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ZIMBABWE CASE STUDY

Bill & Melinda Gates foundation

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ACRONYMS

AGYW	Adolescent Girls and Young Women
BMGF	Bill & Melinda Gates Foundation
CCP	Comprehensive Condom Programming
CWG	Condom Working Group
HIV	Human Immunodeficiency Virus
GARPR	Global AIDS Response Progress Report
GNI	Gross National Income
MCAZ	Medicines Control Authority of Zimbabwe
MGH	Mann Global Health
MoHCC	Ministry of Health and Child Care
MSM	Men Having Sex with Men
PSI	Population Services International
PWID	People WHO Inject Drugs
SBCC	Social and Behavioral Change Communication
SW	Sex Workers
TMA	Total Market Approach
TWG	Technical Working Group
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 the for-profit commercial sector. The focus of this assessment is on sustainability, equity and impact using the market development approach. The objective is to provide recommendations for building and sustaining condom programs, 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.

Zimbabwe was one of the countries selected for analysis, as it has historically been one of the strongest condom programs in the region. Zimbabwe is one of only five countries to meet or exceed UNFPA's regional benchmark of 30 male condoms/man/year.[1,2] Significant investments have been made in the public sector and the condom social marketing program that have resulted in increasing condom distribution, coupled with high levels of awareness, access and condom use. Zimbabwe provides an archetype of a strong condom program that is currently at risk due to economic challenges and decreasing funding levels. The main question for the country condom program is whether the gains made in the past can continue, given an over reliance on a highly subsidized social marketing program and a large public sector free distribution program.

2 APPROACH

To allow for a single overarching approach that addresses all stages in a condom program, a ***"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

Condom Program Stewardship	Condom Market Development	Condom Market Management
Leadership& Coordination	Market Analytics	Equity
Financing	Supply	Sustainability
Policy & Regulation	Demand	

Based on an extensive literature review, Mann Global Health identified challenges along the Condom Program Pathway that might impede efforts to achieve equity, sustainability and scale. As seen in Figure 1 above, each of the three elements of the Condom Program Pathway contains critical market functions needed for a healthy condom market.

[1] Zimbabwe Ministry of Health (2016) "GARPR Zimbabwe Country Progress Report 2016"

[2] UNAIDS (2016) Prevention Gap Report

The table below compares the Pathway challenges with the market failures seen in Zimbabwe:

Figure 2: Condom Pathway Summary Findings from Zimbabwe Deep Dive

Condom Program Pathway	Market function failures in Condom Pathway	Findings from Zimbabwe deep-dive
Condom Program Stewardship	Need to invest in Total Market Approach (TMA) **leadership, coordination** and planning capacity	Zimbabwe has strong capacity at the national level and has had significant levels of investment in condom programming, however, national strategy and planning documents lack a common vision for a healthy condom market and have limited focus on development of a sustainable and equitable condom program. Limited engagement of and investment in private market players to address challenges in the operating environment, including financial, policy and regulatory. Gaps in condom programming due to limited coordination and alignment between Government and donors on funding various aspects of condom programming.
Condom Market Development	A lack of **market analytics** leading to poor understanding of condom markets	Without comprehensive understanding of the market, given limited consumer and market information, TMA has been understood as dividing the market into free, social marketing and commercial sectors for recommendations, instead of a focus on market failures that limit growth, equity and sustainability.
	Poor planning, quantification, and funding leading to **supply problems**	Economic challenges led to closure of 20-30% of retail outlets resulting in reduced sales among private channels and possible accessibility issues among certain population segments.
	Inadequate sustained **demand creation** targeting populations at risk	Reduction in funding levels for demand creation may lead to decline in condom use levels, especially among youth cohorts entering the market.
Condom Market Management	Lack of understanding of needs/use by groups especially key populations, creates **equity problems**	Potential to improve targeted use of subsidy to maintain and increase condom use among target populations, including lowest wealth quintiles, rural populations and youth.

3 COUNTRY CONTEXT

With an estimated population of 15.6 million (2015), Zimbabwe ranked 154 out of 188 in the 2015 Human Development Index. Zimbabwe's economy and health statistics reflect significant fluctuations over the past decades. Zimbabwe's life expectancy dropped from 61.75 years in 1987 to 40.6 years in 2002, and increased back to 59.16 years in 2015. The economy contracted dramatically after 2000, resulting in rates of unemployment as high as 95%. Zimbabwe experienced a period of hyperinflation from about 2003 to early 2009, and suspended its own currency. A move from the Zimbabwe Dollar to US Dollar as the currency for all transactions in 2009 led to a period of positive economic growth for the first time in a decade. This was followed by a period of steady economic growth, with an increase in GDP per capita of US$325.68 in 2008 to $1027.41 in 2014, and a slight downward trend in 2016 with GDP per capita of $1008.60 (World Bank, 2015).

In 2015, adult HIV prevalence was estimated at 14.7%[3], the fifth highest HIV prevalence in sub-Saharan Africa. Zimbabwe has approximately 1.4 million people living with HIV, including 77,000 children[4]. New infections dropped from 79,000 in 2010 to 64,000 in 2015[5]. Behavior change communications, high treatment coverage, and prevention of mother to child transmission services are thought to be responsible for this decline in new infections.[6] Deaths from AIDS-related illnesses show a declining trend, dropping from 61,000 in 2013 to 31,000 in 2015. Similarly, the number of children orphaned due to AIDS fell from 810,000 to 524,000 over the same period.[7]

The HIV epidemic in Zimbabwe is mainly driven by unprotected heterosexual sex. The priority population segments identified by the Zimbabwe National HIV and AIDS Strategic Plan II include: i) Sexually active young people and adults, ii) Couples in discordant relationships, iii) PLHIV enrolled in the Pre-ART and ART program, iv) Men and women testing positive in HTC sites, v) Key populations (Sex workers, MSM) and their clients, and vi) Men undergoing male circumcision. It is estimated that more than half of the sex workers in Zimbabwe are living with HIV (57.5%).[8] The number of sex workers reached with HIV prevention programs in the country has more than doubled in recent years, from 7,300 in 2014 to 16,900 in 2015.[9] 4.1% of young people aged 15-24 are living with HIV.[10] There are growing epidemics among key populations who are at higher risk of HIV, but national data on these populations are sparse, as only limited data are collected and reported in national documents. Current criminalization laws inhibit data collection, with no data on size estimates or HIV prevalence for MSM, SWs and PWID – groups categorized as criminal.

