

The Condom Program Pathway



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Executive Summary

As resources for condom programming diminish, it is vital to improve understanding of how and why existing **condom markets** are failing to support condom use. These markets include consumers, suppliers, and all other actors whose efforts affect condom availability and use in a country.

The Bill and Melinda Gates Foundation (BMGF) commissioned this report to support global condom programming efforts, with a focus on making condom markets sustainable as funding dwindles; to make recommendations to strengthen condom programs; and to outline possible roles and investments for the Foundation and other donors.

Based on a literature review and stakeholder interviews that pointed to the key characteristics of effective condom programming, Mann Global Health created a framework that included a “Condom Program Pathway,” which described the critical building blocks required to support a sustainable, healthy condom market. Populating a Condom Program Pathway required the development of tools (adapting, where possible, existing tools already in use) to measure condom market success in five countries: Botswana, Kenya, Tanzania, Zambia and Zimbabwe. These countries were selected as ‘archetypes’ representative of different condom programs found in East and Southern Africa.

Similar themes emerged in the five countries, with some notable differences. **Core principles for effective total markets** are the following:

1. In order for a condom market to perform well, it must first meet the total *needs* of the population, which, in all five of the countries studied, required that the total market grow. In none of the countries did condom *use* equal condom *need*. In other words, people who needed condoms (UNAIDS targeted need is 90% of high risk sex acts covered by condom use by 2020) were not using condoms.
2. Condom markets must be *equitable* in meeting the needs of priority populations and the vulnerable. Equity includes reaching key populations such as sex workers and young people, and also reaching hard-to-reach people in rural areas. Equity also includes reaching the poorest populations as successfully as the wealthiest, the least educated as well as the most, etc.
3. Finally, condom markets must be *sustainable*, where they are able to provide condoms to all who need them over the long term. Sustainable programs will eliminate or drastically reduce the reliance on external funding in the long run, and significantly reduce that reliance in the short run.

Condom Markets are comprised of the network of procurers, buyers, sellers and other actors that come together to support condom access and use. The market includes commercial, subsidized and free condoms. Actors in this system are:

- » Direct market players – producers, buyers and consumers who drive economic activity and use in the condom market;
- » Suppliers of supporting services such as finance, and coordinating committees;
- » Entities that provide supporting functions such as regulatory agencies, policy and quality control.

 **Healthy market = ↑ Condom Volumes + ↑ Condom Use across all population groups + ↓ Reliance on external funding**

Findings from country studies confirmed the following challenges, or market failures, to condom programs, which are preventing condom markets from achieving the vision of success above:

- » Poor leadership, coordination and planning capacity (all part of the market stewardship role)
- » Lack of market analytics, leading to poor understanding of condom markets (resulting in misdirected and wasted subsidy)



- » Poor planning of funding allocations, leading to supply problems (peaks and dips in procurement creating over-stock or stock-outs)
- » Inadequate sustained demand creation, notably affecting young people who have insufficient exposure to condom messaging

In interviews with key stakeholders in the countries, root causes for these market failures emerged. The findings and root cause analyses were distilled down to four key areas that should be addressed — first at a global level and then at a country level. Addressing these four causes of market failure will lead to greater equity and sustainability of condom programs:

- » Donor and agency strategies that affect country decisions
- » Roles and responsibilities of market stewards that need strengthening
- » Financing – and maximizing the effectiveness of how subsidy is deployed
- » Evidence-based decision-making

Overarching recommendations for addressing the root causes of market failures are towards the end of this report. There is no single recipe for correcting market failures in the five countries studied, or in other countries with similar profiles, but there are some shared approaches that will likely apply widely in condom markets in sub-Saharan Africa.

Root Cause Analysis

Root cause analysis is a technique designed to ask why something has occurred within a market system.

It involves 3 steps:

- » Define the problem
- » Determine what happened
- » Determine why it happened – “you keep asking why, until you can’t ask any more”

Glossary of Terms

20 x 20 UNAIDS Objectives – The UNAIDS 2016–2021 Strategy has set an ambitious global target to increase the availability of condoms to 20 billion per year by 2020 in low- and middle-income countries and to achieve 90% condom use during the most recent sexual activity with a non-regular partner (UNAIDS, 2016).

90-90-90 Treatment Target – UNAIDS has set a treatment target of for 2020 wherein 90% of all people living with HIV will know their HIV status; 90% of all people with diagnosed HIV infection will receive sustained antiretroviral therapy; and 90% of all people receiving antiretroviral therapy will have viral suppression (UNAIDS 2014).

Condom Markets – **Condom Markets** are comprised of the network of procurers, buyers, sellers and other actors that come together to support condom access and use. The market includes commercial, subsidized and free condoms. Actors in this system are: Direct market players – producers, buyers and consumers who drive economic activity and use in the condom market; and Indirect market players – suppliers of supporting services, such as finance, condom coordinating committees, regulatory agencies, policy and quality control.

Condom Need – There are many definitions of condom need for any given country or context. For the purposes of this analysis, MGH used the UNAIDS definition of need where condom supply meets UNAIDS targeted need of 90% of high risk sex acts covered by condom use by 2020.

Condom Program Pathway – The Condom Program Pathway is a framework for assessing and understanding condom programs and includes all the necessary elements for a successful condom program at the country level. Key market functions in the Pathway were initially identified based on findings from an extensive literature review as well as inputs from global condom stakeholders. Fieldwork in five countries then further refined the functions required for successful condom programming, determined the importance of different market failures seen within these functions, and proposed recommendations for future investments in condom programming.

The Condom Program Pathway includes: condom program stewardship, condom market development, and condom market management.

Condom Program Stewardship – The work that must occur at the national level to create a favorable environment for a condom market. Stewardship requires leadership and coordination from national governments, and financing from national and external sources to fund condom market functions. Good stewardship also requires that policies and regulations (e.g., taxes and regulatory requirements) create an enabling environment for all market players and strengthen condom markets in the long run.

Condom Program Development – An aggregation of all the market actors across the core functions of demand and supply in a country. At this level, the supply chain must function well, and there must be sufficient condom demand across all population groups, particularly key and vulnerable groups. In addition, in order to understand the condom market and routinely measure its performance, good market analytics must be available for all market players, including government agencies, donors and implementing agencies or businesses.

Condom Market Management – The work that market actors (whether public sector, for-profit or not-for-profit players) undertake to achieve equity and sustainability in a condom market. Different actors' program designs or business models evolve to ensure that the needs of key and vulnerable populations are met, and that their own programs move towards sustainability.

Last Mile Distribution – The challenge of reaching the most remote and underserved areas with high quality and timely products and services.

Market Development Approach (MDA) – An analytical approach that begins with an understanding of current market performance in terms of users as well as market functions and actors. This analysis helps determine which market functions are not performing or are under-performing, and consequently result in market failures in terms of growth, equity and/or sustainability.

Market System Approach (MDA) – The network of procurers, buyers, sellers and other actors that come together to support condom access and use. The market system includes commercial, subsidized and free condoms.

Market Failures – Challenges to different functions in condom programs, which are preventing condom markets from achieving growth, equity and sustainability.

Total Market Approach (TMA) – 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*).

Social and Behavior Change Communications (SBCC) – A research-based, consultative process that uses communication to promote and facilitate behavior change and support the requisite social change for the purpose of improving health outcomes (Manoff Group, 2013).

Social Enterprise – An emerging model of service delivery that uses for-profit ventures to achieve social objectives. In contrast to Social Marketing, which may focus on equity of services and products across all population segments, Social Enterprises require cost recovery of services and products.

Social Marketing – Social marketing is the use of commercial marketing concepts to plan and implement programs designed to bring about social change (Social Marketing Institute, 2011).

Root Cause Analysis – A technique designed to ask *why* something has occurred within a market system. It involves 3 steps: Define the problem; determine what happened; determine why it happened – “you keep asking why, until you can’t ask any more.”

ACRONYMS

BMGF – Bill & Melinda Gates Foundation

CBO – Community Based Organization

CSO – Civil Society Organization

DFID – Department for International Development

FP – Family Planning

HIV – Human Immunodeficiency Virus

MDA – Market Development Approach

MGH – Mann Global Health

MoH – Ministry of Health

MSM – Men having Sex with Men

NGO – Non-Governmental Organization

PSI – Population Services International

SBCC – Social and Behavior Change Communications

SFH – Society for Family Health

TMA – Total Market Approach

UNAIDS – Joint United Nations Programme on HIV/AIDS.

UNFPA – United Nations Population Fund

USAID – United States Agency for International Development

USG – United States Government

Introduction

The Bill and Melinda Gates Foundation (BMGF) commissioned this analysis of the current status of condom programming for HIV prevention in Southern and Eastern Africa to assess the feasibility of making condom markets more financially sustainable, equitable and efficient, against a backdrop of dwindling donor financing. Building and sustaining equitable condom programs requires a clear understanding of how and why existing markets are failing.

There are four main objectives for this study:

1. Support global condom efforts to achieve **20 x 20/UNAIDS objectives** on condom use for HIV prevention, by creating a detailed, data-driven report.
2. Develop a common language, approach and tools for landscaping activities.
3. Develop a systematic methodology to compare different country condom markets.
4. Provide guidance on how to improve the use of market development approaches in condom programming.

Over the last 20 years, there have been significant changes among consumers and in the evolution of condom programs, yet little attention has been paid to long-term planning, vision or strategy for condom programming. Donor investments and interventions have not evolved to address the current context on the ground, and have reduced funding for holistic condom programming. There is a need to ensure that adequate condom supply meets increasing demand, especially since countries have signed up to increase the annual availability of condoms to 20 billion by 2020 (referred to as 20 by 20), through the 2016 Political Declaration on ending AIDS.

The vision of success for a healthy condom market begins with programming where condom *use* increases to meet the total *need* for condoms, based on the epidemiological context across different countries. By using criteria of gender, age, geography, wealth quintiles and risk behaviors, the condom market can be further analyzed by its ability to provide *equity*. It is also important to determine the best allocation of resources for condom programs so that they become *sustainable*. As donor support for condom programming declines, there is a need not only for advocacy to increase funding (from donors or from governments), but also for the realignment of existing resources to move towards more equity and sustainability.

