

TANZANIA CASE STUDY



ACRONYMS

ACHAP	Africa Comprehensive HIV/AIDS Partnerships
AGYW	Adolescent Girls and Young Women
BMGF	Bill & Melinda Gates Foundation
CBO	Community Based Organizations
CCP	Comprehensive Condom Programming
CWG	Condom Working Group
HIV	Human Immunodeficiency Virus
FSW	Female Sex Workers
GARPR	Global AIDS Response Progress Report
LMIS	Logistics Management and Information Systems
MAP	Mapping Access and Performance studies
MCP	Multiple Concurrent Partnerships
MGH	Mann Global Health
MOH	Ministry of Health
MSM	Men having Sex with Men
NMSF	National Multi-Sectoral Strategic Framework
PSI	Population Services International
PWID	People Who Inject Drugs
SBCC	Social and Behavior Change Communications
TBS	Tanzania Bureau of Standards
TMA	Total Market Approach
UNFPA	United Nations Population Fund
USAID	United States Agency for International Development
USG	United States Government



1 | INTRODUCTION

The Bill and Melinda Gates Foundation hired Mann Global Health to conduct an analysis of the state of condom programming for HIV prevention in five countries in sub-Saharan Africa. Concerned that funding for condoms has declined, the Foundation sought greater insight into *condom total markets* – meaning the larger context of all condoms distributed in each country, whether via the public sector, the private non-profit sector (including social marketing), or private commercial actors. The focus of this assessment is on sustainability and impact using the market development approach. The objective is to provide recommendations for building and sustaining equitable condom programs at scale, based on a clear understanding of how and why existing markets are failing, and how programs can be strengthened along with the future investments needed to ensure a healthy total market that aims for equity, sustainability, and scale.

Tanzania’s condom program provides a unique archetype representing a mature condom market that had a successful condom social marketing program in the past and now is facing sustainability challenges as funding has dropped significantly and is likely to drop further. Tanzania presents an opportunity to study whether the gains made in condom programming in the past can continue in a country with an over reliance on highly subsidized condom social marketing. It also allows us to understand how to grow condom markets sustainably while addressing equity and health impact objectives. As a country archetype, Tanzania provides a window into issues that are common across other countries, as well as possible strategies for improvements.



Tanzania presents an opportunity to study whether the gains made in condom programming in the past can continue in a country with an over reliance on highly subsidized condom social marketing.

2 | APPROACH

To allow for a single overarching approach that addresses all stages in a condom program from country stewardship to market development and sustaining markets, the Condom Program Pathway was proposed. The three components of the pathway are Condom Program Stewardship, Condom Market Development, and Condom Market Management.

Figure 1: The Condom Program Pathway



Based on an extensive literature review, challenges were identified along the Condom Program Pathway condom programming to achieve equitable and sustained use of condoms to meet total need. There was further prioritization of the challenges within the 3 pillars of the Condom Program Pathway to include eight core market functions.

Mann Global Health did an extensive literature review of issues and concerns around condom programming and also interviewed many stakeholders prior to conducting the assessment in Tanzania. The table below presents the prioritized market failures in Tanzania, organized by Condom Pathway pillar and function:

Figure 2: Condom Pathway Summary Findings from Tanzania Deep Dive

Condom Pathway Pillars	Market Function Failures in the Condom Pathway	Findings from Tanzania Deep-Dive
Condom Program Stewardship	Hypothesis based on literature review of market failures	Findings from Tanzania deep-dive
	Need to invest in Total Market Approach ¹ (TMA) leadership, coordination, and planning capacity	National policy, planning and strategy documents not translating into resource allocation and commitments for TMA. There is a lack of a common vision for a healthy condom market. Limited role of the commercial sector in growing and diversifying the total condom market due to Government of Tanzania (GOT) policy and regulatory barriers.
Condom Market Development	A lack of market analytics leading to poor understanding of condom markets.	Limited availability and use of marketing and consumer research data to inform consumer segmentation and brand positioning.
	Poor planning, quantification, and funding leading to supply problems	Commodity security issues will likely result in reduced and uncertain condom supplies in the near to medium term.
	Inadequate sustained demand creation targeting populations at risk	Lack of adequate investment and coordinated efforts to address access and affordability barriers among key and vulnerable populations ² .
Condom Market Management	Sustainability	Social marketing organizations are experiencing significant market challenges in growing the market sustainably.
	Equity	Inadequate investment in promoting the importance of TMA in achieving equitable and sustainable condom programming at scale.

Note: Annex 1 includes detailed root-causes mapped along the Condom Program Pathway. The detailed analysis to support this table is presented below.

¹ A total market approach is a lens or process that can be applied to develop strategies that increase access to priority health products in a sustainable manner. This approach helps grow the market for health products by better targeting free or subsidized products, reducing inefficiencies and overlaps, and creating room for the private sector to increase its provision of health commodities (USAID Global Health e-Learning Center).

² Key populations include all PLHIV, sero-discordant couples, sex workers and their clients, men who have sex with men, women who have anal sex, and people who inject drugs. Vulnerable groups are at higher risk for HIV exposure or transmission include women and girls, youth, people in conflict and post-conflict situations, refugees and internally displaced persons, migrant laborers, and people working in mining and fishing industry and their surrounding communities.

Tanzania is one of the poorest countries in the world and ranked 152 out of 187 countries in the Human Development Index (UNDP 2011). However, Tanzania has a growing economy, and the gross domestic product (GDP) in 2015 grew by 7.0%, as was the case in 2014. With an estimated population of 47.4 million on the Tanzania Mainland in 2015, the per capita income was TZS 1,918,928 at current prices, compared with TZS 1,730,405 in 2014, indicating an increase of 10.9% (National Bureau of Statistics 2015). Tanzania has a mixed economy. Agriculture comprising crop growth, animal husbandry, forestry, fishery, and hunting, has played a key role in past years. In the current economy, activities in the service industry account for 52% of the GDP. According to the National Bureau of Statistics, the projected population in 2016 is 50.1 million with nearly 63% of the population below 24 years of age (44% of the population below 15 years of age and 19% in the 15-24 age group). The population has continued to be predominantly rural despite the increase in the proportion of urban residents over time, from 6% in 1967 to 30% in 2012.

Tanzania's national HIV program is donor dependent. PEPFAR and the Global Fund for AIDS, Tuberculosis and Malaria (GFATM) are the two largest donors, contributing 98.8% of all public financing, according to the 2013-2014 Public Expenditure Review (2015) for HIV and AIDS. A major portion of this funding will support scale up of HIV treatment targets and is planned for commodities. For instance, procurement of commodities is 68.8% of the new funding request to the Global Fund for 2018-2020 period.

Tanzania has made considerable progress in its HIV and AIDS response, resulting in the decline of HIV prevalence among the general population from 7.0 percent in 2003 to 5.3 percent in 2012³. The HIV prevalence in Tanzania is characterized by significant heterogeneity across age, gender, socio-economic status and geography, with differentials for each group in risk of infection. There are sub-epidemics within specific groups:

- » Higher HIV prevalence among women (6.2%) compared to men (3.8%)
- » Much higher HIV prevalence among Female Sex workers (FSWs) at 26%, Men having Sex with Men (MSM) at 25% and People Who Inject Drugs (PWID) at 36%.

This diversity of sub-populations has significant implications for the design of interventions to ensure appropriate resource allocation and impact. The downward trend in HIV prevalence is attributed to many factors, including condom use.