The varied nature of the key affected groups calls for the design and implementation of targeted interventions that address the unique needs of each population segment. Areas of high HIV transmission include border districts, growth points, small-scale mining areas, fishing camps and commercial farming settlements.[11]

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[3] UNAIDS Zimbabwe HIV/AIDS estimates 2015

[4] Ibid

[5] UNAIDS Prevention Gap Report 2016.

[6] Zimbabwe Ministry of Health (2016) GARPR Zimbabwe Country Progress Report 2016

[7] Zimbabwe Ministry of Health (2016) GARPR Zimbabwe Country Progress Report 2016

[8] Sapphire 2013

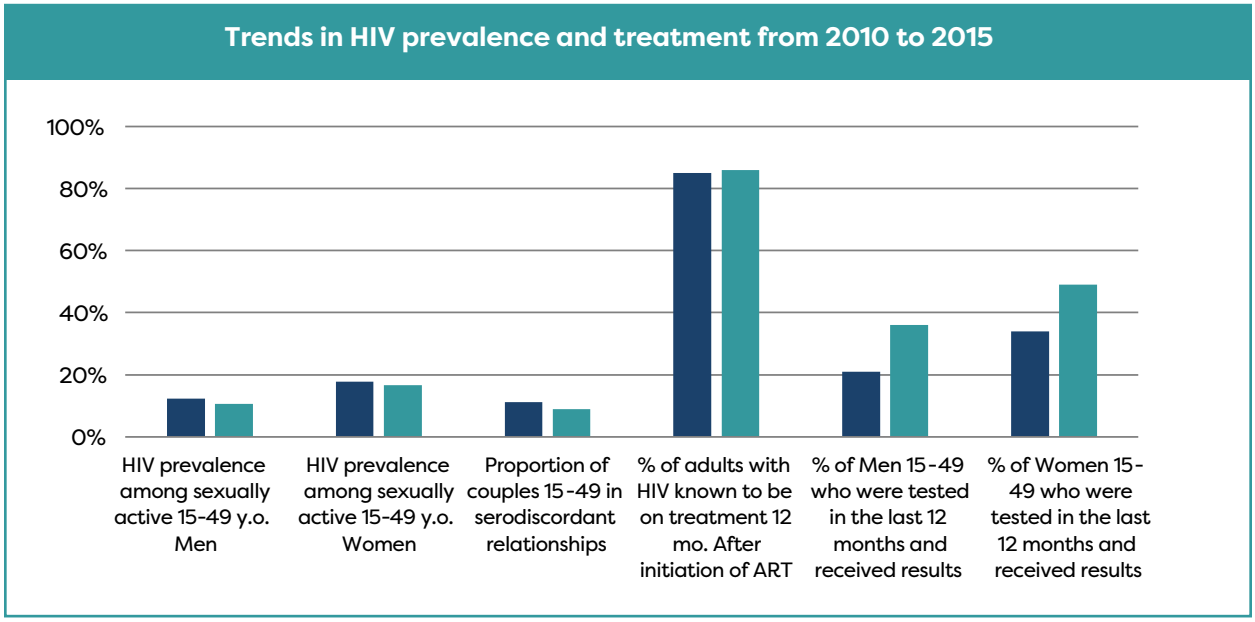
[9] Zimbabwe Ministry of Health (2016) GARPR Zimbabwe Country Progress Report 2016

[10] ZDHS 2015

[11] HIV Hotspots Mapping Report 2014

[12] Ibid

Figure 3: Trends in HIV prevalence and treatment from 2010 to 2015



There has been a general trend of increasing donor funding for HIV programming, from approximately US$25 million in 2000 to US$180 million in 2013. The Government of Zimbabwe (GoZ) has instituted domestic initiatives to combat HIV, including an AIDS levy, which is made up of 3% payee and corporate tax.[12] In 2015, Zimbabwe developed a national HIV investment case promoting effective, efficient, and sustainable investments in its HIV responses by targeting specific locations and populations.

Figure 4. Annual Investment Profile by Program Area

Annual Investment Profile by Program Area (%)	PEPFAR	Global Fund	HDP	Government	Private Sector
Clinical Care, treatment and support	28.5	49.4	10.44	10.22	1.44
Community based treatment and support	7.32	16.53	61.90	-	14.26
Prevention of mother-to-child transmission	17.16	0.61	62.55	19.67	-
HIV Testing and Counseling	39.67	17.25	23.08	12.10	7.91
Voluntary Medical Male Circumcision	36.34	11.45	41.14	11.06	-
Priority Population Prevention	3.01	7.18	80.48	6.71	2.62
Key Population Prevention	12	10	78	-	-
Orphans and Vulnerable Children	46.88	-	53.12	-	-
Laboratory	17.38	55.74	-	26.88	-
Strategic Information, Survey and Surveillance	11.37	37.00	43.48	8.15	-
Health Systems Strengthening	1.26	16.19	47.85	34.7	-

Source: PEPFAR Country Operational Plan COP 2017

[12] Zimbabwe Ministry of Health (2014) GARPR Zimbabwe Country Progress Report 2014

Zimbabwe relies heavily on donor funding for condom programming and commodity support. The main funders for condom programming are USAID, DFID and UNFPA. The major share of commodity funding is from USAID at 99% with a small investment from UNFPA at 1% of total procurement. As seen in the table below, Global Fund does not provide any funding support for condom commodities. USAID and DFID have been the main funding support for PSI Zimbabwe's condom social marketing program.