The vision for a healthy condom market, then, includes equitable and sustainable growth in terms of:

- » Increasing use across all target populations, including key and vulnerable populations
- » Increasing total volumes distributed across diverse sources and channels
- » Decreasing reliance on external funding

 **Healthy market = ↑ Condom Volumes + ↑ Condom Use across all population groups + ↓ Reliance on external funding**

The idea that donors will continue to fund commodity costs for condom programs in perpetuity is being challenged. It is equally unlikely (and unnecessary) that donors will continue to fund mature aspects of condom programs, which can and should graduate to self-sufficiency. Given the years of investment in condoms in previous decades, there is a real opportunity now to transition certain aspects of condom programming to sustainable models, and to re-

Estimating Condom Needs

The Condom Fast Track Tool was developed by UNAIDS to produce condom needs estimates at a national level, which can be rolled up to support regional and global estimates. The tool generates estimates of total condom quantities and funding required to achieve national targets, and includes condoms for HIV prevention and for family planning purposes. UNAIDS has defined condom need targets as 90% of high-risk sex acts covered by condom at last sex. The calculator estimates the number of condoms needed to achieve 90% use disaggregated by population, such as sex workers and men who have sex with men, and behavior, including sex with a non-regular partner. The Fast Track Tool also highlights the gap between current condom use and estimated *needs to achieve 90% use in high risk sex acts*, and can help model a total market approach to sustainable condom markets, factoring in contributions across from all channels of delivery – important when developing a vision for a healthy market supporting sustainable condom use.

direct limited funding to market failures that require correction. Using limited and declining donor resources for maintaining the status quo is no longer an option. This report focuses on the identification of market failures that require support, based on the market assessments done in five different condom markets, and recommends steps to correct those failures in order to make condom markets healthier.

Taking a Market Development Approach

This project required the identification of opportunities to grow condom markets in an environment of shrinking donor financing. It also required the development of a systematic approach and methodology that could assess and compare condom programming across countries, and over time.

The market development approach described in the text box above is an inclusive analysis process across potential and current *users*, and market *players* involved in performing various market *functions* necessary to achieve a healthy market. Two of the best-recognized functions necessary for condom programming are demand and supply. These functions, particularly supply, have historically been prioritized over all other aspects of condom programming. Additional functions necessary for growing equitable and sustainable condom markets are those functions that influence an enabling environment, including policy and regulation, financing, leadership and coordination. Analysis of condom programs through a market development filter led to an understanding of how the condom market in each country is performing by asking a series of questions:

- » ***Whom is the market failing?***
Ensures the analysis begins with potential and actual users, in a user-centered design.
- » ***What function in the market is failing?***
Analyzes the market performance across multiple functions, beyond supply and demand.
- » ***Why is the market failing?***
Analyzes the root causes of market failures, identifying underlying factors that inhibit market performance.

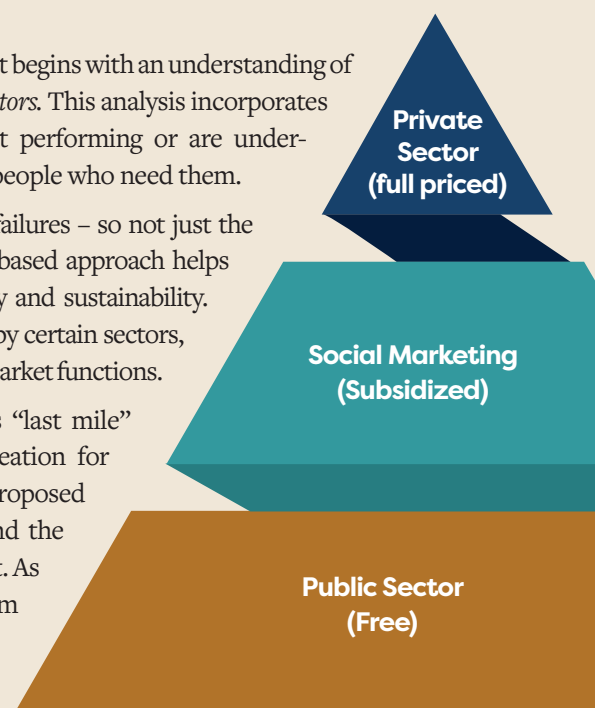
Moving beyond the Total Market Approach (TMA) Triangle

Total Market Approaches (TMA) as a concept in support of sustainable health markets has been discussed for over a decade. The effectiveness of the approach as an operational framework, however, has been limited in that analysis of health markets is confined to the current and future role of *sectors* (i.e., the public, social marketing, and commercial for-profit sectors) rather than understanding specific *functions* in the market that are underperforming, and the cause of that under-performance.

A Market Development Approach (MDA) goes several steps further than TMA. It begins with an understanding of current market performance in terms of *users* as well as market *functions* and *actors*. This analysis incorporates user-centered design, and helps determine which market *functions* are not performing or are underperforming, and thereby causing market failures that deny health products to people who need them.

In addition, MDA analysis includes determination of the *root-causes* of market failures – so not just the “what,” but the “why.” This evolution from a sectoral approach to a function-based approach helps develop interventions that achieve the healthy market vision of growth, equity and sustainability. MDA does not assume that certain market functions should only be performed by certain sectors, but supports investment in multiple market players to ensure the best match for market functions.

Key functions of the market that are experiencing market failures (such as “last mile” distribution in underserved rural areas or high-risk venues, or demand creation for vulnerable populations) are identified and prioritized, and corrections are proposed to fix them. Condom markets today present an opportunity to move beyond the sector-based TMA approach that was the response to market failures in the past. As markets have evolved throughout sub-Saharan Africa, many functions perform quite well, and others require corrections. Rigorous analysis of which *functions* are failing – and why – provides an opportunity to tailor solutions that make markets work more efficiently and cost-effectively.



Methodology – Identifying the Challenges in Condom Total Markets

The Condom Program Pathway

A number of organizations have developed tools and approaches for assessing condom landscapes. This project incorporated lessons and best practices from all such documents, to produce a simplified framework called the **Condom Program Pathway**.

This Pathway includes all the necessary elements for a successful condom program at the country level. Key market functions in the Pathway were initially identified based on findings from an extensive literature review as well as inputs from global condom stakeholders. Fieldwork in five countries then further refined the functions required for successful condom programming, determined the importance of different market failures seen within these functions, and proposed recommendations for future investments in condom programming.

The Condom Program Pathway includes: condom program stewardship, condom market development, and condom market management.

Condom program stewardship is the work that must occur at the national level to create a favorable environment for a condom market. Stewardship requires leadership and coordination from national governments, and financing from national and external sources to fund condom market functions. Good stewardship also requires that policies and regulations (e.g., taxes and regulatory requirements) create an enabling environment for all market players and strengthen condom markets in the long run.

Condom market development is the next level down from the larger stewardship/enabling environment. It is an aggregation of all the market actors across the core functions of demand and supply in a country. At this level, the supply chain must function well, and there must be sufficient condom demand across all population groups, particularly key and vulnerable groups. In addition, in order to understand the condom market and routinely measure its performance, good market analytics must be available for all market players, including government agencies, donors and implementing agencies or businesses.

Condom market management is the work that market actors (whether public sector, for-profit or not-for-profit players) undertake to achieve equity and sustainability in a condom market. Different actors’ program designs or business models evolve to ensure that the needs of key and vulnerable populations are met, and that their own programs move towards sustainability.

Fieldwork in five countries then further refined the functions required for successful condom programming, determined the importance of different market failures seen within these functions, and proposed recommendations for future investments in condom programming.

Figure 1: The Condom Program Pathway



Table 1 – Rationale for inclusion of different building blocks/functions in the Condom Program Pathway

Functions within the Condom Program Pathway		Rationale for Inclusion
Condom Program Stewardship	Leadership & Coordination Capacity	Important that government is responsible and accountable for the overall strategy/direction of the program, including coordination of different market players, market facilitators, donors, and private actors.
	Financing	Coordinated and adequate financing for all critical aspects of condom programming. Ensure that appropriate use of subsidy addresses gaps in the condom program.
	Policy & Regulation (includes taxes, tariffs, testing, etc.)	Enabling environment factors that are supportive of all market players and target populations, while ensuring compliance with national standards.
Condom Market Development	Market Analytics	Total market data needed to analyze condoms needs and condom market performance across all players and functions, in order to adjust and plan for interventions.
	Supply	Comprehensive approach looking at the entire value chain in the public sector and across private channels, including quantification, forecasting, procurement efficiencies, supply chain management and pricing structures.
	Demand	Ensuring increased and sustained demand with a focus on increasing use within priority target populations.
Condom Market Management	Equity	Equitable condom programs address specific barriers to use across target populations based on age, gender, geography, wealth quintile and risk behaviors. Equity requires a balancing of subsidy to meet the needs of these populations.
	Sustainability	Sustainable condom programs are those that have long-term, reliable and predictable sources of funding to meet all their population needs. This funding can come from the government only, for example, or from a diverse portfolio that includes commercial actors with profit incentives. Most sustainable condom programs are diverse.

Selection of Country Archetypes for Five Deep-Dive Countries

Country archetypes were identified as representative of the challenges faced by other countries in the region, so that key lessons about market functions, failures, root causes and recommendations could be applied across multiple settings. The rationale for selection is presented in **Table 2** below.

An additional three case studies were supported by USAID in 2017 (conducted in part by Chris Jones, one of the authors of this BMGF Condom Program Pathway report). These three additional studies leveraged similar methodologies, and provided complementary evidence in support of the BMGF study objectives. They are included in the table below.

Table 2: Country Archetypes Selected for Deep Dive on Condom Programming for HIV

Archetype Overview	Country
Condom programming is prioritized by the government, with strong leadership of public sector condom distribution. Government devolution of health programming to 47 counties raises questions about supply and demand challenges as well as concerns about future sustainability of the national condom program.	Kenya
A growing condom market with strong domestic support for free distribution. Growing commercial sector but concern that earlier shift of the social marketing program to a regional social enterprise model may be creating equity issues (i.e., poor people and at-risk populations left out).	Botswana
Successful condom social marketing program in the past that played a large role in growing the total condom market, but funding has dropped significantly and future funding is likely to be further reduced. Country overly reliant on external financing and highly subsidized condom social marketing, with 4 competing social marketing organizations.	Tanzania
Country had a growing condom market but was overly reliant on social marketing condoms. A long gap (24 months or more) in social marketed condoms market led to increases in free and commercially distributed condoms.	Zambia
Historically large social marketing program along with strong public-sector distribution has declined due to economic challenges and decreasing funding levels, and is likely to drop further.	Zimbabwe
USAID Country Study: Heavily reliant on external donor funding in support of free distribution and multiple condom social marketing programs, experiencing worrying trends in use.	Uganda
USAID Country Study: Large and vibrant condom market that, with the end of a long running DFID grant, is weaning itself off subsidy, prompting social marketing organizations to transition to a social enterprise model.	Nigeria
USAID Country Study: Country preparing for reduced levels of funding for both free and social marketing, with completion of KFW social marketing program.	Cameroon

Tools

The team assessed the value and utility of a number of existing tools supporting market analysis, recommending a sub-set for future landscaping efforts. The tools facilitated a common, disciplined approach to analyzing enabling environmental factors such as policy, financing, rules and regulation; supply side challenges that compromise reliable access to and availability of condoms, including access for key populations; and the drivers and barriers of consumer behavior. The tools were refined to account for potential challenges a government might face with limited access to and use of reliable data for decision-making. A summary of the key tools is found in Annex B.

Findings from the Country Case Studies

How are these condom markets failing?

