels include the following: storage capacity at all levels of the system and any variation that may exist within a given level; ease or difficulty of transport and resupply intervals; problems of topography and access to remote areas; climatic

conditions that may cut off supply lines for extended periods of time; uncertain demand requirements; and anticipated program expansion. . . .

A family planning program with a smoothly functioning logistics system, established resupply policies and accurate reporting of user data can afford to operate closer to minimum in-country stock levels. Programs where these conditions do not exist are well advised to maintain maximum stock levels in order to increase the likelihood that the internal pipeline is filled with supplies at all times and to minimize the potential negative impact of a deficient data system and stock imbalances on steady program development. (Pages 18 - 19)

Excerpts From A.I.D.'s Guidance for Completing FY 1984 Contraceptive Procurement Tables:

1. The A.I.D. contraceptive supply objective has been to ensure that recipient programs have sufficient supplies to effectively achieve nationwide availability of orals and condoms consistent with program development and projections of increased contraceptive use. Therefore, the calculation of yearly levels of contraceptive availability/use and new supply requirements should not be based solely on prior-year usage data, particularly where expansion of the program from a clinical base is anticipated. Missions should be aware that substantially greater supplies are needed for the development of commercial, village, and household delivery systems. (Page 3)
2. Missions are advised to take all of the following factors into account when making yearly estimates of contraceptive availability/use: contraceptive prevalence data from sample surveys and/or information on usage patterns derived from service statistics and prior-year commodity distribution data; knowledge of local experience regarding contraceptive methods of choice; the expansion of existing programs; new program initiatives and strategies scheduled for each calendar year; the total country family planning effort, including the host government's stated goals and future plans, and the possibilities for growth in the private sector; and the increased contraceptive use that often accompanies greater contraceptive availability. In effect, the yearly levels of contraceptive coverage to be provided with orals and condoms should represent achievable intermediate goals, recognizing that ultimate program success will require a level of contraception with all methods approximating over 65 percent of the eligible population. (Page 6)
3. AID/W requests that USAIDs establish a desired end-of-year stock level for orals and condoms which can be used as part of the rationale for determining future requirements -- taking into account such variables as host country storage capacity, the nature and extent of the contraceptive distribution network, shipment/delivery

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time, etc. The Office of Population recommends that end-of-year/in-country stocks for both commodities be maintained at a level sufficient to cover at least 100 percent of the expected contraceptive use of the following year; it is recognized that some large programs may require considerably larger quantities to fill the country supply line and to ensure continuous contraceptive availability at the outlet or fieldworker level. By establishing the end-of-year stock level as a fixed parameter, estimates of future requirements can be determined more closely with each Annual Budget Submission exercise as recent inventory and drawdown data are brought to bear to assess program development, to correct past projections of yearly contraceptive use, and to refine/adjust commodity requests accordingly -- thereby reducing the possibility of stock deterioration and/or unfavorable supply conditions. (Page 4)

CURRENT COMMODITY COST OF COUPLE-YEAR OF PROTECTION
BY MAJOR METHOD

<u>ORALS</u>	<u>INJECTABLES**</u>	<u>CONDOMS</u>	<u>FOAMING TABLETS</u>	<u>COPPER T's</u>
\$2.33	3.60	\$4.60	\$6.50	\$0.27

Oral Contraceptives:

Assumes 13 cycles per user per year. Cost is 17.9 cents per cycle for contract shipping period July 1982 - June 1983.

Injectable Contraceptives:

Assumes four three-month doses per year. Cost is based on most recent IPPF procurement and does not include cost of application. A.I.D. does not supply injectable contraceptives.

Condoms/Foaming Tablets:

Assumes 100 units per user per year. Average cost per 100 condoms is \$4.60; condom contract runs from April 1982 - March 1983. Cost of foaming tablets based on FY 1979 offshore procurement of Neo-Sampooon at 6.5 cents per unit. Current plans call for A.I.D. to procure a foaming tablet of U.S. manufacture in FY 1983.

Copper "T" Model TCu 200B:

Assumes three years of contraceptive coverage and does not take into account expulsions and need for reinsertions. Unit price is \$.81 for contract shipping period November 1981 - October 1982. Pro-rated cost of CYP does not include delivery system costs associated with insertion and any necessary user care and followup.

Note ** A.I.D. does not provide injectable contraceptives.