Figure 5: Annual Procurement Profile for Key Commodities

Annual Procurement Profile for Key Commodities	Total Expenditure	PEPFAR (%)	Global Fund (%)	GOZ/NAC (%)	Other (%)	Gap (%)
ARVs	$129,573,401	15	75	10	0	0
Rapid Test Kits	$6,220,558	8	54	37	0	1
HIV self-test its	$2,929,337	14	13	0	0	72
Other drugs	$1,041,464	73	27	0	0	0
Lab reagents (EID)	$1,486,000	19	81	0	0	0
Lab reagents (POC)	$1,643,450	0	48	12	0	39
Lab reagents (conventional)	$9,709,333	0	50	7	0	43
Lab reagents (VL)	$15,289,128	7	63	1	0	29
Condoms (male and female)	$5,039,300	100	0	0	0	0
VMMC kits	$5,702,055	54	20	0	0	26
Other Commodities	$535,398	91	9	0	0	0
Total	$179,169,424					

Source: PEPFAR Country Operational Plan COP 2017

4 STATE OF THE CONDOM MARKET

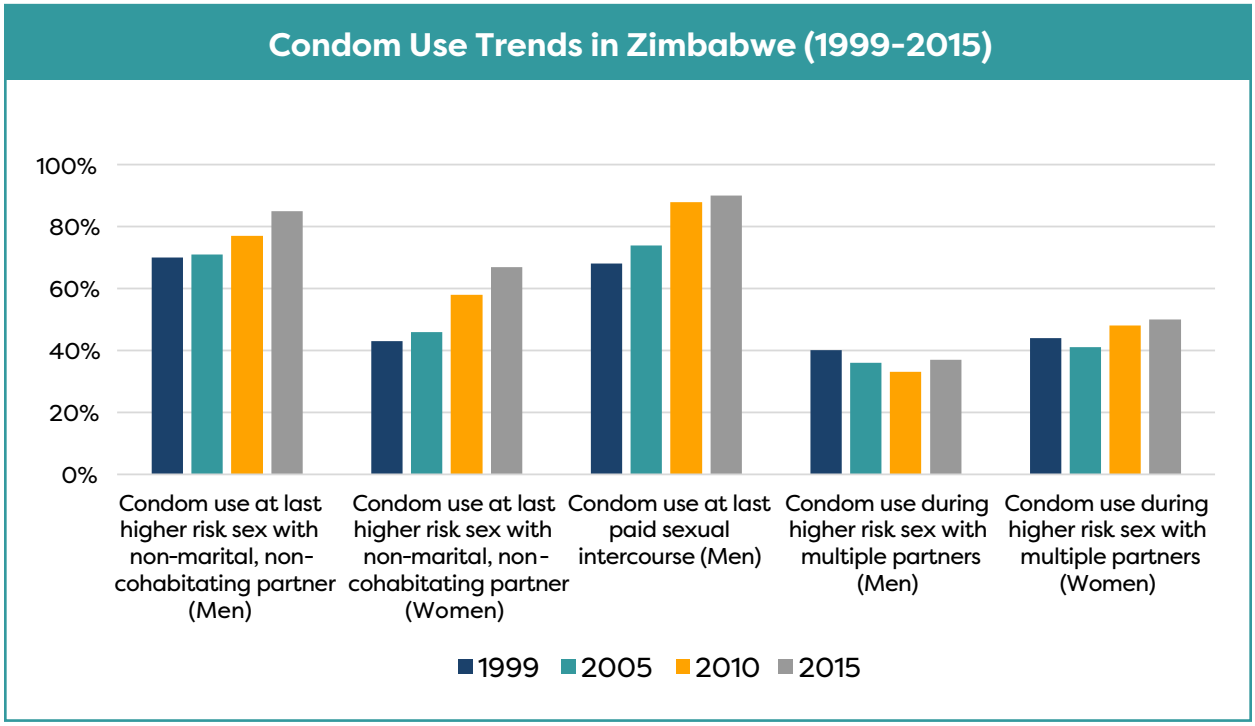
4.1 Current Use and Need

The Zimbabwe National HIV and AIDS Strategic Plan 2011-2015 outlines the prioritized interventions, strategies, and expected results for the national response. The selection of the interventions and strategies is premised on the need to focus on high impact interventions with evidence-based efficacy. The priority interventions are prevention; treatment, care and support; coordination and management; and systems strengthening. Within prevention, key activities include condom promotion and distribution.

Condom Use trends – According to 2015 ZDHS data, condom use at last sexual intercourse was 66.7% among women aged 15-49 who had intercourse in the last 12 months with a non-marital, non-cohabitating partner. Among their male counterparts, 85.3% reported condom use at last sexual intercourse with a non-marital, non-cohabitating partner.

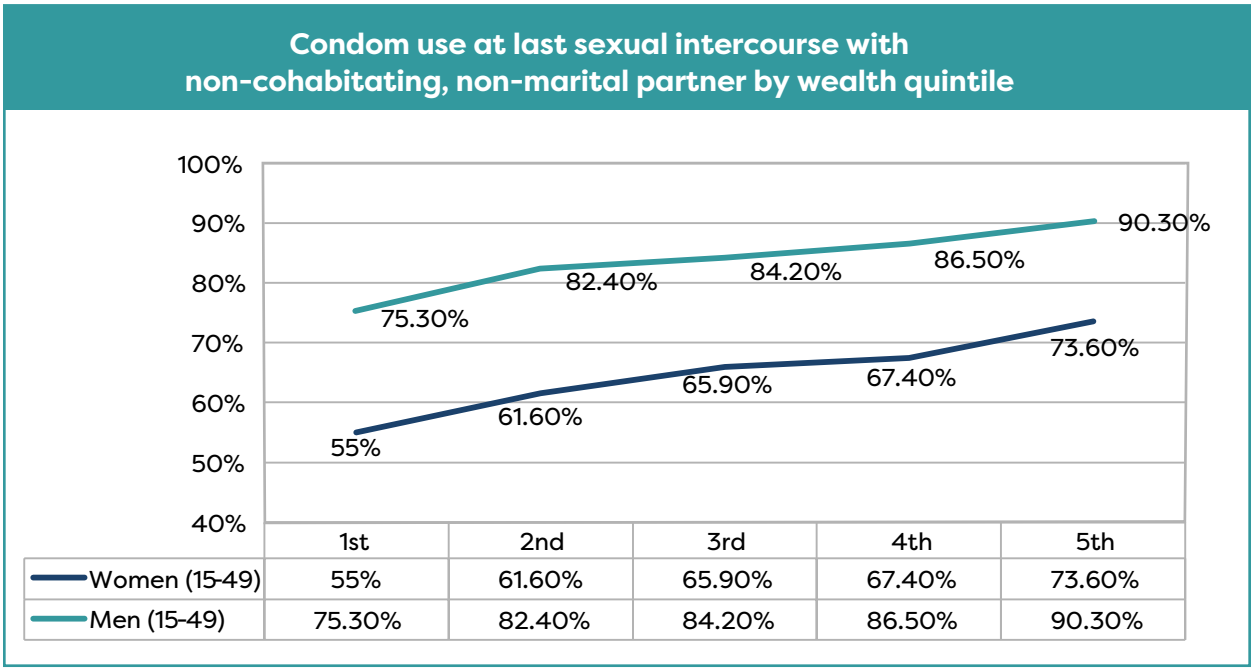
Condom use during risky sexual behavior has steadily grown since 1999 with continued progress in the 2010-2015 period seen in the last two demographic health surveys. Condom use among young sexually active women in the 15-24 age group shows signs of plateauing. Overall, Zimbabwe has shown significant progress in increasing condom use and is now in a position to maintain those gains, while investing in key areas for equity growth such as gender, geography and wealth quintiles.