“Deep dives” in the five country condom programs included review of all relevant documents as well as primary data collection through in-person key informant interviews as well as market visits. The key informant interviews reflected a cross-section of stakeholders involved in condom programming at the country level, including representatives from government agencies, donors and international bodies, international and local organizations, and private sector players. The findings presented below are seen in more detail in separate Country Case Studies.

Case-Study Results

The table on page 16 highlights common themes among the market failures across the countries. These include:

1. ***Missing link between country-level strategy documents, work plans, and resource allocation*** – All countries had relatively strong national strategy and planning documents. Tanzania, Kenya, and Zimbabwe included references to the public and private sectors. However, there was a general lack of understanding of the condom total market performance across all countries. There was also a limited understanding of the roles of different market actors and how they supported functions within the total market. There was a clear need for national planning for condoms to include a strategy for achieving the healthy condom market vision of equitable and sustainable growth.
2. ***No market is consistently tracking and analyzing market performance in terms of equity, sustainability or growth*** – One of the reasons that there is no vision/strategy of a healthy market, is that there is inadequate collection and use of market information to assess performance. In most countries, several critical parts of a total market, such as commercial players or some of the newer social enterprises, are entirely missing from national strategy documents, as information on these actors is not readily available or tracked. As a result, the potential role of private market players is often under-estimated. Similarly, equity issues are difficult to identify as there is insufficient data collection and reporting of access, affordability and condom use across age, gender, geography, wealth quintiles and risk behaviors. All of these challenges result in a myopic view into market performance. In the private sector in most countries (e.g., Botswana, Kenya, Tanzania, Zambia), market players across the value chain (importers, distributors, wholesalers and retailers) play a key role in ensuring product access, but information on their contribution to the total market is not tracked or credited.

Social Enterprise
Social enterprises are an emerging model of service delivery that uses for-profit ventures to achieve social objectives. In contrast to social marketing, which may focus on equity of services and products across all population segments, social enterprises require cost recovery of services and products.
3. ***Limited role of commercial actors in diversifying the national response and ensuring long-term sustainability of the total condom market*** – With the exception of Botswana, commercial actors played a very small role across the condom markets of the five countries. Even in the case of a country like Botswana, commercial condom businesses are still nascent and under-exploited in terms of their ability to cater to a major portion of the general population. Based on complementary findings from a USAID-supported market assessment, emergent commercial players have also shown potential for growth in a difficult economic environment in Nigeria, and show promise in Cameroon. The factors outlined above – lack of an overarching vision that includes all market players, and lack of market analytics shared across all market players – contribute to the limited role of commercial actors. In countries like Zambia, Kenya, Zimbabwe, and Tanzania, there are other market entry barriers that include policy and regulatory challenges such as taxes and fees, testing requirements at the country level, and registration hurdles. Finally, commercial actors are unable to generate the volumes needed to justify marketing and distribution investments, as they compete on uneven playing fields against heavily subsidized (Zambia, Tanzania) and free condom brands (Botswana, Kenya, Zimbabwe).

4. ***Excessive subsidy spent on poorly targeted free condoms or overly subsidized social marketing condoms is a barrier to commercial condom businesses, and carries a big opportunity cost*** – Given the economic growth seen across all markets (except Zimbabwe, and Zambia to some extent), there is a large amount of misdirected donor subsidy. Most markets are either overly reliant on free government condoms (Kenya, Botswana, Zimbabwe and Uganda) or on heavily subsidized social marketing condoms (Tanzania, Zambia). Data across the five countries show that people in middle to upper wealth quintiles are using free or subsidized condoms when they are able to pay full cost. Redirecting condom funding to focus limited resources on priority populations such as youth, lower-income groups, rural populations and most at-risk populations, would provide far greater value for money, as well as HIV impact. As donor funding for condom programs declines, therefore, wasted subsidy creates missed opportunities to apply funding where it is most needed. Furthermore, these poor funding decisions create outsized market distortions. For instance, ensuring condom availability in traditional and pharmaceutical channels in urban areas is a market function best done by commercial players, as they carry large volumes of other consumer products and can do this work cheaply and efficiently, for a profit. Overly subsidized social marketing brands, however, take over this role and compete unfairly, denying commercial actors the chance to grow their businesses and satisfy this market function sustainably.

5. ***Lack of adequate investment in demand creation to ensure continued growth of the condom market and to increase condom use across all target populations*** – Early investments made by donors in condom programming as an emergency response resulted in relatively high levels of condom use, through improved access to and increased demand for condoms. However, condoms – like many other consumer goods – require regular recruitment of new users, and constant presence in convenient locations (because people purchase few condoms at any one time, and often need convenience at a time and location close to sex negotiation or opportunity). As seen in mature markets like Kenya, Botswana and Tanzania, condom use is still associated with a range of socio-cultural factors around taboo subjects like sex, stigma, and reproduction, so that social and behavior change interventions continue to be necessary. Demand creation/behavior change funding has declined, however, despite the need for campaigns addressing deeper barriers to use among individual target populations.

Early investments made by donors in condom programming as an emergency response resulted in relatively high levels of condom use, through improved access to and increased demand for condoms. However, condoms – like many other consumer goods – require regular recruitment of new users, and constant presence in convenient locations.

In Kenya, for instance, a priority identified by all stakeholders was the need to bring in new users from youth cohorts that are entering the condom market and have never been exposed to the well-funded and successful HIV prevention campaigns of the past. Subsidy is now required to support demand creation campaigns such as many of the ones that have been successful in the past (and are well documented), with the aim of overcoming barriers to condom use by priority groups, including youth. Specific marketing campaigns by social marketing or commercial players for their individual brands can and should be funded out of their product sales revenue, and not with donor resources. Such branded campaigns are generally designed to achieve maximum sales volume, where most sales occur among the general population and in urban areas. Donor resources for demand creation, on the other hand, must be spent on generating the maximum impact in condom programming, by focusing on overcoming barriers to use among the populations most at risk for HIV.

6. ***Lack of coordination around financing for all aspects of condom programming*** – Often major donors and government condom agencies focus on commodity procurement as the main funding priority. This practice starves other aspects of condom programming, such as supply chain management and targeted demand creation. In addition, it also fails to account for commercial condom actors, and the impact that large procurements of free or excessively cheap condom stock might have on their businesses. There are efforts to broaden the scope of funding for condom programming, as seen in some of the new awards currently funded or planned. For instance, USAID in Tanzania is funding a social marketing group's transition to a social enterprise



model, in an effort to move a significant portion of the social marketing sector to cost recovery. Similarly, the new USAID DISCOVER-Health Project in Zambia is an opportunity to move from a single-sector focus to a total market approach with resources allocated towards market facilitation interventions. In Kenya, there is an existing investment in TMA for FP that could be leveraged for condoms. For these resources to have impact, it is important that other donors funding condom programming in these countries are aligned and working in a coordinated way towards the same goalposts.

7. ***Insufficient government stewardship functions supported by capable market facilitation*** – In the past, many functions of the market were performed by external market actors, including social marketing organizations and other donor-funded projects. In nascent markets, these external actors compensated for the lack of local condom market capacity, to address issues of access and affordability, and demand and supply. The social marketers, for example, had large sales teams distributing directly to retailers, and gathered market data that helped them succeed at national-scale condom messaging as well as distribution. As markets have matured and there is increased capacity among local market players across the value chain, it is time to harness the potential of these private market actors – importers, wholesalers, distributors, research organizations, etc. Moving forward, additional investment is needed to support market functions such as capacity building for national stewardship; market facilitation in support of all market players, including neglected commercial actors; market and consumer information collection and dissemination, etc. With declining funding levels for condom distribution and promotion, there is an opportunity to identify the best-placed market players for the facilitation roles required across government, private condom actors, and implementing agencies such as social marketers. As these functions require an agency that is willing and able to move beyond self-interest to enhance overall market performance, it may be necessary to separate direct implementation from market facilitation.

The table on the next page summarizes specific market failures across the five countries included in this assignment:

Table 3: Market Failures identified from the case studies

Condom Program Pathway	Function	Botswana	Kenya	Tanzania	Zambia	Zimbabwe
Condom Program Stewardship	Leadership & Coordination Capacity	National strategy and planning documents not operationalized, and no vision supporting a sustainable condom market addressing the total condom needs in Botswana..	Limited national stewardship of the national condom market as key government agencies focused on direct implementation through the public sector and there is no common vision for a healthy condom market.	National policy, planning and strategy documents not translating into resource allocation and commitments for development of the total market, along with lack of a common vision for a healthy condom market. 3 social marketing organizations do not coordinate.	Lack of vision for a total market for condoms that results in equitable and sustainable condom use.	Low capacity for national stewardship and coordination across all market players.
	Financing	While Government of Botswana allocates domestic resources for commodity, funding for holistic condom support is lacking.	Over-reliance on external donor funding to support poorly targeted free distribution.	Over reliance on social marketing for condom programming, with excessive subsidy in the largest social marketing program.	Lack of donor coordination to ensure all aspects of condom programming are resourced with a clear vision to grow the market and reduce reliance on external funding.	Lack of government and donor alignment and co-ordination on procurement.
	Policy and Regulation	Supportive regulatory and policy environment for all sectors.	Despite vibrant economy and strong players, commercial actors play a limited role in the condom market due to policy and regulatory barriers as well as lack of engagement.	Limited role of commercial actors in growing and diversifying the total condom market due to policy and regulatory barriers.	Policies and regulation seek to control, rather than engage, a nascent commercial sector. Suspicion of commercial actors.	Limited policy or planning support for the commercial market along with presence of regulatory barriers.

Table 3: Market Failures identified from the case studies...continued

Condom Program Pathway	Function	Botswana	Kenya	Tanzania	Zambia	Zimbabwe
Condom Market Development	Market Analytics	A dearth of data inhibits evidence-based programming.	There is no central body stewarding collection and dissemination of market data for all sectors, leading to myopia for most players.	Limited availability and use of marketing and consumer research data to inform consumer segmentation and brand positioning.	Limited visibility into the total condom market due to inadequate investment in collecting market information, along with lack of data use in strategy and decision-making.	Lack of updated market analytics to assess shifts in who and where the market is failing after the dollarization of the economy.
	Supply	Lack of sustained access to condoms when and where populations need them, particularly populations such as youth, sex workers, and men who have sex with men, who prefer to access condoms discreetly outside of clinical facilities.	Supply chain challenges in the public sector exacerbated due to devolution of responsibility to counties, and could result in problems with supply as public sector is the major distribution source of condoms in the Kenya market.	Commodity security issues will likely result in reduced and uncertain condom supplies in the near to medium term.	Supply chain issues within the public sector could lead to inability to grow the market to meet total condom need.	Donor funding uncertain beyond 2018, creating questions around commodity security.
	Demand	Current levels of sustained, social behavior change communications (SBCC) or condom category promotion are inadequate for the task of increasing demand with general, key, and priority populations.	Lack of adequate investment and coordinated efforts for demand creation to ensure continued growth of the condom market and increased condom use across all target populations. Concern about low demand among youth.	Lack of adequate investment and coordinated efforts to address access and affordability barriers among key and vulnerable populations. 3 social marketing organizations do not coordinate..	Gap in the market in terms of branded and category-based demand creation efforts. Role of social marketing in demand creation still unclear.	Large social marketing organization – previous leader on demand creation -- is moving towards greater cost recovery. Future funding for demand creation uncertain.