Youth - Condom use at last sexual intercourse among Never Married Young Men who had sex in the last 12 months increased from 48.7% to 58.7% (from 40.3% to 50.7% among youth 15-19 years, and from 56.6% to 65.4% among people 20-24 years). A similar increase is seen in condom use at last sexual intercourse among Never Married Young Women who had sex in the last 12 months – from 48.6% to 57.6% (from 49.4% to 60.2% among youth 15-19 years and from 47.4% to 53.8% among youth 20-24 years). Given the significant proportion of the population in the below-24 age group, this improved condom use represents an important opportunity for condom growth and sustainability.

Higher risk sex – Condom use at last sexual intercourse among men (15-49 years) who had 2+ partners in the last 12 months increased overall from 22.4% to 26.8% in urban (35.2% to 43.8%) and rural (19.5% to 22.2%) areas. Among the achievements documented in the recent THMIS (Tanzania Health Management Information System) 2012 survey was also the increase in the reported condom use at last higher risk sex among the 15-49 age group (women 48.6% in 2007-08 to 57.6% in 2011-12; men 48.7% in 2007-08 to 58.7% in 2011-12). However, condom use at last sexual intercourse among men (15-49 years) who paid for sex in the last 12 months declined overall from 59.9% to 52.9% in urban (from 77.9% to 66.7%) and rural (from 55.7% to 49.1%) areas.

Overall, there is room to further increase condom use in line with national strategy and the high HIV prevalence among key populations.

³ THMIS 2003/4 and THMIS 2011/2012

4 | STATE OF THE CONDOM MARKET

4.1 Current Use and Need

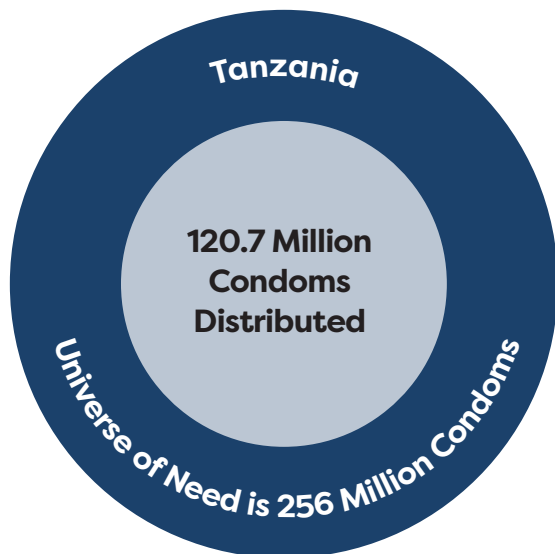
The Third National Multi-Sectoral Strategic Framework (NMSF III) provides clear objectives for the national response over the 2013 - 2018 period. Within this framework, increased male and female condom use among men and women involved in risky sex is one of the major outcomes and Condom Provision and Programming (CPP) is one of the five strategic areas for prioritized investments. The NMSF III condom indicators for 2018 are:

- » General Adult Population (age 15-49): 55% of both men and women, rural and urban, who are engaged in multiple sexual partnerships, report condom use at last sexual intercourse (increase from 2012 rates of 34% for women and 40.4% for men).
- » Youth (age 15-24): By 2018, 70% of young men and women report condom use at last sexual intercourse (increase from 2012 rates of 57.9% for women and 59% for men).
- » Key Populations: By 2018, 80% of high-risk groups (SW, MSM, PWID) report condom use at last sexual intercourse.

According to the latest DHS 2015/2016, condom use for family planning is at 3.9% among currently married and sexually active unmarried women in the 15-49 age groups. Among sexually active unmarried women, male condoms and injectables are the most commonly used methods (15% each)⁴.

The priority target segments identified in the National Multi-sectoral condom strategy (NCCS) are: i) Adults and youth engaged in multiple sexual partnerships; ii) Men and women who engage in transactional sex and their clients; iii) Discordant couples; and iv) Adults working away from home such as transport and migrant workers, uniformed services, mining and fishing communities.

Figure 3: Total Potential Market for Condoms



Source: Universe of Need from the National Multi-Sectoral Condom Strategy 2016-2018 and total condom distribution from condom distribution agencies in public, social marketing and commercial sectors.

Total Potential Market:

As hypothesized, the market potential for condoms has not been adequately exploited, and targeting of different population segments needs to dramatically improve if the country is to achieve the goals set out in the NMSF-III. According to the NCCP, the “Universe of Need” is 256 million condoms. The total number of condoms distributed in the Tanzania market in 2016 is estimated at 120.7 million condoms, approximately half of condom need.

⁴ Tanzania Demographic and Health Survey and Malaria Indicator Survey (TDHS) 2015-2016

4.2 Market Description

Free condom distribution is mainly provided through the public sector, which is an important source of condoms for public health facilities. Compared to other countries in the sub-Saharan region, Tanzania's public sector plays a relatively smaller role in overall condom distribution in relation to the social marketing (SM) programs. Tanzania has a dynamic and evolving social marketing sector with three current players, and a fourth planning market entry within a year. Tanzania also has a growing but limited commercial sector.

Figure 4: Overview of Tanzania condom market by sector

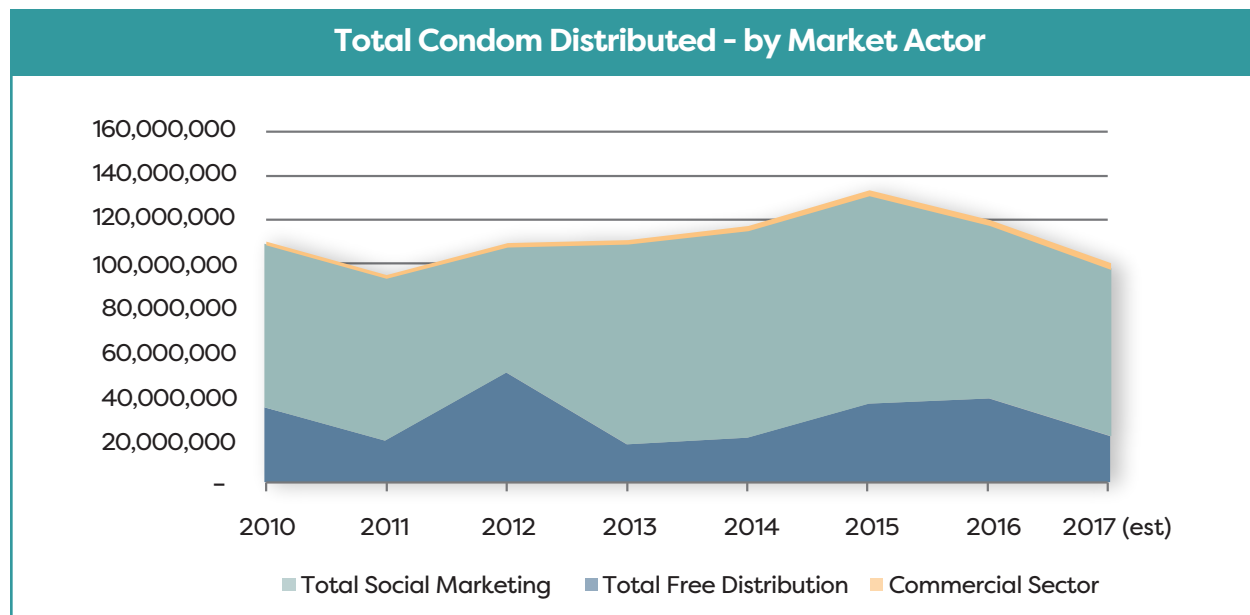
	PUBLIC SECTOR FREE	SOCIAL MARKETING SECTOR	COMMERCIAL SECTOR
Brand	Evolved from unbranded to Zana branded condoms. All future procurements will be for the branded condoms (single foil).	Recent activity with 3 SM organizations in the market, with 4 brands and 14 variants. MSI planning a brand launch in 2018.	Ansell is the major player in the market. Largest selling brand is Rough Rider. They also sell 5 variants of Contempo.
Market Share	Market share estimated at 21%.	PSI with Salama brand has the largest market share (est. 62%). Other SM organizations are gaining market share: T-MARC (9%) and DKT (5%).	Market share estimated at 3%.
Subsidy %	Free for consumers – 100% subsidy.	Market reliance on subsidy is 59% across all SM orgs. Highest subsidy is with the largest market player with PSI at 51% COGS (cost of goods sold) recovery.	0% reliance on subsidy.
Financing Source	Commodity procurement and programming is 100% reliant on donor funding.	Commodity procurement, distribution and demand creation supported by donors (PSI), program income and donors (T-MARC), and self-financed (DKT).	Compared to other fast-moving consumer good (FMCG) products, condoms have the lowest commercial presence due to policy and regulatory restrictions and heavily subsidized market.
Availability	Distributed through public health facilities and limited distribution through NGOs and civil society organizations (CSOs) in the community.	Distributed through traditional (pharmacies, supermarkets, accredited drug dispensing outlets (ADDOs) and non-traditional outlets such as kiosks, guest-houses.	Distributed through pharmacies and supermarkets and limited to urban areas only.
Future	Future support is planned through Global Fund funding, mainly for commodities.	Most SM organizations plan to move to 100% cost-recovery for future sustainability and growth.	Level of future investment planned in the market is low as a result of the entry barriers.