Figure 6: Condom Use Trends in Zimbabwe (1999 – 2015)



As seen in Figure 6 above, condom use during high-risk sex steadily increased between 1999 and 2015 across men and women. There is room to improve despite this success.

Figure 7: Condom Use at Last Sexual Intercourse with Non-Cohabitating, Non-Marital Partner by Wealth Quintile

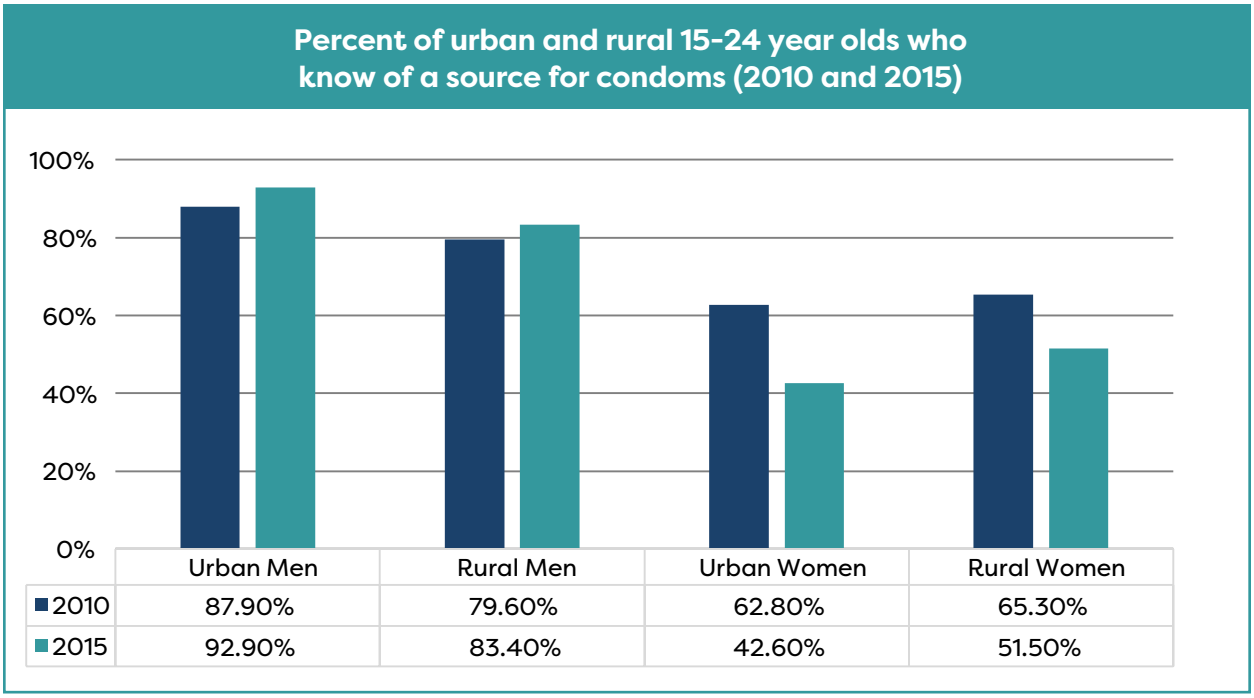


	1st	2nd	3rd	4th	5th
Women (15-49)	55%	61.60%	65.90%	67.40%	73.60%
Men (15-49)	75.30%	82.40%	84.20%	86.50%	90.30%

Source: Zimbabwe Demographic Health Survey 2015

Condom use among men and women in the lower quintiles (1st and 2nd quintiles) is much lower than the higher quintiles and indicates equity issues. In addition, reported condom use among women is much lower than men. An alarming downward trend in knowledge of a condom source among young women and adolescents is seen in the graphic below. There is potential to ensure that limited resources are adequately targeted to address affordability, access or other barriers to use among these groups.

Figure 8: Percent of Urban and Rural 15-24 year olds who know of a source for condoms (2010 and 2015)



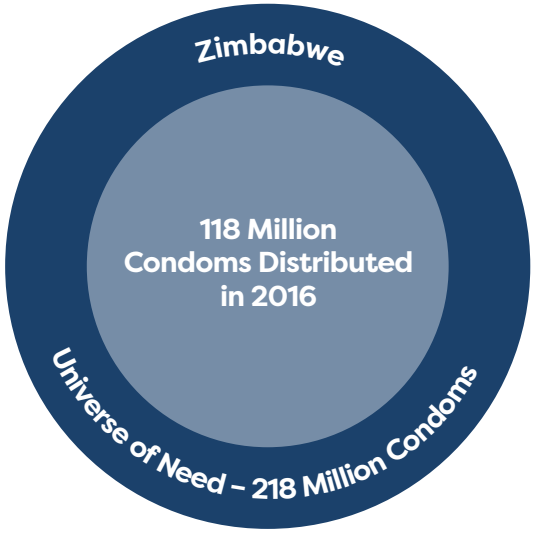
	Urban Men	Rural Men	Urban Women	Rural Women
2010	87.90%	79.60%	62.80%	65.30%
2015	92.90%	83.40%	42.60%	51.50%

Source: Zimbabwe DHS 2010 and 2015

4.2 Market Description

As noted earlier, Zimbabwe has one of the largest distributions of male and female condoms in the region. In 2016, a total of 118 million condoms[13] were distributed in the Zimbabwe market, making it one of only five countries to meet or exceed the United Nations Population Fund's regional benchmark of 30 male condoms per man per year.[14] Based on the UNAIDS Condom Fast Track tool calculations, the universe of need for condoms is 218 million[15] and current distribution meets 54% of the total condom need.