Table 3: Market Failures identified from the case studies...continued

Condom Program Pathway	Function	Botswana	Kenya	Tanzania	Zambia	Zimbabwe
Condom Market Management	Sustainability	While heavy reliance on subsidy for free distribution, it is all domestic funds – lowering vulnerability to market.	Excessive reliance on external (donor) funding to support both free and social marketing brands makes market vulnerable to funding gaps.	Social marketing organizations are experiencing significant market challenges in growing the market sustainably, with one heavily subsidized social marketer.	Over-reliance on external donor subsidy, exasperated by abrupt disruptions of funding, lead to significant supply gaps and coordinated social marketing and public-sector initiatives. Suspicion of commercial condom actors.	Unstable economy potential deterrent to increasing commercial activity.
	Equity	Insufficient targeting of key and vulnerable populations with demand creation and distribution tailored to their needs.	Total condom market is highly subsidized due to over-reliance on free condoms that are poorly targeted.	Inadequate investment in promoting the importance of a healthy condom market in achieving equitable and sustainable condom programming at scale. Misaligned subsidy.	Misaligned subsidy resulting in wasted resources and room to improve equity within the national condom market	Lack of market development approaches means poor often without condoms

Botswana

Botswana's condom program has experienced sustained economic growth, combined with the relatively recent transition of social marketing brands to a regionally managed, self-sustaining social enterprise (PSI's Company 158, based in Johannesburg). This transition occurred just as the government increased allocation of domestic resources to ensure a consistent supply of free condoms in support of universal health coverage objectives.

Findings demonstrate that the departure of the social marketing program, paired with a favorable government policy toward importing and marketing condoms, created the conditions under which the commercial sector grew to play a significant role in the sustainable provision of quality, affordable, and widely available condoms. Critical to the success of this transition is the underlying context of Botswana's high middle-income status; increased purchasing power means that many in Botswana have the ability to pay for affordable, widely available commercial brands. Economic growth has also been accompanied by strong government commitment to procurement, supporting extensive free distribution for the poor. Enabling factors also include supportive government regulations and policies such as exemptions from import duties, the VAT-exempt status of condoms, and ease of registration.

However, the departure of the social marketing program also left a significant gap within the overall leadership and coordination of condom programming in the country, effectively leaving the country without a 'condom champion' to support the government in designing and implementing holistic condom interventions. Market weaknesses highlighted in this study outline a number of challenges facing the condom market in Botswana. A reliance on facility-based distribution of free condoms is restricting access, particularly with populations that value discreet sources of supply. A lack of coordinated, harmonized, and well-resourced evidence-based SBCC and condom demand creation interventions is putting at risk the gains in condom use Botswana has achieved over the last decade. And without timely and reliable consumer and market data, in many respects the country is programming blind.

Current levels of sustained SBCC or condom category promotion are inadequate for the task of increasing demand with general, key, and priority populations. Efforts to increase awareness are occurring, with a focus on government sponsored, one-off events. The MoH supports, on a rotational basis, four to five districts per year (out of 27 in Botswana) for youth-focused interventions. However, sustained behavior change requires more than awareness building, and no overarching strategy is driving a national SBCC / condom category campaign addressing persistent barriers to consistent condom use among priority populations. Youth in particular are at risk, as a generation comes of age without intensive exposure to prevention messaging that occurred in the past.

Finally, evidence suggests that subsidy currently supporting the procurement of free condoms is not resulting in increased use. The Government of Botswana could get bigger bang for its current investment through further support for interventions extending the targeted reach of free condoms outside of clinical facilities, and support for demand creation and market intelligence gathering efforts from which the entire market — including the commercial actors — would benefit.

Kenya

Kenya's mature national condom program benefits from a government that prioritized support for the public distribution program, leading to significant progress in increasing condom use. This progress, combined with robust economic growth and the presence of strong local market players, presents an opportunity to move towards a sustained response that builds on past achievements while addressing remaining gaps in equity and sustainability. All stakeholders identified the importance of targeting youth through condom programs, as there are pockets of high HIV prevalence among key population groups, including among the large youth population. In 2015, youth aged 15-24 contributed 51% of adult HIV new infections, showing a rapid rise from 29% in 2013¹. There has also been an increase in early onset of sexual intercourse among young men and women (from 12.3% in 2012 to 14.7% in 2014 for those who had sexual intercourse before the age of 15), potentially leading to increased new infections.²

¹ Kenya AIDS Response Progress Report 2016

² Kenya AIDS Response Progress Report 2016

Kenya's high GDP, robust economic growth and currency stability over the past few years have led to a vibrant private market and increased purchasing power among the general population. Despite these economic gains, the condom market in Kenya is dominated by public sector free condoms (over 84%), social marketing subsidized condoms (14%), and a miniscule market share for commercial brands (below 2%). Free government condom dominance has grown in the past few years, with continued scale-up plans. A major portion of condom market funding comes from external sources, with the potential of commercial actor contribution to the market left largely untapped.

Social marketing has for many years conducted demand creation for the condom category, including addressing social norms and barriers to condom use, however the current funding priority is treatment and commodities. There is research indicating a decline in condom efficacy perception amongst youth following the withdrawal of messaging³.

Investments in demand generation and behavior change have declined, given the overall drop in HIV prevention funding and the focus on scaling up testing and treatment. Condom use levels are high in Kenya. However, the new cohort of youth entering the market has not been exposed to the same level of investments as seen in the past.

Kenya provides a window into issues that are common across other countries, including: a lack of a clear vision and indicators for a healthy condom market; a precarious reliance on external financing; room to equitably and sustainably grow the market; increasing dominance of free condoms through the public sector; leakage of low-priced condoms from neighboring markets (Tanzania); restrictive policy and regulatory environment for commercial brands; and lack of total market analytics. These market failures have resulted in missed opportunities to graduate the national condom program to a more sustainable response, and to ensure that limited donor and national resources are allocated towards improving equity in the market.

Routine aspects of Kenya's condom program (distribution in urban and peri-urban areas, engagement of market players in the private supply chain, branded communications) should be moved to sustainable financing via social enterprise business models and other potential partnerships with private market actors. With more sustainable financing in these market functions, the untargeted subsidy can be freed up and redirected to priority areas, including robust consumer and market information, advocacy for commercial engagement and for removal of market entry barriers, last-mile efforts to address affordability and access among key population segments, and unbranded condom behavior change campaigns.

Tanzania

Tanzania has a relatively mature condom market that has had a successful social marketing program and now is facing sustainability challenges, with current and planned reductions in funding for national condom program. This transition is taking place as overall condom use levels are high, and national HIV prevalence is dropping. Though data are limited, condom *use* by key and vulnerable populations is below national targets, and condom use and total condom distribution fall well short of the total *need* for condoms.

As in Kenya, Tanzania's economic growth over the past few years has resulted in a strong private market as well as improved purchasing power across the general population. These positive factors have not, however, translated into either an enhanced role for commercial players or a reduced level of subsidy in the total condom market. The following artificial barriers prevent the establishment of a sustainable condom market: the over-reliance on donor funding; a heavily subsidized condom market, with subsidy wasted on people who have the ability to pay for affordable condoms; lack of transparent and easily available market information; and a restrictive policy and regulatory environment for registration, and for re-testing requirements of all condoms in private channels. The landscape for condom programming in Tanzania is experiencing major shifts in terms of donor support, in the role and relevance of implementing and support agencies, and in national leadership and coordination.

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

³ PS Kenya TraC 2013

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 vulnerability⁴. These groups report access and affordability issues, *yet limited research is being done to understand and address their specific barriers to condom use*.

This case study highlights what happens to a condom market when misaligned subsidy creates an uneven playing field across existing and new players, misdirecting donor resources that should instead be used to address access and affordability barriers among key and vulnerable populations. Other areas required for a strong condom program that are similarly under-resourced in Tanzania include investment in national stewardship capacity; targeted demand creation among key and vulnerable populations; improved supply chain management in the public sector; collection and dissemination of market and consumer data; and advocacy for creation of a conducive environment for commercial players. In the absence of market metrics to measure current performance, and with the lack of a clear vision and performance indicators for a healthy condom market, there is no coordinated allocation of resources for various market players (including the four social marketing organizations) and market functions. The future of the condom market will depend on the ability to achieve greater sustainability, plus heavy targeting of subsidy towards equity populations. There is an emerging and important strategy to graduate current social marketing programs to cost-recovery.

Zambia

Zambia had a long gap in condom supply between the close-out of a large condom social marketing program and the start of a new condom program with a broader mandate. Zambia provides an opportunity to explore what happens when a large social marketing organization closes and there is no new project in sight to replace it. However, an unfortunate lack of market information makes it difficult to draw many specific conclusions.

As seen in Tanzania and Zimbabwe, Zambia has primarily focused on increasing condom use through a heavy reliance on donor funding, with limited progress in moving towards sustainability. Following a decade of sustained economic growth, Zambia endured economic setbacks in 2013-2015, resulting in increased poverty and unemployment, and reduced national contributions towards the HIV response. The bulk of the condom program has consisted of free and low-priced social marketed condoms distributed through health facilities, private sector channels and community-based distribution networks. Demand generation was driven through brand-specific marketing campaigns and limited behavior change communication efforts. Over 90% of the condom market was subsidized and reliant on external financing. There is significant room to improve condom programming, as current condom distribution at 59 million is much less than half of the annual condom need of 187 million. Even with high levels of HIV awareness and nearly universal condom knowledge among Zambian adults, condom use remains low.

With the closure of the Society for Family Health (Population Services International affiliate) condom social marketing program in 2014, the public sector increased free condom distribution to cover the gap left in the market. UNFPA provided the government with more than 94 million condoms from 2014-16, nearly matching the supply of condoms previously distributed by SFH. The result was that free distribution grew dramatically (with the exception of 2015 when USG funding of free product dropped), SFH social marketing condoms disappeared, and new commercial brands entered the Zambian market. In the absence of market data, it is impossible to estimate the volume of sales of these commercial brands during this period (though it is unlikely that volumes were very large), but the *number* of brands on the market jumped to 15⁵.

In addition, condom brands from PSI social marketing programs in Tanzania, Malawi and Zimbabwe began to leak into the Zambian market. Cross border leakage of health products is a common phenomenon, when market

⁴ Tanzania Global Fund Funding Request Application – draft version June 2017

⁵ Zambia TMA Landscape Assessment (June 2017): USAID DISCOVER-Health project.

opportunities arise in a nearby country (such as a sudden gap in condom social marketing), and borders are relatively porous. The new social marketing project in Zambia, DISCOVER-Health, notes that their informal market survey showed PSI Malawi's condom brand in more than 400 outlets in and around Lusaka.