Market Depth

Total condom distribution in Tanzania steadily increased until 2016/17, when commodity security and funding issues, primarily in the social marketing sector, caused a decline in condom market volume.

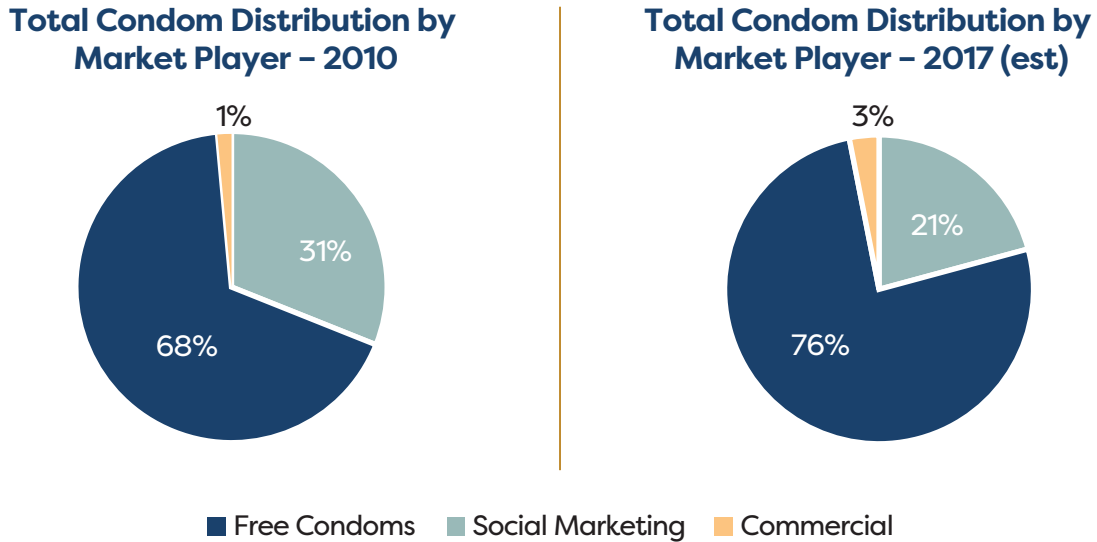
Figure 5: Total Condom Distribution by Market Actor



Source: Universe of Need from the National Multi-Sectoral Condom Strategy 2016-2018 and total condom distribution from condom distribution agencies in public, social marketing and commercial sectors.

The share of the social marketing sector as a percentage of total condoms distributed has steadily increased. There has also been slight growth in commercial sales and an overall drop in the share (as well as total volumes) distributed in the public sector.

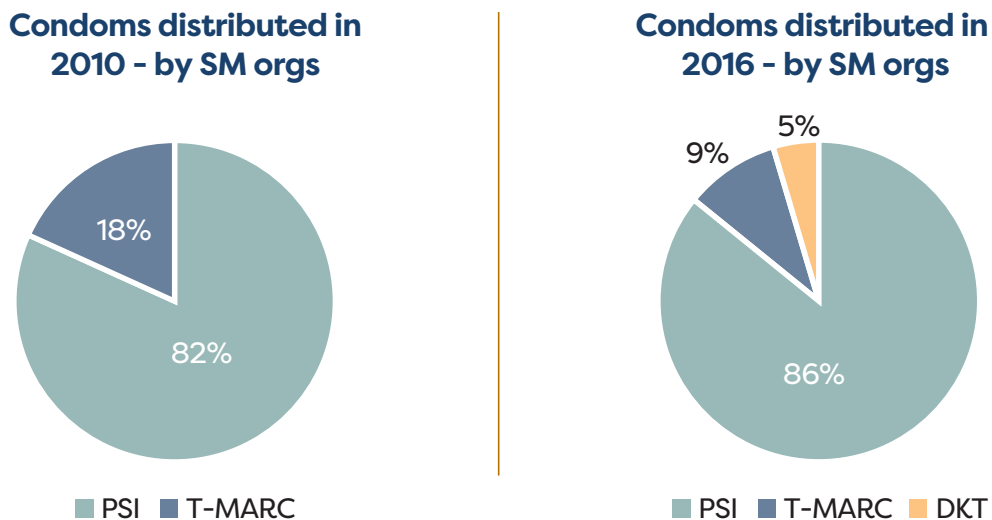
Figure 6: Total Condom Distribution by Market Player (2010 and 2017, est.)



Source: Total condom distribution from condom distribution agencies in public, social marketing and commercial sectors.

Social marketing is evolving from one to four organizations as DKT entered the market in 2015, T-MARC separated from PSI in 2016, and MSI plans to re-enter the condom market in 2018. This increasing diversification of the social marketing sector presents an opportunity for market growth and sustainability. Currently, there is high reliance on external funding for commodity support and increasingly a need to graduate from donor funding as overall funding levels decline and donors are interested in sustainable programming.