Figure 9: Total Potential Market for Condoms



Total Potential Market:
The total condom market need in Zimbabwe is estimated at 218 million condoms. Based on actual distribution figures in 2016, total condom distribution is at 54% with significant room to increase distribution to meet the universe of need.

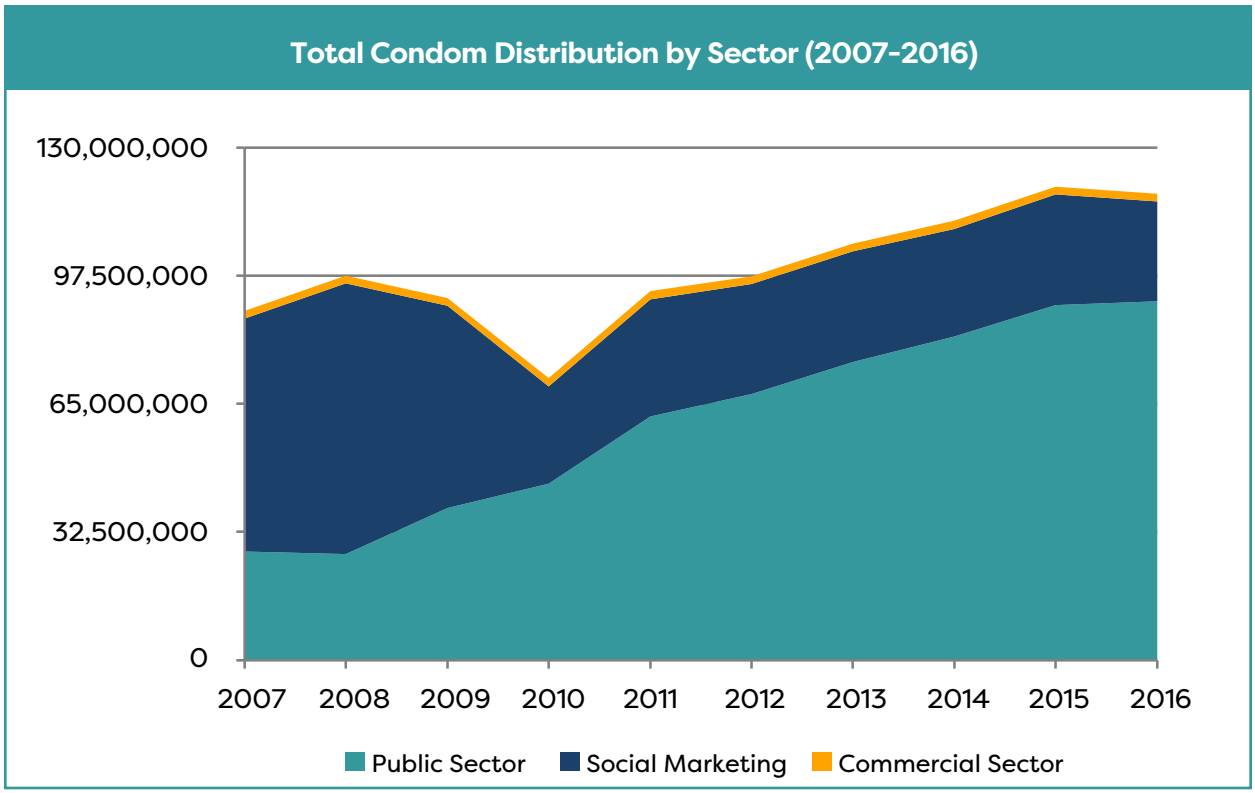
[13] Source PSI Zimbabwe distribution data
[14] UNAIDS (2016) Prevention Gap Report
[15] UNAIDS condom fast track tool Zimbabwe

Figure 10: Overview of the Market by Sector

	FREE CONDOMS	SUBSIDIZED CONDOMS	COMMERCIAL BRANDS
BRAND	Panther is the free public sector brand. MOH is interested in exploring a broader range of products including flavored variants for the public sector to address quality perceptions and improve uptake of free condoms.	Protector Plus is the only socially marketed brand by PSI Zimbabwe. The offering includes a basic brand with colored and textured variants.	Carex (imported by Elecare) is the most prominent commercial brand in the market. This is followed by other commercial brands, including Casanova (Pharmaceutical and Chemical Distributors), Enjoyable Safe Pleasure (ESP), Contempo (Greenwood Pharmaceuticals), Moods (Blissful Enterprise), Choice (Granitside Chemicals) and Durex (Reckitt Benckiser).
MARKET SHARE	Market share estimated at 77%	Market share estimated at 21%	Market share estimated at 2%
SUBSIDY %	Free for consumers – 100% subsidy.	Market reliance on subsidy is 28% for Protector Plus	0% reliance on subsidy.
FINANCING	Commodity procurement is 100% donor funded (USAID 99% and UNFPA 1%) along with significant USAID support for supply chain management in public sector.	Commodities funded 100% by USAID. Programming co-funded by DFID and USAID. DFID funding for PSI Zimbabwe ends in June 2017. USAID funding scheduled to end Q2 2018.	Self-funded
AVAILABILITY	Very strong distribution systems across health facilities with limited, if any, stock-outs. Due to fuel shortages and financial challenges, access is affected in rural areas.	PSI Zimbabwe distribution is through approximately 6,000 private outlets, which include 3,000 outlets serviced directly. The distribution structure includes 138 stockists, 92 wholesalers, 121 Modern Trade (supermarket, convenience stores, general stores), 2,545 Retailers and 47 workplace organizations in mining, farming etc. Stockists and wholesaler account for 63% of sales volumes.	Commercial actors conduct their own distribution but lack sufficient capital to enhance access. Carex brand is imported and distributed by Elecare, one of the largest commercial players. Elecare has national distribution through warehouses in Harare and Bulawayo that support wholesalers, retailers, pharmacies and bars.
FUTURE	USAID commodity funding committed through 2018.	Funding for demand creation and packaging by DFID ending in June 2017, which is likely to have an impact on the social marketing program. PSI Zimbabwe has small amount of HC3 funding for a research project that supports marketing and communication activities and is scheduled to end April 2018.	Significant barriers to entry exist including taxes and tariffs, limited foreign exchange, and indigenization laws that make it difficult for commercial sector investment in condom market.