SFH's social marketing program invested in branded and generic campaigns to promote condom use. With the end of the project, SFH has stopped all branded marketing efforts. There is currently a gap in condom promotion efforts as the new Social Marketing project, DISCOVER-Health is ramping up activities. Prior activities focused primarily on branded communications for Maximum condoms for urban populations. Other demand creation efforts tend to be sporadic and lack coordination as there is no national condom or behavior change strategy.

In short, when the large social marketing program in the country stopped distributing condoms, people shifted to free condoms to a great extent; to commercial condoms to a lesser extent (but still much more than before social marketing exited the market); and to leaked social marketing condoms from neighboring countries to an unknown but likely significant extent. Just-in-time UNFPA/donor financing plus commercial market adjustments (including leaked product) reacted to cover the gap left by social marketing. Beyond this basic narrative, it is impossible to assign firm numbers to these market adjustments.

Going forward, there is some potential in Zambia for the nascent commercial sector to step in to the space left by the social marketing program's withdrawal from condom distribution. However, policy and regulatory barriers seen in other countries (Kenya, Tanzania) are also at play in Zambia, resulting in market entry and growth barriers for the commercial players. These environmental market barriers derive in part from conflicting opinions about the approach to condom programming, and whether condoms should be a public good that is free for all. There is also a prevalent suspicion of the commercial sector.

As seen in other markets, programming at the national level as well as in donor-funded programs is done without a full understanding of the market, due to limited investment in market analytics. Important questions remain unanswered. Were *key and vulnerable groups* able to access condoms during the two years when SFH's large condom project closed and the new DISCOVER-Health project had not yet begun condom distribution? How much did *commercial sales* of condoms increase when social marketed condoms disappeared? Answers to these and other questions will require new data, and will be instructive not just in Zambia, but in other markets as well.

Zimbabwe

This case study explores what happens to a historically strong yet heavily subsidized market in the face of economic instability and uncertainty around future funding. Given the harsh economic environment and lack of long-term donor commitments, it is vital for the government of Zimbabwe to establish a plan that can move the country towards sustainability of the condom market.

Zimbabwe's condom program is heavily reliant on donor subsidy, and has made limited progress in balancing equity and sustainability. With a strong public sector and a well-funded condom social marketing program in the past, Zimbabwe deployed a successful emergency response for HIV prevention. Zimbabwe is one of only five countries to meet or exceed UNFPA's regional benchmark of 30 male condoms/man/year.^{6,7} However, the market is saturated by free (77%) and subsidized (21%) condoms, with a tiny market share for commercial condom brands (2%).

The future of Zimbabwe's condom programming is threatened by economic volatility due to the financial crisis, pending elections in 2018, and a lack of secured donor commitments to condoms. Historically, Zimbabwe had a condom program where social marketing exceeded public distribution. However, over the past few years, the total share of social marketing brands has diminished, and pending funding cuts to social marketing programs in 2017-18 threaten to further undermine this balance.

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

⁷ UNAIDS (2016) Prevention Gap Report



Funding for demand creation by DFID ended in June 2017, which is likely to have an impact on the social marketing program. PSI Zimbabwe has a small amount of funding for a research project that supports marketing and communication activities, but that project is scheduled to end April 2018. This lack of sustained funding for demand generation has the potential to cause a decline in condom use levels, especially among youth cohorts entering the market.

The commercial sector in Zimbabwe is small and faces high barriers to entry and growth. Unlike other markets such as Kenya, which has 41 condom brands, Zimbabwe only has 8 brands currently registered. Commercial sector stakeholders cite restrictive regulations, very high fees for registration, overly strict testing requirements and challenges with regulatory submissions. In addition, Zimbabwe has instituted an indigenization policy that discourages foreign direct investment, reducing the number of importers willing to invest in the condom market. These barriers to entry dissuade potential investors, thereby limiting competition and choice in the market.

Although there is general awareness of the Total Market Approach, the government lacks a strategic framework reflecting TMA principles – notably, sustainability – and a broader role for all market players. Current strategic documents, including Zimbabwe’s National Strategic AIDS Plan 2010-2015, lack a common vision for a healthy condom market. There is a significant need to prioritize and resource technical assistance for national capacity building in this space, and to better coordinate across market players.

As seen from the summaries of the case studies, the context and country archetypes might be quite different, but there are many common threads. These common market failures and their root causes are summarized in Table 4.

Table 4: Summary of Market Failures and Root Causes

Market Failures								
1	2	3	4	5	6	7		
Missing link between country-level strategy documents, work plans, and resource	No market is consistently tracking and analyzing the condom market performance in terms of equity, sustainability or growth	Limited role of the commercial sector in diversifying the national response and ensuring long-term sustainability of the total condom market	Excessive subsidy used on poorly targeted free or overly subsidized social marketing programs is a barrier to the commercial sector, and carries a big opportunity cost in neglected interventions	Lack of adequate investment and coordinated efforts in demand creation to ensure continued growth of the condom market and increase condom use across all target populations	Lack of coordination around financing for all aspects of condom programming	Insufficient Stewardship functions supported by capable market facilitation		
Inadequate investment in the capacity needed for national stewardship.	Limited capacity investment in understanding the market and consumer needs to develop appropriate strategies.	Overly burdensome regulatory requirements for registration of new brands in private channels.	Current investments in public and social marketing programs are not efficiently addressing last-mile challenges to provide condom access and affordability to target populations, as bulk of funding is spent on maintaining core operations.	National and donor resources focus on commodity procurements and not on targeted demand creation and social behavior change to address socio-cultural barriers among key and vulnerable populations.	Lack of common understanding of healthy market vision and agreement of vision of success among donors.	Previous interventions focused primarily on demand and supply functions with limited attention to supporting functions needed for market development.		
Understanding of the total market and future programming is limited to the role of different sectors and does not address broader issues of equity, sustainability and investment needed to create an enabling environment.	Investments made in the past have not resulted in transparent and widespread dissemination of data among all market players.	Requirement for all condoms (including well known global brands) to be tested in country results in stock and inventory challenges and higher costs for private players.	Limited investment in understanding the market and consumers' needs.	Lack of clear strategy to integrate condom programming (and ensure condom supplies) within currently funded HIV programs through NGOs and CSOs.	Insufficient understanding of market development approach to identify and improve underperforming market functions, and funding towards interventions to address them.	Inconsistent approaches to market assessments limited comprehensive understanding of market failures across functions and players.		
Some aspects of market facilitation were combined with direct implementation, leading to tensions and trade-offs among market actors.								

Table 4: Summary of Market Failures and Root Causes ... *continued*

1	2	3	4	5	6	7
Missing link between country-level strategy documents, work plans, and resource	No market is consistently tracking and analyzing the condom market performance in terms of equity, sustainability or growth	Limited role of the commercial sector in diversifying the national response and ensuring long-term sustainability of the total condom market	Excessive subsidy used on poorly targeted free or overly subsidized social marketing programs is a barrier to the commercial sector, and carries a big opportunity cost in neglected interventions	Lack of adequate investment and coordinated efforts in demand creation to ensure continued growth of the condom market and increase condom use across all target populations	Lack of coordination around financing for all aspects of condom programming	Insufficient Stewardship functions supported by capable market facilitation
Lack of clear healthy market vision, with a supporting strategic framework and performance indicators to inform analysis, ensure evidence-based decision-making and monitor progress.	Market and consumer information is neither centrally planned nor managed by an independent coordinating agency and is mostly tied to discrete donor projects. Limited tracking of condom uptake or use at the national level.	Lack of existing infrastructure and systems to get total market information needed for business planning and investment decision-making. Too much subsidy in the market creates an uneven playing field for commercial brands, which are out-sold by donor-subsidized brands.	Donor subsidy is misaligned to support heavily subsidized condoms (public and social marketing brands) across all wealth quintiles and mainly serving general population condom needs.	Limited attention given to condom programming and hence a missed opportunity to integrate condom programming within existing HIV prevention scale-up plans.	Lack of use of sustainability and market performance metrics at donor and government level to inform resource allocation.	Declining funding levels for entities traditionally supporting the facilitation role has left a gap in this function.
Root Causes						

Prioritization of the Failures and Root-causes

Improving markets requires identification of market failures, and understanding the root causes of those failures. The tools and analysis process used in this assignment present an opportunity to identify the functions in the Condom Pathway pillars that are not functioning adequately. The root-cause analysis delves deeper to understand *why*, so that the interventions proposed to correct market failures are at a systemic level and therefore have sustainable impact at scale.

Market failures and their respective root causes appear across all markets included in this assignment, as well as in the other USAID-funded market assessments recently completed in Uganda, Nigeria, and Cameroon. The two most important root causes of market failures, seen in all the countries assessed, are the misdirected and uncoordinated donor financing, and the missing or misaligned roles of market actors addressing specific market functions.

Enormous global progress has been made in reducing the commodity cost of a condom below 3 cents, a procurement cost that could result in a consumer price affordable for many people in East and Southern Africa. During the period in which the average cost of a condom fell and markets evolved, countries in the region have seen an increase in economic growth. Fifty-five percent of the two regions' population is now classified as middle class⁸, and almost half the countries are middle income. Although the need for condoms is increasing, many of the people who need them can afford to pay the full retail price of a condom (including the fully loaded cost of operations). Yet, government and donor strategies still focus on the provision of free and heavily-subsidized commodity, often to the wrong, more affluent urban populations who have ease of access and limited, if any, affordability barriers.

If existing funding were realigned according to market development needs around sustainability, then condom programmers would have a mitigation strategy against declining finance. Re-thinking current spending would include a plan for maximizing cost recovery of condoms, rather than paying indefinitely for free or subsidized condoms for people who do not need that subsidy.

It is imperative that condom programs plan for changes in how they are funded. Clearly, advocacy to increase donor and government funding for condoms is a priority for the foreseeable future. To hedge against the possibility that this funding will continue to shrink, however, **one solution for condom programs is to use existing funding more effectively**. If existing funding were realigned according to market development needs around sustainability, then condom programmers would have a mitigation strategy against declining finance. Re-thinking current spending would include a plan for maximizing cost recovery of condoms, rather than paying indefinitely for free or subsidized condoms for people who do not need that subsidy. **Unlocking misplaced subsidy** has multiple benefits: it frees up funding for failing market functions (e.g., demand creation); it creates an opening in the market for private actors to sell condoms sustainably; and it allows governments and their partners to focus on increasing condom use by key and vulnerable populations.

A **solid financing plan** is therefore a critical first step for application of the market development approach. Funding is required to: conduct market assessments to understand market failures and their root-causes, develop a common vision for a healthy condom market in a country, and resource the interventions for market functions needed to move current market performance towards that vision.