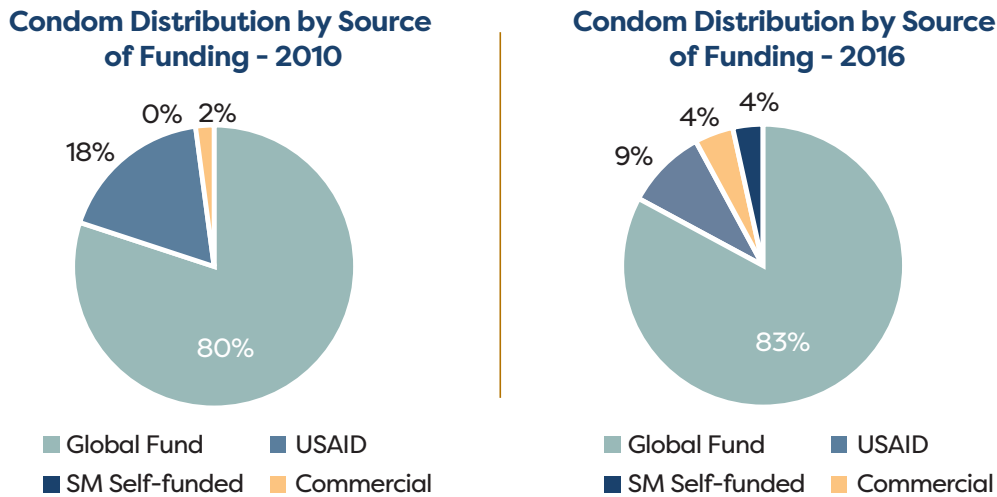
Figure 7: Total Condom Distribution by Social Marketing Organizations (2010 and 2016)



Funding Environment

The total condom market is over-reliant on donor funding for overall condom programming. As seen from the charts below, reliance on donor funding for condoms procured was 98% in 2010 and reduced slightly to 92% in 2016. Currently, only DKT at 3% market share is self-reliant, recovering over 100% of its cost of goods sold (COGS). Going forward, the Global Fund will be the only donor supporting free condom distribution and possibly a portion of social marketed condoms (still under negotiation). USAID has the Social Enterprise Support Award project underway to move the T-MARC social marketing program to a self-reliant model. DKT and MSI (launch planned in 2018) plan to self-finance. PSI is currently the only organization reliant on GF funding for SM activities, and as PSI has the largest market share, this donor funding prevents a level-playing field for other social marketing organizations to achieve sustainability.

Figure 8: Condom Distribution by Funding Source (2010 and 2016)



Source: Condom procurement details from in-country stakeholder meetings.

Figure 9: Market reliance on subsidy based on COGS cost-recovery⁵:

Market Reliance on Subsidy		
Organization/Brands	2016 Volume Distribution	% Subsidy Supporting Commodity & Packaging
Free Distribution	38,368,944	100%
PSI (Salama and variants)	68,297,910	49%
T-MARC (Dume and variants)	7,612,704	15%
DKT (Bull, Fiesta and variants)	3,655,671	0%
Commercial (Contempo, Rough Rider)	2,850,000	0%
Market Reliance on Subsidy (commodity & Packaging only)		59%

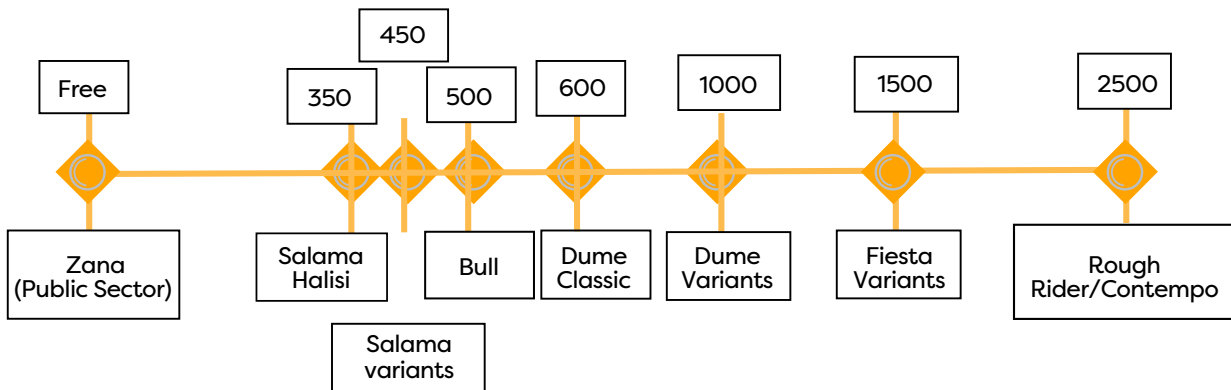
Source: COGS and Cost-recovery from respective social marketing and commercial organizations.

⁵ Percentage subsidy supporting commodity and packaging is based on COGS cost-recovery information from all organizations. This assumes program income from sales of condoms can be used to fund commodity procurement.

Market Breadth

Given the number of social marketing organizations in Tanzania, there are many brands with different price points in the market. The graph below shows that most of the SM brands are sold at the low end of the consumer price range, at 350-500 TSh (the numbers are sales price to consumers, in Tanzanian shillings). However, distribution surveys confirm that the price paid by consumers is higher than the recommended price – more often averaging 500-1000 TSh -- a price that puts these subsidized condoms on par with non-subsidized commercial brands. This distortion of subsidy artificially holds down the price of the entire condom category.

Figure 10: Consumer Price by Brand (Tsh)



Subsidy in the condom market is not currently targeted based on a person's ability to pay. As seen from the Demographic and Health Survey (DHS) data tables below, the use of social marketed brands (Salama, Dume, Familia) is high across wealth quintiles, including among people who are able to pay more for their condoms. This undifferentiated use of SM brands represents misdirected/wasted subsidy among high-income groups, and a missed opportunity to upgrade these segments to commercial brands.

Figure 11: % Condom Users Reporting use of SM Brands by Wealth Quintile

% Condom Users reporting use of socially marketed brands		
Wealth Quintile	DHS 2010	DHS 2015-2016
Lowest	*	*
Second	88.9	86.6
Middle	87.2	94.7
First	87.1	91.1
Highest	84.3	81.6

Source: Tanzania Demographic & Health Survey 2010 and 2015-2016



There is high overall condom availability with some discrepancies by channel and geographic areas:

Figures 12 - 13: Condom Availability by Category, Geographic Area

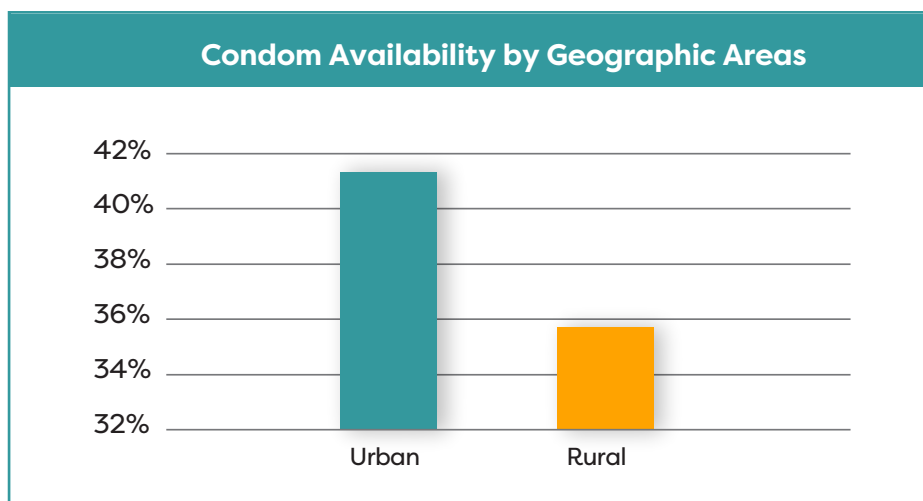
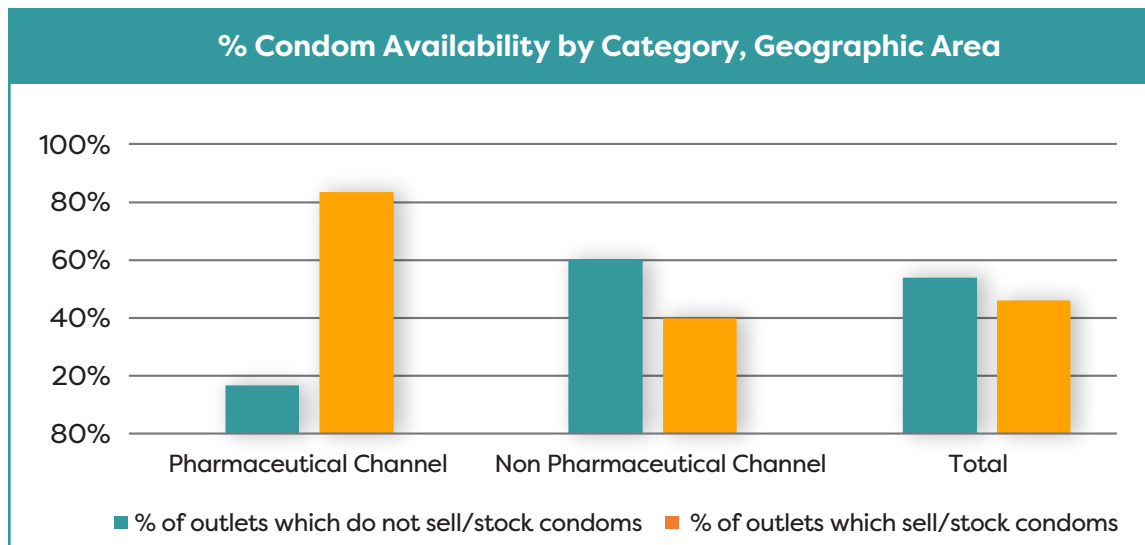
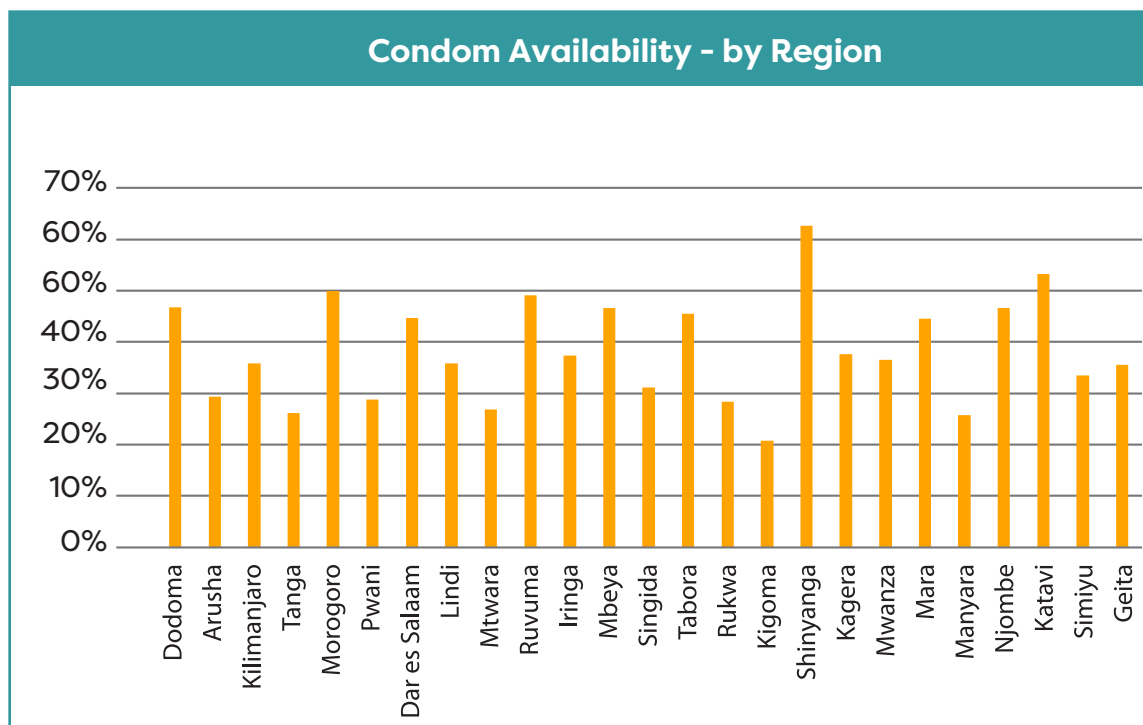




Figure 14: Condom Availability by Region



Source: PSI MAP: Measuring Access and Performance of Male and Female Condoms in High Risk areas for HIV infection, Tanzania 2015

Stage of the Total Market

Given the years of investment in the Tanzania condom market, high levels of availability and condom use, it can be categorized as a mature condom market, though some features of the market are still at a nascent stage. At 3% market share, commercial brands has shown limited growth, largely because of their inability to compete against heavily subsidized social marketing products, but also because of regulatory and policy barriers. Free condom distribution varies, at between 20-30% of market share, and has seen significant volume fluctuations over the years. Social marketing has the highest market share, with the potential to reduce reliance on subsidy and to lead the growth of the overall condom market, sustainably. The Tanzania condom market has significant potential to grow, as seen from the total universe of need as well as in the context of the country’s growing population, especially in the younger age groups.

5 | KEY FINDINGS AND ANALYSIS

The landscape for condom programming in Tanzania is experiencing major shifts in terms of donor support, the role and relevance of implementing and support agencies, and national leadership and coordination. These shifts present both challenges and opportunities for the growth of the total condom market. Ideally, Tanzania condom market growth will result in increased condom use – by the general population, and, importantly, by key populations, the poor, and vulnerable groups. Meeting the needs of these populations is critical to ensure equity and health impact. In addition, the market must move towards sustainability where reliance on donor funding decreases with a corresponding increase in domestic and private funding to maintain and grow current condom use across all wealth quintiles.

Listed below are market “failures” that have been organized according to the three pillars of the Condom Pathway⁶. To ensure a deeper understanding of the condom situation in Tanzania, further “root-cause analysis” was conducted for each market failure, based on key stakeholder interviews and review of all relevant documents.

5.1 Condom Program Stewardship

5.1.i. Leadership and Coordination – National policy, planning and strategy documents are not translating into resource allocation and commitments for TMA.

Tanzania has several policy and strategy documents⁷ in place, and an overall conducive and supporting policy environment⁸ for condoms. The NCCS as well as other key documents acknowledge the importance of a total market approach to condoms and the need to work through all market actors. However, the steps required to achieve the three TMA goalposts of equity, sustainability and growth are not resourced and are notably missing, for example, from Tanzania’s Global Fund request for the 2018-2020 period. There is no TMA strategic framework with clearly articulated goals, objectives and performance indicators by which to gauge the current situation and monitor process.

The GoT’s most recent plans and GF request do not include funding to create conducive market conditions either for the commercial condoms or for a more sustainable social marketing sector. In the NCCS, the key *missing pieces of TMA* are i) lack of inclusion of all market players, ii) inadequate priority given to sustainability of the total condom program, iii) unacknowledged potential for an increased role for the commercial players, and iv) improvement of the enabling environment across all sectors. There are plans for an increased role for free condoms in the national condom program implementation (higher volumes, broader distribution channels, wider target audience), with an expanded scope and scale for the Zana branded public sector condoms. This move will lead to increased donor-funded subsidy in the market, a practice that is not sustainable in the medium to long run.

All stakeholders should participate in the development of the TMA strategic framework with clear metrics and alignment of resources. To help build this stewardship capacity at the national leadership level, there is need for a market facilitator with a clear mandate to chart a path for overall market health, not limited to a narrow focus on any one sector of the market.