Market Performance

Figure 11: Total Condom Distribution by Sector

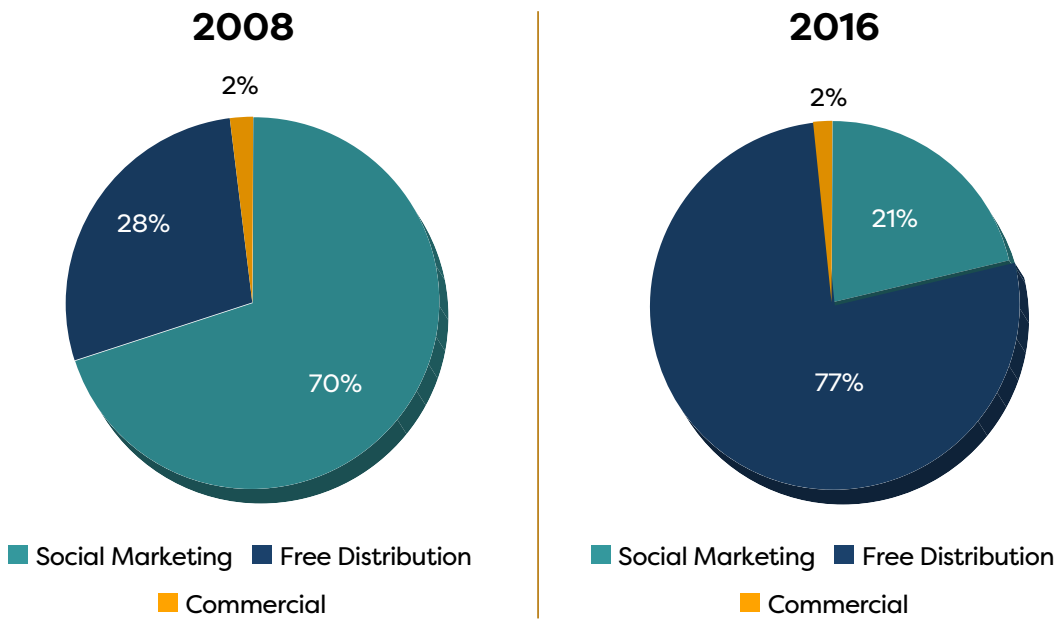


Total condom distribution has significantly increased from 2010 to 2016. This growth has primarily been driven by free condom distribution by the public sector. In 2007, social marketing distribution was the major portion of the total distribution at 67% (59,095,080), followed by public distribution at 31% (27,531,888). This situation dramatically shifted to public sector supply, with over 91 million free condoms under the Panther brand name representing 77% of the market. Sales of the social marketing brand, Protector Plus, have gone from 68.7 million in 2008 to 25.2 million in 2016 and represent 21% of the total condom market in Zimbabwe.

Hyperinflation peaked in November 2008 at Zimbabwe Dollar 79.6 billion percent, and subsequent conversion to a dollar economy wiped out a significant portion of social marketing distribution.

Hyperinflation peaked in November 2008 at Zimbabwe Dollar 79.6 billion percent, and subsequent conversion to a dollar economy wiped out a significant portion of social marketing distribution, leading to a loss of approximately 2,500-3,000 retail outlets — approximately 1/3 of PSI's distribution network. In 2017, PSI raised consumer prices to move Protector Plus towards cost-recovery. PSI's price increase from US$0.1 to US$0.5 per pack of 4 condoms led to a further decline in sales, and the 2017 estimated sales volumes are 18 million – less than a third of the 2008 volume, and 7 million lower than in 2016. Commercial brands' market share is estimated at 2% of the total market. According to stakeholder interviews and confirmed by Elecare, the largest commercial distributor, commercial sales are thought to be a bit less than 2 million per year. The role of commercial sales has been limited due to a range of factors, including heavy investments in public sector free and social marketing subsidized distribution and promotion.

Figure 12: Overview of Zimbabwe condom market by sector (2008 and 2016)



Funding Environment

According to the Resource Mapping Round 2 Report and the National AIDS Spending Assessment 2014-2015 Report, Global Fund and PEPFAR are the major donors funding Zimbabwe's HIV response.[16] Annual PEPFAR funding support has grown significantly and most recently increased by 29% from 2016 to 2017. This funding includes COP base funding of US$98 million and an additional US$29 million for treatment programs, DREAM initiatives, etc. In COP 2017, PEPFAR will also provide US$22.5 million of central resources for voluntary medical male circumcision (VMMC) funding.

Health commodities and equipment comprise up to 70% of the Global Fund grant; there is a risk to long-term sustainability given the high dependence of the MOHCC on donor funding for this commodity support. The National AIDS Trust Fund is projected to total $37.3 million for 2017, and to stagnate due to high unemployment rates and a poor economic environment. The country is currently implementing a one-year costed extension of the Global Fund HIV grant that was supposed to end in December 2016. Zimbabwe has since been allocated US$431 million from the Global Fund for the period 2018 - 2020.[17]

The national condom program currently receives up to US$10 million annually from USAID, including 98% of all funding for procuring condoms and logistics support. UNFPA has focused on technical support by seconding the national Condom Programming Coordinator to the MoHCC. UNFPA also provides some financial support for demand generation at the community level using interpersonal communication and capacity building of service providers on condom promotion and safer sex negotiation. The role of the Condom Coordinator has been recognized as a pillar for Zimbabwe's success in condom programming due to the strong coordination of the Technical Support Group, which was created in 2005 and includes donors, ZNFPC, National AIDS Council, NGOs, UNFPA, MCAZ, PSI, PSZ, The Zimbabwe Business Council on AIDS, and the private sector. The role of the TSG is to provide technical support and strategic direction on comprehensive condom programming.

[16] Zimbabwe country operational plan COP 2017

[17] Ibid

USAID has invested significant funding in the public sector distribution system in the past as part of the JSI-DELIVER project, and continues to fund the Chemonics-led Global Health Supply Chain Management project. This investment has led to a strong supply chain within the Zimbabwe National Family Planning Council's (ZNFPC) free condom distribution, using the Zimbabwe Pull Assist System (ZAPS), despite economic challenges. ZNFPC has a network of community distributors that are paid by the national government. As overall Government spending on health has increased, there has been no real adverse impact on the public sector supply chain. With commodity purchase entirely dependent on donor funding, however, the national program is vulnerable to the decline in donor funding in general. USAID condom funding has stagnated, and current commitments only extend to 2018.