The second most important root cause is the **missing or misaligned role of different market players to perform market functions**. Initially, the simple TMA categorization of three market sectors (public, private and social marketing) was useful for understanding basic market segmentation, where product users were categorized according to the price they paid – full price, subsidy, or free. However, the role played by these sectors now needs to evolve as markets and consumers have significantly evolved. Within markets, there are now more and stronger market players across the value chain – manufacturers, importers, distributors, wholesalers and retailers. It is now time to transition a number of market functions beyond the strict confines of sector-based programming.

⁸ Tschirley, D et al (2015) The Rise of a Middle Class in East and Southern Africa: Implications for Food System Transformation. Journal of International Development J. Int. Dev. 27, 628–646 (2015)



More self-financed/sustainable market players should now take on functions such as generalized distribution, brand-related marketing efforts, and operations functions (warehousing, logistics), to create long-term sustainability in the condom market. Donor funding should include investment in private sector players, to move the market away from an over-reliance on free and subsidized condoms, to increased availability and use of full cost-recovery brands. The role- and function-related challenges that occur across markets are:

- » Limited support to government by an independent or neutral agency that is broader than any one project's agenda (i.e., a market manager or market facilitator).
- » Limited ability of private market players to participate independently in actual supply chain management and distribution (vs. a supporting role working for social marketers).
- » Inadequate focus on market functions that generate public good (e.g., market analytics, advocacy) and lead to a healthier condom market.

Recommendations for addressing these priority market failures and their root causes are below.

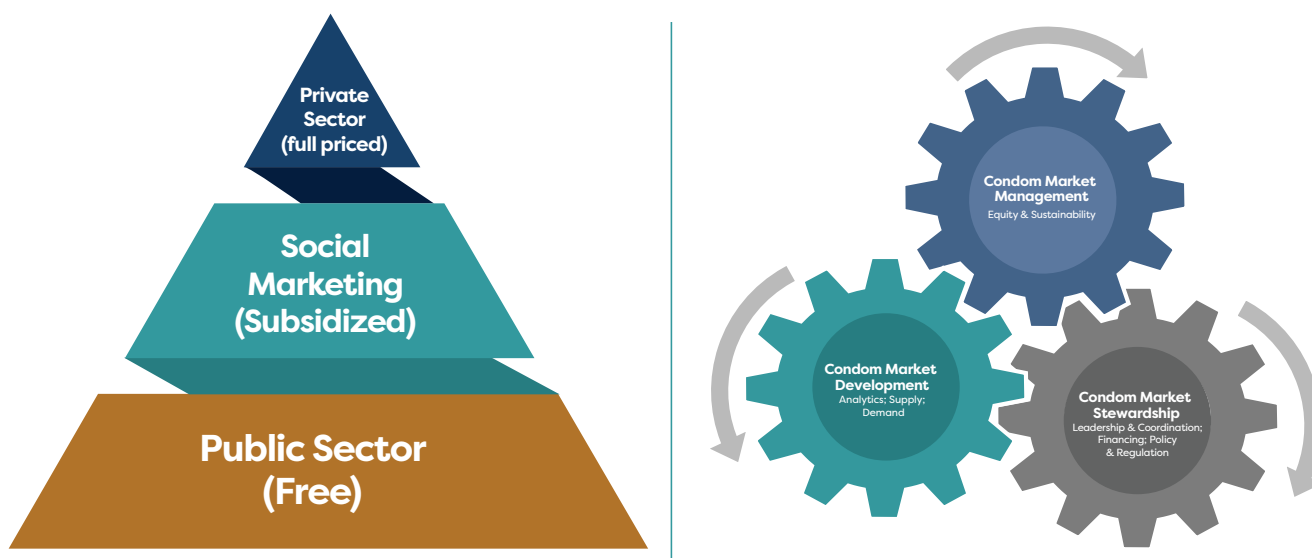
Recommendations

As seen through the five country assessments (plus additional examples from the USAID-funded market work), there are common themes of market failures across all country archetypes. The three pillars of the Condom Program Pathway contain the essential ingredients necessary to strengthen a market, using a function-based approach. The different countries perform at varying levels across the functions in the Condom Program Pathway, but some market failures are more critical than others and require corrections before other investments in the market can deliver results.

In the past, the three-tiered sectoral view of markets allowed for a limited understanding, where the *type of organization* involved in program implementation was the focal point. Any interventions to improve markets were designed within the confines of sectoral lines of distinction. This approach hampered the ability to think of market development as taking place in a larger universe, across many different functions and a range of market players. Instead, in order to tailor specific corrections to specific market failures, it is important to focus now on the different **functions** in the market that can be performed by existing or new market players.

For example, limited national stewardship has been a recurring market failure across all countries. This failure stems from the lack of a common vision for a healthy condom market – a vision that grows condom use to meet total need, equitably and sustainably. Inadequate stewardship also results from a lack of investment in building national capacity, and poor understanding of what market stewardship entails – in terms of coordination, financing, and other supporting functions such as policy and regulation. An additional finding is that any technical assistance provided for national stewardship is a challenge if the same agency performs direct functions (e.g., distribution, demand creation) and indirect functions (e.g., advocacy, transparent information collection and dissemination). Stewardship can be improved with a better articulation of how a wider variety of market players can and should perform different market functions.

The graphic below shows a shift in market approaches from a TMA sectoral approach to a market development approach focused on functions and players. In the TMA approach, the market share that each player holds would ideally evolve to move consumers up the value chain: moving those who can pay away free commodity via the public sector; shifting former free-condom users to social marketed condoms with subsidy; and pushing many social market condom users up the value chain to the private sector, to pay full price. The focus of the TMA triangle was a simplified assignment of consumers to their sources of distribution, based on the consumers' ability to pay. A market development approach, using functions within the Condom Program Pathway, is based on the capacities and incentives of different and more numerous market players for long-term sustainability.



Condom Market Stewardship – The critical market functions under this pillar are national leadership and coordination, financing, and policy and regulation. These market functions are performed by specific agencies within the government but as *indirect* players (e.g., developing national condom strategies, improving condom testing requirements), and not as *direct* players, (distributing free condoms). Across the findings from the country assessments, crucial market failures were identified within these market stewardship functions. As a result, the recommendation is to invest in the market at the stewardship level as the highest order of priority for current investment.

Condom Market Development – The market functions under this pillar are market analytics as well as demand and supply, to ensure growth in overall condom use. These functions are not limited to any one sector or brand. For instance, in all country markets there was information asymmetry across market players, where information was either strictly limited to projects (even treated as proprietary) or partially shared. Similarly, all markets revealed gaps and challenges within demand and supply functions: markets need a focus on demand creation addressing socio-cultural barriers to use; and they need last-mile distribution to address access issues among poor and vulnerable population segments.

Condom Market Management and Sustainability – The market functions under this pillar are equity and sustainability. This level of the Condom Pathway is where programs meet their specific objectives based on the two functions necessary for market growth – sustainability and equity. One area ripe for transitioning to greater sustainability is the distribution of well-established condom brands in urban areas and to the general population. Some of the social marketing programs in well-established markets have spotted this potential and are moving to the social enterprise business model, where they can reduce their reliance on donor funding and generate surplus.

To improve equity in programming, the public sector looks at criteria such as age (youth), gender (use among women), geography (rural areas and high-risk venues), wealth quintiles (those with limited ability to pay) and risk behaviors (sex workers, men having sex with men). The appropriate metric for the public sector’s free condom distribution is increasing use among low income/high risk groups. Free condom distribution is not successful, however, if subsidy is wasted on high-income segments or sections of the general population that do not have access or affordability barriers.

Back to the Basics of Market Development

Before designing specific interventions to correct market failures, a market development approach must be developed for every country. There are several guiding principles when designing a market development approach – simple considerations that funders, planners and implementers must abide by. These are:

- » “Know your market” prior to investing in interventions
- » Do no harm to the market
- » Resist picking “market winners”
- » Invest in systemic fixes, to correct market failures in a way that all market players benefit
- » Consumer choice is key to growing use
- » The “basics” in market development are below.

1. *Conduct a market assessment*

In the past, several market assessments have been done for condom programming. However, these have either been limited in scope or lack a common framework to allow for cross-country and cross-program comparison. The most important first steps to a healthy condom market are to understand the current market, develop a baseline for market performance, and identify market failures.

2. *Develop a vision for a healthy condom market*

Without a common understanding of the vision of success for condom markets, most countries struggle with alignment of national strategies, policies, and critical activities of their condom programs. Market assessments are the foundation on which to build a common vision for a healthy condom market. The assessments and the visioning process can help bring together all country stakeholders and ensure coordination right from the start, with leadership from the government. An overarching vision with clear performance metrics will supply a common language for donors and governments to discuss resource allocation.

3. *Design interventions to achieve the vision*

Proposed below are specific interventions based on the common market failures seen in the five countries assessed. These interventions are for the market failures seen today and need to be monitored not only for their ability to correct the identified market failures, but also for their success in moving the overall market closer to the healthy market vision.

4. *Discuss with stakeholders’ questions of “Who Does?” and “Who Pays?”*

In the table below, some of the major market elements are listed, with columns indicating which type of partner should lead these elements, and who pays for each. A clear condom market vision takes into account the “who does” and “who pays” questions so as to align the work of all partners as efficiently and effectively as possible.

Table 5: Who Does and Who Pays?