⁶ Based on a literature review and stakeholder consultation, the pathway for condom programming has been proposed to achieve equity, sustainability and scale. The key components of the pathway included in Figure 1 above.

⁷ Third National Multi-Sectoral Framework for HIV/AIDS 2013/2014-2017/2018; Operational Plan for HIV Prevention in Tanzania Mainland 2016-2018; National Multi-sectoral Condom Strategy (NCCS) 2016-2018

⁸ National Guidelines for Comprehensive Package of HIV Interventions for Key and Vulnerable Populations 2017; Tanzania Investment Case 2016

Policy and Regulatory - Limited role of the commercial sector in growing and diversifying the total condom market.

Compared to any other fast-moving consumer goods category in the Tanzania market, commercial condoms have the lowest market share. In addition to competition from heavily subsidized social marketing brands, commercial condoms play a limited role in the Tanzania market due to policy and regulatory barriers.

All condoms brought into Tanzania need to be tested by the Tanzania Bureau of Standards (TBS). The overly burdensome testing requirements were identified as a bottleneck by key stakeholders, including all SM and commercial organizations. TBS tests condoms that have been previously tested internationally, requiring unnecessarily high sample sizes. This practice hurts commercial actors, where increased COGS and other direct costs put pressure on cost-efficiencies needed for business viability. In addition, there are post-testing approval delays. There have been efforts by donors and other organizations to request a waiver for pre-tested condoms, however these attempts have not been successful.

According to stakeholders, the process to register pharmaceutical products, including condoms, is bureaucratic, difficult to manage and time-consuming (can take eight to nine months). All new condom brands must be registered through the manufacturer. According to the commercial players, the cost of registration for a new condom brand is US\$2,500. This is an entry barrier for low to mid-price condom brands, especially if volumes are likely to be low in the initial years.

Commercial sector players also acknowledged the lack of any market intelligence or reliable source of information on market potential, to justify additional investments in the condom market.

5.2 Condom Market Development

Supply Forecasting – Commodity security issues that will likely result in reduced and uncertain condom supplies in the near to medium term.

PSI's Salama brand constitutes almost 62% of the total condom market. Due to changes in the funding landscape with USAID and GF funding, there is lack of clarity around follow-on support, that could lead to a potential gap in condom supply in the market, if:

- » In the second half of 2017, PSI's Global Fund reprogramming request for Jul-Dec 2017 is not approved by MOF; and/or
- » In the first half and possibly the major portion of 2018 the social marketing sector is not included in the new funding allocation for condoms under GF.

It is also like that there will be a gap in free condom distribution as the procurement for condoms under the new GF proposal will begin after Jan 2018; with lead time, condoms are not likely to arrive before Q3 2018. The current quantification for Zana public sector condoms is finalized for 2017 and 2018⁹ without confirmed funding commitments. According to the last update at the Commodity Security meeting, there is only a two-month supply of male condom stocks left at the Ministry level.

Market analytics - Limited availability and use of marketing and consumer research data to inform consumer segmentation and brand positioning.

Social marketers have invested in collecting market and consumer information related to condom use, condom availability and pricing, as well as brand and category information. However, these analytics are heavily reliant on donor funding and limited to specific donor projects and brands. As a result, this information is neither comprehensive not routinely collected or disseminated. In addition, market and consumer information is not

⁹ Tanzania Quantification Report 2016 and updated 2017 figures from National AIDS Control Program (NACP)

consistently used to inform condom programming across market actors and across donors. Finally, the funding for collection and dissemination of this information is not included in future condom resourcing plans, including PEPFAR Country Operational Plan (COP) 2017 and GF funding request for 2018-2020 periods.

As the limited resources for condom programming are primarily allocated for commodity procurement and distribution, there is a *gap of investment needed to understand factors affecting condom use across target populations*. Barriers to condom use identified in the NCCS are: a lack of perceived risk and issues related to trust among sexual partners; limited perceived availability and inadequate capacity among women and girls to negotiate condom use. There are also affordability and accessibility issues among key and vulnerable populations. However, as recognized by stakeholders (particularly local NGOs and community-based organizations), there is a need for continued investment in the identification of deeper barriers to condom use among key and vulnerable populations, to inform condom programming. Condoms are also highly price sensitive and given the heavy use of subsidy to maintain low consumer prices, other factors driving condom use and brand preference are difficult to identify. Consumer loyalty is primarily driven by price.

Tanzania does not have existing *syndicated research sources*, such as Retail Audits, that can provide routine market snapshots to all social marketing or commercial players. As a result, there is very limited awareness and understanding of the market pulse, including commercial activity in the market, pricing structure and price variations and stock levels at various points in the supply chain.

The *lack of market analytics is problematic on multiple fronts*. There is an unfortunate combination of inadequate frequency and robustness of data, scarce resources, and a lack of capacity to determine what information is needed and how to translate that information into decision-making. Market and consumer information is not consistently collected or analyzed to track the condom market performance in terms of equity, sustainability and growth. Similarly, there is no mandate for an independent/neutral agency to routinely facilitate data use for decision-making and to inform TMA priorities.

Demand Creation - Lack of adequate investment and coordinated efforts to address access and affordability barriers among key and vulnerable populations.

There has been substantial investment in demand creation at the general population and target population level. This investment is seen in the increased condom use among men and women, including youth. However, there are limited data on condom use trends among key and vulnerable populations. Because HIV prevalence in Tanzania cuts a wide path across age, gender, socio-economic status and geographic location, there are many disparate risk factors for transmission. To significantly reduce HIV incidence, interventions are being targeted towards major sources of new infections (heterosexual relationships, casual heterosexual sex, MSM and clients of sex workers). In addition, addressing sexual health services and age-tailored HIV prevention for adolescent girls is a priority, given the epidemiologic evidence of their early and heightened vulnerability¹⁰. These groups report access and affordability issues, *yet limited research is being done to understand and address their specific barriers to condom use*.

Given the overall reduction in funding for HIV prevention, funding for condom programming is primarily focused on commodity support. There is *limited funding for highly targeted programs to promote and distribute condoms among key and vulnerable populations*. NGOs and civil society organizations (CSOs) that work closely with these key and vulnerable populations report challenges getting a consistent supply of condoms. This is a *missed opportunity to integrate condom promotion and distribution within existing networks* (MSM groups, PLHA groups and other community-based organizations).

¹⁰ Tanzania Global Fund Funding Request Application – draft version June 2017



5.3 Market Sustainability

Sustainability – Inadequate investment in promoting the importance of TMA in achieving sustainable condom programming at scale.

The advocacy role TMA can play to help move towards a sustainable national condom program – at scale – has not been fully explored. For instance, while there is acknowledgement of the sustainability issues within social marketing organizations that are heavily donor dependent, the parallel question of public sector sustainability is not being assessed, given the planned increase in scope and scale for public sector condoms. With the introduction of Zana branded condoms for the public sector, there seems to be an interest among Government agencies to play a bigger role in condom program implementation. *This influx of more free condoms, however, creates even more subsidy in the market – moving it farther away from sustainability.* In practical terms, such a move means that even those who are currently paying for their condoms may move to a quality, branded, free public-sector condom instead. TMA can support advocacy efforts to recognize and prevent further distortion in the market, so that those who can afford to pay for their condoms do not receive them for free.

Metrics for Management – Social marketing organizations are experiencing significant market challenges in growing the market sustainably.