USAID and DFID have funded PSI Zimbabwe's condom social marketing program for several years. For the 2013-2017 period, DFID provided PSI Zimbabwe GBP 34.7 million (US$45.1 million) for the Sexual and Reproductive Health and HIV prevention program, including all aspects of the condom social marketing program, except commodities. USAID provided these commodities, and DFID funding covered in-country packaging costs. In 2017, PSI Zimbabwe also received US$1 million funding from USAID's central mechanism, Health Communication Capacity Collaborative (HC3), for a research-based project that includes branded and generic campaigns (radio and social media), community mobilization in high risk venues, and trade promotion support. This funding is scheduled to end in Q2 2018 with no likely follow-on funding. PSI Zimbabwe's DFID funding ended in June 2017, and there is uncertainty of follow-on funding, as the focus of future investment may be on programming interventions that address equity and access among the lowest quintiles. This decline in funding may potentially create a gap in demand creation in condom programming – a role that PSI has played well in the past.

As the social marketing program is entirely dependent on donors, and as funding for condom social marketing has significantly reduced and is likely to be discontinued, the Zimbabwe condom market will likely see a continuing, dramatic rise in free distribution to cover the gap in the market. The alternative is to see free distribution balanced by other sustainable models, including self-financed social enterprise programs, and/or increased commercial market share. Funding commitments for public sector male and female condoms are determined on an annual basis in the USAID Country Operating Plans; the extent to which these commitments will remain unchanged is unclear given the end of funding for PSI's condom social marketing program. The table below shows the overall market reliance on subsidy.

Figure 13: Market reliance on subsidy based on COGS cost recovery[18]

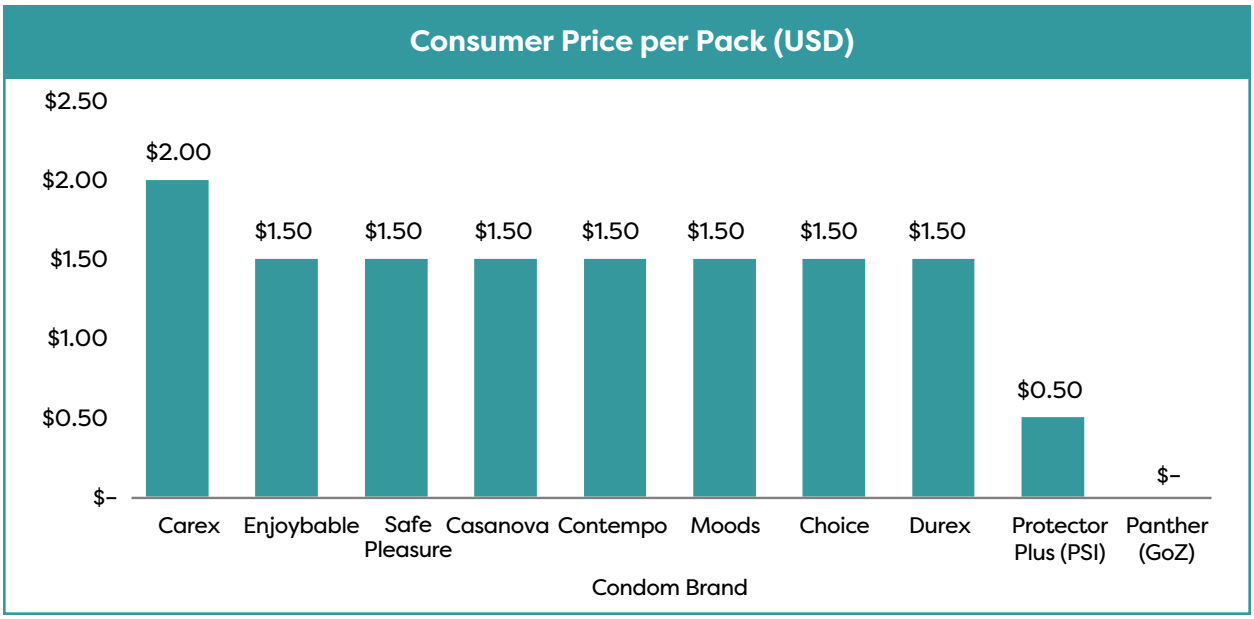
Market Reliance on Subsidy		
Organization/Brands	**2016 Volume Distribution**	**% Subsidy**
Free Distribution	90,000,000	100%
PSI (Protector Plus male condoms assorted with variants)	25,222,320	28% subsidy (72% COGS cost recovery)
Commercial (Carex with variants, Durex, Play, Casanova & others)	2,000,000	0%
Market Reliance on Subsidy (**commodity & packaging only**)		**79%**

[18] PSI Zimbabwe distribution data

Breadth of the market

As seen from the graph below, there are a number of commercial brands at the middle-to-high price range in Zimbabwe. The consumer price of the Protector Plus social marketing condom has increased in 2017 to move the brand closer to cost-recovery levels.

Figure 14: Consumer Price per Pack by Brand (USD)[19]



4.3 Stage of the Total Market

Based on the large volumes of condoms distributed annually, very high condom use levels, and high awareness of condoms, Zimbabwe can be classified as a developing market. However, the market has become increasingly reliant on subsidy as free distribution continues to increase market share and there is only one social marketing brand that is below a cost-recovery price. Over the past few years, the total share of social marketing brands has reduced from 70% to 21% from 2008 to 2016, while public sector distribution has increased from 28% to 77% in the same time frame. Pending funding cuts to social marketing programs in 2017-18 threaten to further undermine this balance. There is very limited information on commercial distribution, yet it is clear that overall presence of commercial brands is a lot lower in Zimbabwe than in other countries in the region.

There is room to increase condom use among lower quintiles and rural areas. The main challenges for the Zimbabwe condom market are the issues of *sustainability*, to ensure maintenance of the gains made in the past, and *equity* to re-direct limited resources for maximum impact.

[19] Source: Interviewer retail audits and key informant interviews

5 KEY FINDINGS

Listed below are market "failures" that have been organized according to the three pillars of the Condom Pathway[20] based on key stakeholder interviews and review of all relevant documents.