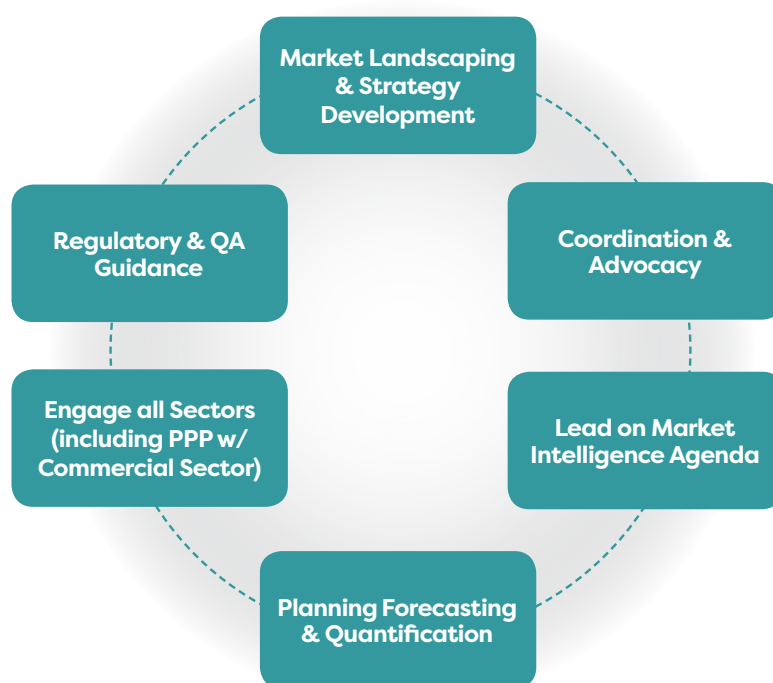
Major Activities	Type	Who Does the Work?	Who Pays for the Work?
Commodity Procurement and Storage	Free	Supply Chain lead within Government	Governments (domestic financing) and donors: ratio changing over 3-5 year period
	Not-free (subsidized or full price)	Private players (Importers/Distributors)	Private players or SMOs (through cost-recovery operations)
Supply and Distribution	Health Facilities	Public sector	Governments (through existing financing for HIV and FP facilities)
	Private channels	Private players	Private players (through cost-recovery operations).
	Targeted Venues	CBOs, CSOs and NGOs	Governments (domestic financing) and donors: ratio changing over 3-5 year period.
Demand Creation	Branded marketing	Private players	Private players (through cost-recovery operations)
	Behavior change (category level)	Market Facilitator or current lead SBC implementing agency (if already funded for FP/HIV)	Major donors funding condom programming and/or SBC (USAID, UNFPA, Global Fund)
	Interpersonal Community	CBOs, CSOs and NGOs targeting priority populations	Major donors funding condom programming and/or SBC (USAID, UNFPA, Global Fund)
Leadership & Coordination	Condom Working Group (or other national forum)	Government agency leading condom programming (NACP, MOH, FP TWG etc.)	Governments (domestic financing) and donors: ratio changing over 3-5 year period.
	Development and monitoring of Strategic Framework (based on assessments, priority activities, performance indicators)	Market Facilitator	Major donors funding condom programming
	Advocacy for commercial players	Market Facilitator	Major donors funding condom programming (USAID, UNFPA, Global Fund) and co-funding from commercial players (ratio to change over 3-5 year period)
Market Analytics	Condom Use over Need Analysis	Market Facilitator (supporting the national condom lead agency within the Government)	UNAIDS and Government
	Routine market metrics (volume and value by player)	Market Facilitator (through all implementing agencies)	Major donors funding condom programming (USAID, UNFPA, Global Fund)
	Customized research (retail audits, target group surveys)	Market Facilitator	Major donors funding condom programming (USAID, UNFPA, Global Fund)

Specific interventions for market failures seen across markets

1. **Assign a market facilitator to foster an enabling environment for the total condom market across all market players.**

To perform functions needed at the national level, there is need for market facilitation. The focus areas for this role are to support the government with capacity building for leadership and coordination of the overall national condom program, and assist with the healthy condom market vision. In addition, the market facilitator should work with other market actors to ensure all levels of interventions are aligned with the overall market vision. It is recommended that the agency selected to perform this role is able to provide transparent and independent support, as linkages to existing or new programs may create real or perceived competition and bias. Experience has shown that interventions linked to capacity building for government agencies, as well as the advocacy needed to create enabling environments, are long term projects, and it is therefore envisioned that the market facilitator position would be a sustained engagement over a three to five-year period. Proposed below is a summary of the different areas of focus for the market facilitator role. A job description of a market facilitator is found in Annex C.

Figure 2: Role of a Market Facilitator



a. Market Landscaping and Strategy Development

- » Conduct **market assessments**, regularly updated, to develop baselines, identify prioritized market failures, and continuously understand the evolving market.
- » Develop a **vision** for a healthy market, where increasing condom use supports total need and equity, while reducing reliance on external funding.
- » Develop a **total market strategic framework** to include indicators and performance tracking plan, supported by routine review of progress by national forums (e.g. NACA/NACP, MoH, FP TWG).
- » Design **interventions** to achieve the vision for condom markets, focusing on activities that address underlying root causes to prioritized market failures.
- » **Build capacity** with key government agencies to promote market development approaches and needs, achieve buy-in for vision and strategy, and improve inter-agency and market actor coordination.

b. Coordination and Advocacy

- » Oversee and coordinate priority interventions addressing market failures.
- » Advocate for governments and donors to:
 - a. Commit domestic resources to condom programming and medium- to long-term commodity security;
 - b. Finance under-funded market interventions;
 - c. Tackle strategic interventions that address prioritized market weaknesses;
 - d. Thoughtfully target resources, including subsidy;
 - e. Reduce policy and regulatory barriers on product importation, such as excessive taxation, registration, or testing requirements;
- f. Reduce policy barriers for target populations (e.g., MSM and lubricants, youth and condom access).
 - » Revitalize condom technical working groups (TWG) or equivalents.
 - » Facilitate the sharing of key information/intelligence/analytics; coordinate multi-actor activities; regularly update the market landscape to identify market weaknesses and progress on priorities.

c. Market Intelligence and Data Analysis

- » Own the market information agenda. Coordinate data collection, analysis, management, quality, dissemination and application in the development of strategies and activities supporting sustainable condom use. Wide and transparent dissemination of information for evidence-based decision-making will occur through regular meetings of TWG and dissemination meetings, supporting the translation of market intelligence to informed decisions.
- » Develop and regularly manage progress against strategic framework indicators.
- » Engage all market actors in cost-sharing of market information through a collective impact agenda.
- » Improve understanding of financing: collect information by percentage of commodities supported by funding source, percentage reliance on subsidy, and cost-recovery by brands.
- » Improve condom use tracking: Use over Need analysis using UNAIDS Fast-Track tool, trends in percentage condom use by KVP, by youth (15-24 men and women), and by wealth quintile and geography.
- » Improve monitoring of targeted free condom distribution through health facilities, community distribution, and other distribution points.

d. Planning, Forecasting, and Quantification Efforts

- » Support forecasting and quantification efforts for **free condoms**, accounting for the market contributions of social marketing and commercial market actors. Monitor external and domestic procurement. Develop distribution plans in line with strategy.
- » Ensure that **all condom** quantification and forecasting (for HIV and FP) adhere to the vision of a sustainable market. Recommend ways to improve segmentation strategies.
- » Map current and required **funding** to support the strategic framework. Review all funding requests (e.g., Global Fund) or procurement plans for condom programming (e.g., USAID, UNFPA) to ensure alignment with strategic framework and prioritized activities.

e. Regulatory and Quality Assurance Support

- » Support efforts to ensure a level and transparent regulatory playing field for product registration.
- » Reduce friction of registering, importing, and marketing quality condoms.
 - » Support efforts to reduce the cost of importing and marketing condoms including exploration of VAT exemption, and reduce registration costs and excise duties on condoms.
 - » Update importers, distributors and manufacturers about evolving regulatory requirements and processes.
- » Support efforts to incorporate international best practice around quality assurance, including acceptance of qualified pre-shipment testing as evidence of condom quality.

f. Engaging Commercial Actors

- » Share market information with commercial actors, and identify investment opportunities for commercial brands.
- » Identify barriers faced by commercial actors, and mobilize the resources and support required to remove those barriers and increase commercial investment in the market.
- » Ensure investments in condom markets benefit all market players, including commercial actors. Champion the role of commercial actors in condom strategy development and roll-out.

g. Structures and Actors Supporting the Market Facilitator

Market facilitators should provide neutral, transparent, and independent support. Based on resources and existing organizations in country, the market facilitator role could include independent facilitators, existing market actors (such as social marketers), or the government. The “home” of the market facilitator is probably best located in a re-vitalized Condom TWG, reporting directly to the market stewards (typically, the government). The focus of the facilitator, in general, should be on capacity building efforts for improved government stewardship function. While the government and facilitator do not have to directly implement all tasks, the convening and coordinating role of facilitation requires identifying what needs to occur, and leveraging resources to deliver. Below are some pros and cons of different types of facilitators.

Table 6: Pros and Cons of Different Types of Market Facilitators

	Independent facilitator	Existing Market player (e.g., Social Marketer)	Government
Pros	Neutral coordination serving needs of all sectors and actors. Seen as impartial, and more likely to garner cooperation from commercial actors.	Solid understanding of country-specific market dynamics, already present in country, likely producing good deal of market data already.	Playing stewardship role – including facilitation -- enhances leverage to convene relevant actors.
Cons	Lacks ‘teeth’ to support coordination, and is unlikely to bring familiarity to market as actors do; as a new player, brings additional cost.	Perceptions of bias, competition, vested interest in own brands and activities. Perceived inability to convene commercial actors.	Unlikely to possess skills, tools and capacity to facilitate; also perceived as a market actor with vested interests.

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

An overall understanding of the condom market is hindered by lack of information on commercial actor activities, limited and irregular information from the public sector and social marketers, and inadequate information collection to inform evidence-based decision-making. To address this dearth of information, it is important to invest in collecting market-level and consumer information of high quality and frequency. Better data will help meet most actors’ needs across market functions and, importantly, provide a basis for government stewards’ management of the national condom program.

Information collected further up the supply chain, e.g., from manufacturers or importers, is relatively easy to get and inexpensive but does not provide a full picture of condom volumes. 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 between these two approaches in the commercial world is retail audits. Retail audits ensure representative sampling of outlets with high-frequency data collection, and increase the precision of volume and value data in the market. The costs are apportioned over different market actors and allow for increased frequency and insights into the market. Most developing country markets do not have retail audits. This is a major barrier to good condom market management and requires further investment. It is possible, however, to do a low-resource version of the retail audit.

Some specific examples of market analytics required for developing and maintaining a healthy condom market are listed in the following table and described below.

Table 7: Market Information Required for Development and Maintenance of Healthy Condom Markets

Type	Information collected	Frequency	Agency
Population-Based Surveys	Demographic and Health Surveys including AIS, SPA, population-based HIV and sexual behavior surveys	Once every two years	Government agency
a) Market Overview	Use over Need analysis (based on UNAIDS calculator), types and numbers of market players, distribution volumes (reported by players), brands and variants, recommended prices and % reliance on subsidy	Once a year	Market Facilitator & key Government agency lead (with direct inputs from market players)
b) Market Audits Surveys (along the value chain)	Information by brand and channel – availability, distribution volumes, consumer and trade prices, trade and consumer promotions, off-take (average monthly/quarterly distribution)	Quarterly	Market Facilitator (outsourced to a research agency)
c) Target Group Surveys	Qualitative surveys to understand socio-cultural barriers to condom use among target populations, including most at-risk populations, youth and other vulnerable populations	Once every two years	Existing HIV/FP partners/ SBC lead agency/Market Facilitator along with key Government agency lead
d) Consumer Segmentation	To identify clusters of consumers for improved condom promotion and marketing efforts	Once in 3-4 years	Market Facilitator (in partnership with private players)

a. Market Overview Research

- » Consolidated by market facilitator to support national lead agency (e.g., condom TWG) and reported monthly by market actors involved in distribution and promotion of condoms
- » Facilitated by an independent agency (to ensure comprehensive and transparent report) and used to inform forecasting and planning for future procurements as well as resource allocation for condom programming
- » Recommended to include additional market performance indicators once the market vision and strategic framework are finalized
- » Build on baseline information collected from initial market assessments

b. Market Audit and Surveys

- » Information can be collected at different points in the supply chain (trade-off based on level of precision and resources available)
- » Information from importers/distributors is less expensive and easier to collect but does not provide information on consumer pricing or promotions. Over- and under-stocking (or stock-outs) are harder to track.
- » Information from retail outlets is more expensive but higher quality and more detailed, including stock movement, actual consumer prices, promotions and consumer preferences. Selection of type and number of outlets for representation is difficult, especially in rural areas and non-traditional outlets.
- » Frequency (monthly or quarterly) is very important criterion, to track changes in the market
- » Information collection design should be based on inputs across all market players, with standardized reporting for transparent dissemination
- » Usefulness will help ensure cost-sharing with commercial players over time.
- » Addresses challenges with current limited distribution surveys (which are project based and include select products only).
- » Ideally led by existing, large research agency (IMS, Nielsen, TNS) with support from market facilitator
- » Investment can be leveraged for other HIV and FP products for cost-sharing and sustainability over time.