As mentioned earlier, given the significant investment in the Tanzania condom market over the past decades, there is high distribution, availability and condom use with further room to grow within specific pockets of the market (rural areas, lower income groups, youth and key populations etc.). At this mature stage of the condom market, it is important to direct subsidy to highly targeted interventions that address key market failures while ensuring sustainability of the overall condom market. With the reduction in donor funding for condom programming in general and for the social marketing sector specifically, the future of social marketing organizations that are entirely reliant on donor funding is uncertain.

In the past few years, the Tanzania market is experiencing significant activity in the social marketing sector. As part of a new USAID project, T-MARC is operating independently and moving towards a self-reliant social enterprise model within the next three years. In the past two years, DKT has grown market share with two new brands and aims to have a fully self-sustaining model in the near future. MSI is planning to re-introduce its regional brand in the Tanzania market with the clear objective of a fully sustainable condom social marketing operations. These three organizations have an opportunity to achieve their sustainability goals, if there are optimal market conditions. PSI is also planning to move towards sustainable operations with price increases planned for the existing brand (Salama) and possible introduction of a higher priced condom brand. The current subsidy levels in the market (from the public sector and donor-funded programs) have created an uneven playing ground for these relatively new entrants. Their smaller/newer brands are struggling to gain footholds and increase sales volumes, as their budgets are leaner and not funded by donors. Cost-recovery is a challenge, as they are competing with PSI's subsidized brands.

As the largest of the four social marketing players in the condom market, and the only one that is heavily donor funded, PSI's current condom pricing and distribution strategy is aimed at achieving high volumes and ensuring equity within the market. This approach results in improved coverage and affordability, but also in misapplied subsidy. Availability of socially marketed condoms is higher in urban areas compared to rural areas and use is high across wealth quintiles, where the wealthy benefit from donor subsidies they do not need. Subsidy based on donor funding also results in unfair competition in urban areas and among general population between the SM and commercial sectors, where the commercial sector is crowded out. Across the board, an over-reliance on donor funding and untargeted subsidy in the public sector and by PSI is distorting the condom market. The lack of donor requirements to ensure proper targeting of subsidies leads to wastage of limited resources. Resource allocation for condom programming has not evolved despite significant evolution in market conditions, increased diversity of local market players along the value chain, and improved purchasing power among consumers. The Tanzania condom market is more mature than many other sub-Saharan African condom markets, yet it needs a course-correction to address subsidy distortions.

6 | LIMITATIONS

The following limitations were identified during the country deep-dive process:

- » Detailed breakdown of distribution across public and social marketing condoms: It was difficult to get information on distribution of public sector condoms at the facility level or through other community-based channels. Similarly, it was not possible to get information on distribution of social marketing condoms through CBOs/CSOs that in turn give condoms free to their target populations.
- » Lack of independent data source on commercial condoms in the market: In the absence of retail audits or similar syndicated data, there was limited information on commercial sector brands that have a smaller or intermittent presence in the market.
- » Timing of the GF reprogramming request for 2017 and funding request for 2018-2020 period: The final approval for the GF funding request for 2018-2020 period has not been granted and has major implications for the inclusion of the social marketing sector as part of future condom programming. In addition, PSI's request for reprogramming for the July-December 2017 period had not received final approval at the time of this writing.

7 | RECOMMENDATIONS

The proposed recommendations below aim to address the market failures and their root-causes identified through in-country analysis. Some recommendations draw on existing plans at the country level and others require additional investment and management. The recommendations proposed below address more than one market failure and/or root-cause.

The Tanzania market displays characteristics of a mature condom market in terms of absolute volumes, product types (range of brands and variants), consumer awareness, and distribution penetration, as well as condom use levels among the general population.

The market also, however, displays certain characteristics of a stagnant condom market in terms of limited volume growth, fluctuating volumes, market share cannibalization across brands, plateaued condom use levels especially among key and vulnerable populations, reduced marketing and demand creation investment to increase use and recruit new users, inefficient use of resources within the private sector supply chain, and heavy reliance on subsidy across a major portion of the market.

To achieve equitable and sustainable growth, it is important to consider market-shaping strategies based on a clear vision for the role of the different market players. In the past, investment has focused on demand and supply functions (including commodity supplies) for public sector and social marketing condoms. The future of the condom market will depend on the ability of direct market actors to ensure both sustainability and heavy targeting of subsidy (equity). Market success will also require an increasing role of indirect market actors, to create an enabling environment (policies, regulations, taxes and tariffs, etc.). At this mature stage of the Tanzania condom market, two levels of market segmentation are required:

- a. *Segmentation of market actors*, based on their distinct roles
- b. *Consumer segmentation* across brands

1. **Improve the role and relevance of the different sectors to achieve equity and sustainability.**

Equity and sustainability are the two key factors that must be safeguarded during market growth. These criteria are not mutually exclusive and should be seen along a spectrum defined by the degree of trade-off required as more of one leads to less of the other. Each sector needs to determine its primary objective to achieve the right levels of equity and sustainability factors.

Role of Social Marketing – Currently, there is a tension in the market as organizations aim to achieve both equity and sustainability equally, but end up making trade-offs that result in misaligned resources and funding. For instance, PSI is pursuing equity goals but is unable to continue programming without donor support – so is not sustainable with its current model. On the other hand, DKT and T-MARC are instead pursuing sustainability goals, but are challenged by the price under-cutting and artificial market barriers created by heavy donor subsidy to the government and to PSI. Given the years of investment in condom markets, there is room for all social marketers to use program income from condom sales to achieve sustainability. This shift would require the social marketers to run cost-efficient operations with streamlined use of marketing and distribution resources to maintain and grow their presence in the market. Any donor funding should be used to cover gaps in the condom market – last-mile distribution, and increasing use among key and vulnerable populations.

Role of Commercial Actors – A move by social marketers towards financial self-reliance and sustainability will lead to market corrections that allow commercial brands to thrive. For instance, heavy subsidy flowing into social marketing organizations has enabled them to offer very low prices to retailers, who then inflate their trade margins and profit in a way that cannot be matched if they instead buy from commercial distributors. If commercial actors can extract higher value from the market (by providing value-added brands, targeting upper income consumers), there will be a halo effect on the overall condom market, that will recruit additional users and create some much-needed excitement for volume as well as value growth, and increased use in the general population, including youth.



Role of Public Sector Condoms – There are still gaps as well as growth opportunities within certain segments of the market. There is an ongoing need for subsidy to ensure affordability and access for key and vulnerable populations. Given the investment that continues to be made in the national infrastructure, as well as investments in a comprehensive HIV response, there are opportunities to integrate public sector condoms into existing efforts and achieve wider impact. Public sector condoms should primarily be distributed through existing distribution channels, including public health facilities and through organizations (CSOs, NGOs, CBOs) reaching key and vulnerable populations.

2. Appropriately stage investment in consumer segmentation to achieve condom market growth and diversify the market.

In marketing, there are diverse ways to segment consumers so that you can reach them with the right product and right messaging, to meet their needs and desires. These segmentation options range from simple techniques like demographics based on age, income, geography, or gender, to more sophisticated techniques like multi-dimensional segmentation based on factors such as product preference; lifestyle or emotional benefits; purchase patterns (e.g. heavy-medium-light users, consistent or inconsistent, regular or lapsed users, loyalists or switchers); and use preferences (e.g. partner type, occasion). Multi-dimensional segmentation helps identify accurate and fine-tuned clusters to determine what drives condom demand. This level of segmentation leads to value growth (through improved pricing) and volume growth (through increased reach and relevance to various population groups as well as increased use within each existing category). Currently it is not possible to do this sophisticated consumer segmentation in Tanzania, as condom distribution is primarily driven by price. If, however, the multi-dimensional segmentation outlined above is implemented, artificial competition between consumers of free, subsidized and full-priced condoms will be removed. This clean-up will allow for a more sustainable market, with better targeted subsidies.