5.1 Condom Program Stewardship

Strong leadership of the national condom program and high capacity at the national level have not translated into a healthy market that is diversified and sustainable

Previous investments in the public sector and social marketing program have resulted in a strong national program with noteworthy results in growing condom use and achieving large-scale distribution. Zimbabwe has high capacity at the national level as well as clear strategy and policy documents supporting condom programming. However, as the markets and economy have evolved, the national response has not moved towards a more sustainable program. The current national documents, including Zimbabwe National Strategic AIDS Plan 2010-2015, lack a common vision for a healthy condom market, and do not recognize equity and sustainability principles that would lead to the continuing growth of the total condom market. Although there is general awareness of TMA, it is understood as more of a sectoral response and less about a strategic framework to guide market development. Given the reduction in funding levels, there is an opportunity to re-direct resources towards maintaining and increasing condom use among high-risk populations, while ensuring a more diversified market across market players. There is room to invest in building TMA capacity at the national level, including technical assistance, staffing and coordination. Clear performance metrics for a healthy condom market vision would help inform future resource allocation and evidence-based approaches.

Zimbabwe has had sustained investment in the public sector supply chain system. This investment, along with very strong management of the public sector condom program, has resulted in a large role for free condoms in the Zimbabwe market. In addition to the sustainability risk created by the large market share of free condoms, there is also a missed opportunity for the national program to move focus from one aspect of condom programming – demand and supply functions – to other aspects such as market analytics and support in creating an enabling environment across market players.

Policy and Regulatory - Commercial actors play a limited role in the condom market due to economic, policy, and regulatory barriers

Commercial actors play an insignificant role in the Zimbabwe condom market. The volumes distributed by commercial actors and the number of brands in the Zimbabwe market are smaller than in other countries in the region. Unlike markets such as Kenya, which has 41 condom brands in the market, Zimbabwe's market has only 9 brands. One of the reasons for the absence of commercial players is the economic challenge of working in the country. In addition, in 2008 Zimbabwe instituted an indigenization policy that has discouraged foreign direct investment, reducing the number of importers willing to invest in the condom market. This entry barrier dissuades potential investors, limiting competition and choice in the market[21]. Zimbabwe is also faced with an acute shortage of foreign exchange, causing steep challenges in importation of condoms, especially for commercial brands. Condoms are not on the essential drugs list, and are thus a low priority for forex allocation by the Reserve Bank, which may take up to 6 months.[22] Commercial actors face major financial challenges due to a lack of forex for procurement, lack of financing for procurement (cash terms), high Value-Added Taxes (VAT), and duty charges.

There are additional high entry barriers for the commercial brands, including restrictive regulations, exorbitantly high fees for registration, testing requirements, and challenges with regulatory submissions. Commercial market players cited high fees including a $5,000 registration fee for a rebranded packaging in addition to the regular $250 testing fee and $350 registration fee. The Medicines Control Authority of Zimbabwe (MCAZ) conducts registration and testing of commodities. Commercial players stated challenges with regards to delays in testing. Though the stated lead-time for testing is 10 days, there have been complaints of delays in testing leading to stock outs.

[21] Key informant interview with commercial sector stakeholder

[22] Source: Key informant interview in the commercial sector

As seen in neighboring countries like Zambia and Botswana, there is room for lower-priced commercial brands in the market. However, the addition of these brands requires removal of market entry and growth barriers such as policy and regulatory issues. There is also artificial competition between commercial and social marketing brands, as the latter move towards cost-recovery. With investments of donor funding, subsidized condom brands aim to achieve cost-recovery to become sustainable. This donor funding, however, creates competition between social marketers and local commercial market players. There is room to provide donor investments to commercial market businesses, for lower-priced commercial brands that are already cost-recoverable, as well as for regional and global brands.

5.2 Market Development

Lack of market analytics to understand affordability and access issues among certain segments of the population.

The change to a dollar economy disrupted supply chains as well as consumers' ability to pay. Lower wealth quintiles were particularly hard hit, as they typically transact in low currency denominations. The dollarization of the market has affected pricing, as there are no small denominations. These factors have had an impact on access and equity for key populations – especially youth – who have limited petty cash and rely on retail outlets such as kiosks and hot spots near night life to access condoms.

Stakeholders lack comprehensive market analytics to understand the impact of the economic crisis on key populations. Data are needed to understand current consumer segmentation, barriers to access and use, preferences for purchase via specific channels, and willingness and ability to pay. Without these data, it is difficult to determine the impact of the economic crisis and to understand the nuanced ways that it has altered access and use of condoms.

Market Management: Potential to improve equity by improving targeting and allocation of limited resources.

There is a need to address equity in the Zimbabwe market. Condom use among women and men 15-49 years who had sexual intercourse within the last 12 months with a non-marital, non-cohabiting partner is much lower among the lowest quintiles, especially among women. This may indicate a misallocation of subsidy to population segments that can pay, and accessibility issues for the lowest wealth segment. Usage among the lowest wealth quintiles is low despite significant distribution of free condoms, and thus there is an opportunity to refine appropriate segmentation within the context of limited disposable income. Despite the availability of free condoms at health centers, key informants mentioned that there are hidden costs including transportation and token fees charged at health centers for security and maintenance, although this is not approved government policy. Although government has an infrastructure for last-mile distribution, it may not be sufficient for optimum distribution of free condoms.

Trade-offs between sustainability options across different market players

The Ministry of Health and Child Care (MoHCC) is considering the launch of enhanced condom variants to address perceptions of low quality of the free condom, Panther. However, additional investment in the free condom brand may create an un-level playing field both for a social marketing brand that is moving towards price increases for sustainability, and for low-priced commercial brands.

In addition, the social marketing condom brand has significantly increased prices to move towards a cost-recovery model, with cost-recovery at 72% in January 2017. As per the pricing information shared by PSI Zimbabwe, in January 2017 the price to retailers for Protector Plus increased from US$2.5 to US$5.0 per dispenser. The consumer price of all Protector Plus variants increased to US$0.5 per pack of 4 condoms from US$0.20 per pack of 4 condoms. These increases were further supported by streamlining trade margins across the supply chain in the private sector. As a result of these cost-recovery initiatives, there has been a significant drop in sales volumes of Protector Plus condoms from 27,319,800 in 2014 to 25,222,320 in 2016 – a 7.7% drop.

The forthcoming funding gap for the only social marketing brand presents an opportunity to evaluate the merit of price increases of a highly subsidized social marketing brand, as compared to investing in a low-priced commercial brand that is already at cost-recovery levels.

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