3. Ensure highly targeted donor investment in demand creation.

The Tanzania market displays significant growth potential. There is high awareness of condoms for HIV prevention¹¹ and family planning¹², and a positive environment towards condoms in general, with a perception of wide accessibility¹³. However, there are marked differences by age groups, geographical regions, socio-demographic characteristics and risk behaviors. There is a need for different strategies to achieve increased condom use at the general population level, as well as among key and vulnerable population sub-groups. The barriers and motivations to condom use vary by population group and hence require a differentiated approach to behavior change.

The condom market requires distinct levels of investment to achieve growth in consumer demand. It is recommended that future donor and government investments in condom programming focus on critical demand-side factors limiting condom use among key and vulnerable populations. On the other hand, social marketers that are financially self-reliant, together with the commercial actors, should focus on total market growth and increased condom use at the general population level.

The critical driving factors for demand creation are:

- » Condoms require shifts in the socio-cultural landscape as well as investment in addressing accessibility and affordability among key and vulnerable populations. This investment is best led by government programs at the national level, with strong linkages to existing community-based programs that reach key and vulnerable populations, and to existing donor-funded HIV programs at the facility and community level.
- » Condoms are an impulse-purchase product and require investment in constant recruitment across target groups as well as occasions. This type of marketing investment can be driven by brand-related promotions, led by commercial and/or financially self-reliant social marketing brands.

4. Leverage current investments in improving supply chain management as well as the scale-up planned in HIV services for key and vulnerable populations.

In addition to the socio-cultural factors to be addressed through demand creation, accessibility and affordability remain key barriers to condom use among key and vulnerable populations. Social marketing programs have achieved large-scale national distribution of condoms, but have very limited coverage in rural areas and among community organizations that target key and vulnerable populations. There is now an opportunity to tap into existing and new donor funding to maintain the current levels of social marketing distribution at the general population level, while also addressing 'last mile' issues among target groups.

- » For the *general population* (including men and women in multi-partner relationships, women of reproductive age with family planning needs, and urban middle-to-upper income groups), commercial and financially self-reliant social marketing brands can use the existing, private supply chain network (importers, distributors, wholesalers, sales teams) to ensure coverage of traditional channels (pharmacies, accredited drug dispensing outlets, supermarkets), and, to some extent, the non-traditional channels (guest houses, kiosks).
- » For *key populations* (MSM, FSWs, PWID) and *vulnerable populations* (adolescent girls and young women, lower-income rural areas), existing civil society organizations and donor-funded programs can integrate condom promotion and distribution within their activities, capitalizing on their reach and access into these networks.

¹¹ THMIS 2011/2012 - 69.4% women and 77% men know that a person's chance of getting the AIDS virus can be reduced by using condoms.

¹² DHS 2015/2016 - 95% women and 96% men know male condoms as a modern contraceptive method.

¹³ THMIS 2011/2012 - 64.7% women and 84.5% men in 15-24 age group know a condom source

The need to improve supply chain management has been identified in the national strategy and by all major donors. USAID has heavily invested in these improvements in the past and plans to continue this work going forward. Through the Global Health Supply Chain technical assistance project (a consortium of PwC, JSI, Abt Associates, Village Reach) there is technical support to look at the re-design of the Medical Stores Department (MSD) supply chain. It will be important for the public sector to coordinate these investments.

5. Invest donor resources in building market information as a public good, for evidence-based decision-making at all levels of the market.

Currently, an overall understanding of the total condom market is hindered by a lack of information on commercial actors, combined with limited information sharing among the social marketing organizations, and inadequate information collected from the public sector. To address these information gaps, it is important to heavily invest in collecting high quality market- and consumer-related information with ambitious frequency, particularly in the short-term in order to “catch up” with data needs for market shaping. Better data will feed into decision-making and performance management, to allow for evidence-based government stewardship of the national condom program.

» *Set up a tracking system to collect information on total market size in terms of volume and value* – This information can be collected at different points in the supply chain depending on the level of precision required versus resources available. Information collected further up the supply chain (e.g., from manufacturers or importers) is easier to get and hence less expensive, but does not provide a full picture of volumes. It is also difficult to estimate market value without full insight into trade margins and trade promotions.

Information collected *further down the supply chain*, e.g., from consumers, is more expensive as it involves representative sampling, but provides a full picture of product use by brands and price paid to determine market value.

The trade-off solution in the commercial world is retail audits. As retail audits ensure representative sampling of outlets with high frequency of data collection, there is increased precision of volume and value. The costs of retail audits are frequently apportioned over different companies, so that it becomes affordable to conduct these audits frequently, and to gain deeper insight into markets.

Most developing country markets like Tanzania do not have retail audits -- a major limitation to obtaining total market information. It is possible, however, to do a low-resource version of the retail audit by adjusting the number and type of outlets included and the frequency requirements for data collection. This investment is recommended for the Tanzania market. It is further recommended that donor resources be used for this investment through an independent agency or market facilitator. Given the nascent size of the commercial sector, the increased pressure on social marketers to cut costs and move towards sustainable operations, and the limited incentive in the public sector to track the private market, independent assistance is critical. With the growth of commercial activities and financially self-reliant social marketing brands, it is possible to wean off this audit investment over time. At this stage of TMA in Tanzania, however, market information should be treated as a public good to be subsidized by donors until market corrections are well underway.

» *Invest in consumer segmentation research*

Additional consumer and market research will be required to determine the market segments for the different condom brands. This investment should be planned once initial clean-up of the market has been done. It is important that the segmentation research be done from the perspective of the total market. A good segmentation study will aspire to determine condom category and brand drivers. It will also identify market segments with the objective of total condom category/market growth and not just market-share growth of any particular brands. For these reasons, the segmentation research should be conducted by a market facilitator and not by any individual market actor – public, commercial or social marketing. This information should also be treated as a public good and not provide unfair advantage to any one organization.

- » *Qualitative research to gain consumer insights from key and vulnerable populations to understand motivations for and barriers to consistent condom use*

Given the high levels of HIV prevalence among key populations (MSM, FSWs and PWID) and relatively lower levels of condom use, there is *need* to further understand socio-cultural and structural barriers faced by these target groups. As donor resources are planned for significant scale-up of reach and coverage targets for key populations (in line with the TZ investment case and funding planned under COP 2017 as well as new GF funding request), there is opportunity to conduct qualitative research by leveraging these investments.

This three-pronged approach of market surveys at retail level, consumer segmentation research and barrier analysis among key and vulnerable populations will help inform the overall condom market segmentation as well as demand and supply investments proposed above.

6. Assign an independent market facilitator to foster an enabling environment for the total condom market across all market players.

In addition to the core functions of the market in terms of demand and supply, there is need for a market facilitator to help support national stewardship of the total market agenda, and to support direct and indirect market actors to align with this agenda for long-term sustainability. Currently, there is no agency or mandate for an existing market player to ensure coordination and collaboration across sectors, or to provide ongoing support to the government to understand and implement total market approaches. Based on the experience to date and due to competition across commercial and social marketing players, it is recommended that direct market actors should not play the market facilitator role. This market facilitator position should be established as a sustained engagement over a three to five-year period.



Mann Global Health
HEALTHIER PEOPLE. STRONGER GLOBAL HEALTH ORGANIZATIONS.



WWW.MANNGLOBALHEALTH.COM