c. Target Group Surveys

- » Qualitative surveys with specific target groups to determine socio-cultural factors influencing condom use
 - » Could be stand-alone surveys for priority groups to determine motivations for and barriers to condom use
 - » Could also be integrated into existing studies planned for HIV and FP programming
- » Methodology could be in-depth interviews or focus group discussions depending on target group
- » Recruitment of respondents and sampling could leverage existing programming for HIV and FP services among target groups
- » Findings would help inform consumer segmentation quantitative survey as well as targeted SBC interventions.

d. Consumer Segmentation Analysis

- » Basic segmentation (based on age, gender, wealth quintile, geography) can be done using DHS data for secondary analysis.
- » Research design and information need to be driven by existing and potential commercial players (for use and cost-sharing).
- » Recommended methodology is multi-dimensional segmentation based on combination of product preference (functional benefits); lifestyle (emotional benefits); purchase patterns (heavy or light users, consistent or inconsistent); and use preferences (partner type, occasion).
- » Objective is to identify condom category and brand drivers to inform marketing mix (product, price, place and promotion) across all brands in the market.

3. Improve supply chain management

Moving beyond procurement of commodities for distribution, there are several aspects of supply chain management that require attention for efficient and effective resource allocation. For instance, use of market analytics, including program metrics combined with an understanding of the total market need and current use levels, will improve commodity procurement planning and forecasting. In addition, investments in better data collection from different points in the supply chain will lead to improved product flow and reduced stock-outs and hoarding. There is also potential to improve supply chain management within the private channels by investing in private players such as importers, distributors and wholesalers, as well as by exploring public-private partnerships for leveraging existing distribution mechanisms. Overall, the distribution for the general population in traditional

distribution points (health facilities, pharmacies etc.) can become more efficient, and limited resources can be re-directed towards last-mile distribution for target populations with access issues.

a. *Public Sector*

One of the challenges of public sector condom forecasting and quantification is to achieve a balance: adequate condom numbers to reach key and vulnerable populations who cannot afford to purchase at any price, but not so many free condoms that they pull customers away from subsidized or full-price product. While free distribution to key and vulnerable populations plays an important role in any prevention intervention, excessive and poorly coordinated free distribution can damage commercial and social marketing actors, leading to less sustainable markets over time.

Community based distribution can be an effective channel to reach key and vulnerable populations. Condom distribution, however, should be focused on supporting SBCC efforts, providing prompts to populations where they can access condoms when mobilizers are not present. In this way, free distribution can complement, and even grow, efforts supported by commercial and social marketing actors. Sustained access by commercial and social marketing brands can be supported through opening and maintaining distribution and access points convenient to populations at risk, including brothels, nontraditional outlets such as bars, and outlets that stay open late at night.

Interventions to improve Supply Chain/Public Sector:

- » To improve commodity procurement planning, quantification and forecasting, determine public sector distribution based on **realistic demand estimates**, rather than procure for the total need of target populations. Use the UNAIDS projection tool with quantification initiatives, and market analytics with active input from condom market players.
- » Adjust for the relative contributions of public, social marketing, and commercial actors, including sales to key and vulnerable populations.
- » **Better target free condoms:** Define and prioritize target populations for free condoms, supported by Standard Operation Procedures to:
 - » Outline distribution quantities per contact (e.g., sex workers receive x # condoms per contact / week)
 - » Ensure access to free condoms for Community Based Organizations (CBOs)/Non-Governmental Organizations (NGOs) for targeted distribution to key and vulnerable populations, with linkages to condom communication strategy
 - » Develop and implement segmentation strategies that drive free distribution to key populations, through facilities as well as outreach programs. Consider segmentation based on geography (targeted rural areas).
 - » Map condom needs at district level hot spots and key population locations, with sound population estimates.
- » Obtain donor agreement on strategies around ad hoc '**condom bailouts**,' where condoms are purchased by different donors with little communication among them, and little or no connection to a national condom strategy.
- » **Invest in better data collection** from different points in the supply chain to lead to improved product flow and reduced stock-outs and hoarding.

b. *Social Marketing and Commercial Interventions*

- » Invest in Public / Private Partnerships with commercial actors (importers, distributors and wholesalers) to expand existing distribution mechanisms to hard-to-reach populations.
- » Target investments in social marketing distribution to last-mile distribution for priority populations – namely rural areas, or hard-to-reach key populations.
- » Distribution for the general population in traditional distribution points (health facilities, pharmacies, etc.) does not require donor or government funding or subsidy.

4. *Ensure highly targeted donor investment in demand creation for priority populations, including social and behavior change (SBCC) interventions and category-level (rather than branded) promotion.*

In all countries, the analysis of condom use in relation to total need confirms there is significant potential to grow the condom market and increase use. Condom markets in all countries require distinct levels of investment to achieve category growth that is not limited to any specific brand. As such the recommendation is to focus limited donor and national resources on critical factors limiting condom use among target populations. This category-level investment will also have a positive spillover effect on the marketing investments planned by other market players and will give additional mileage to branded promotions.

In Botswana, Afro-world, the importer of Moods condoms, expressed an interest in expanding distribution to bars and hotels. As those channels worked through a different supply chain (alcohol), the company was seeking co-investment to break into this new channel by introducing condoms to bar owners while partnering with alcohol distributors to sell the product.

Table 8: Types of Demand Creation

Branded Communications	Evidence-based SBCC (social and behavior change communications), category promotion
Primarily focused on differentiating between brands to promote market share and increase volumes. Intended primarily for general population with limited category-level benefit in mature markets or for priority target groups. In most markets, this can be led by private investment and no longer requires donor/domestic funding.	Can be customized for specific target groups based on deeper understanding of socio-cultural barriers to condom use, and implemented through national campaigns (especially for youth), interpersonal and community level activities (for most at-risk populations).

- » Demand Creation at the Global Level
 - » Identify best practices for condom demand creation by target populations and share across countries (well documented, with current and past projects implementing these efforts).
- » Demand Creation at the National Level
 - » Currently funded (and future planned) investments in increasing coverage of HIV services among priority target populations are important channels for integration of condom promotion and distribution efforts (e.g., systematic investment in using male circumcision promotion and service delivery channels for condom programming for young men).
- » Demand Creation at the Community Level
 - » Ensure standardized and evidence-based approaches to condom promotion among existing community-based organizations (CBOs) and civil society organizations (CSOs) that have access to priority target populations.
 - » Standard Operating Procedures (SOPs) developed for CBOs and CSOs to access free condoms (from public sector facilities) to distribute to target populations through community mobilization and interpersonal activities.



Demand creation programs must shift from awareness-raising activities to integrated, *user-driven communication design and delivery*. Evidence-driven Social Behavior Change Communications (SBCC) can lead to increased condom use, with condom category promotion benefiting brands across sectors.

Below are considerations for Demand Creation programs and activities.

- » Extensive best practice approaches to user-driven demand creation exist, and can inform country specific strategies and approaches. Countries should design interventions that address persistent barriers to condom use in their markets.
- » Condom demand creation needs to be more than an afterthought in the cascade-to-treatment continuum. Thoughtful, well-designed SBCC can be integrated into test-and-treatment programs.
 - » Target Youth and Adolescents (focusing on those in multiple partnerships, higher risk sex), complementing existing work with key populations.
- » Invest in integrated, evidence-driven SBCC to address persistent barriers to condom use among key populations, addressing not just the individual, but key influencers of that behavior (for example, with sex workers, design interventions addressing the role of peers, brothel managers, clients, surrounding relevant community). Demand creation and linked generic category promotion of condoms could deploy a ‘surround and engage’ approach – media channels reaching priority populations, integrated with targeted interventions currently reaching key populations.
- » Harmonized national campaigns can ensure multiple delivery channels (including CBOs, NGOs, and mass media) provide complementary, aligned messaging.
- » Where a lead implementer exists to design holistic SBCC campaigns, the role should include:
 - » Generation of evidence (including condom user engagement and use of secondary data) to inform design of communications addressing factors of condom use;
 - » Development of strategic communication design, production, support, implementation and roll-out to relevant implementing partners;
 - » Capacity building and training with implementing partners, development of SOPs to standardize execution amongst various partners;
 - » Coordination role – to ensure ownership by national programs, and active partner input including private sector participants during design, development, and implementation.

Market Failures/ Specific Intervention Recommendations	Missing link between country- level strategy documents, and work plans, and resources	No market is consistently tracking and analyzing the condom market performance in terms of equity, sustainability or growth	Limited role of the commercial sector in diversifying the national response and ensuring long- term sustainability of the total condom market	Excessive subsidy used on poorly targeted free or overly subsidized social marketing programs is a barrier to the commercial sector, and carries a big opportunity cost in neglected interventions	Lack of adequate investment and coordinated efforts in demand creation to ensure continued growth of the condom market and increase condom use across all target populations	Lack of coordination around financing for all aspects of condom programming	Insufficient Stewardship functions supported by capable market facilitation
Assign a market facilitator to foster an enabling environment for the total condom market across all market players.	X	X	X	X	X	X	X
Invest resources in building market information as a public good for evidence-based decision making at all levels of the market, including consumer segmentation.	X	X	X	X	X	X	
Ensure highly targeted and leveraged donor investment in Demand Use needed to move Use closer to Need.					X	X	
Improve supply by leveraging current investments and with additional resources for all players in the public and private sector value chain.			X	X		X	

Country Dashboard

This project collaborated with USAID on the development of a condom dashboard. The purpose of the dashboard was to apply the framework of the Condom Programming Pathway to provide opportunities for country comparison and trend analysis, to show the current status and any movement towards better-developed markets in support of equitable and sustainable condom use. **It is recommended that this dashboard be further developed and used in focus countries.**

The indicator list that was developed to guide the analysis of the country case studies was the main tool used for the dashboard. Each function within the Condom Program Pathway has one or more indicators that contribute to the overall score of that function within the Pathway, as each indicator has been weighted and scored. The scorecard for each indicator uses a simple numerical allocation to indicate: the functions that are in place, acting as drivers on condom program marketing and delivery; functions that impede condom programs and markets and require attention; and functions that are inadequate, constituting a barrier to successful condom markets and programming, and which are a priority for reform. The dashboard is a performance management tool. If repeated over time, the dashboard scorecard could be used to systematically track market progress and trends.

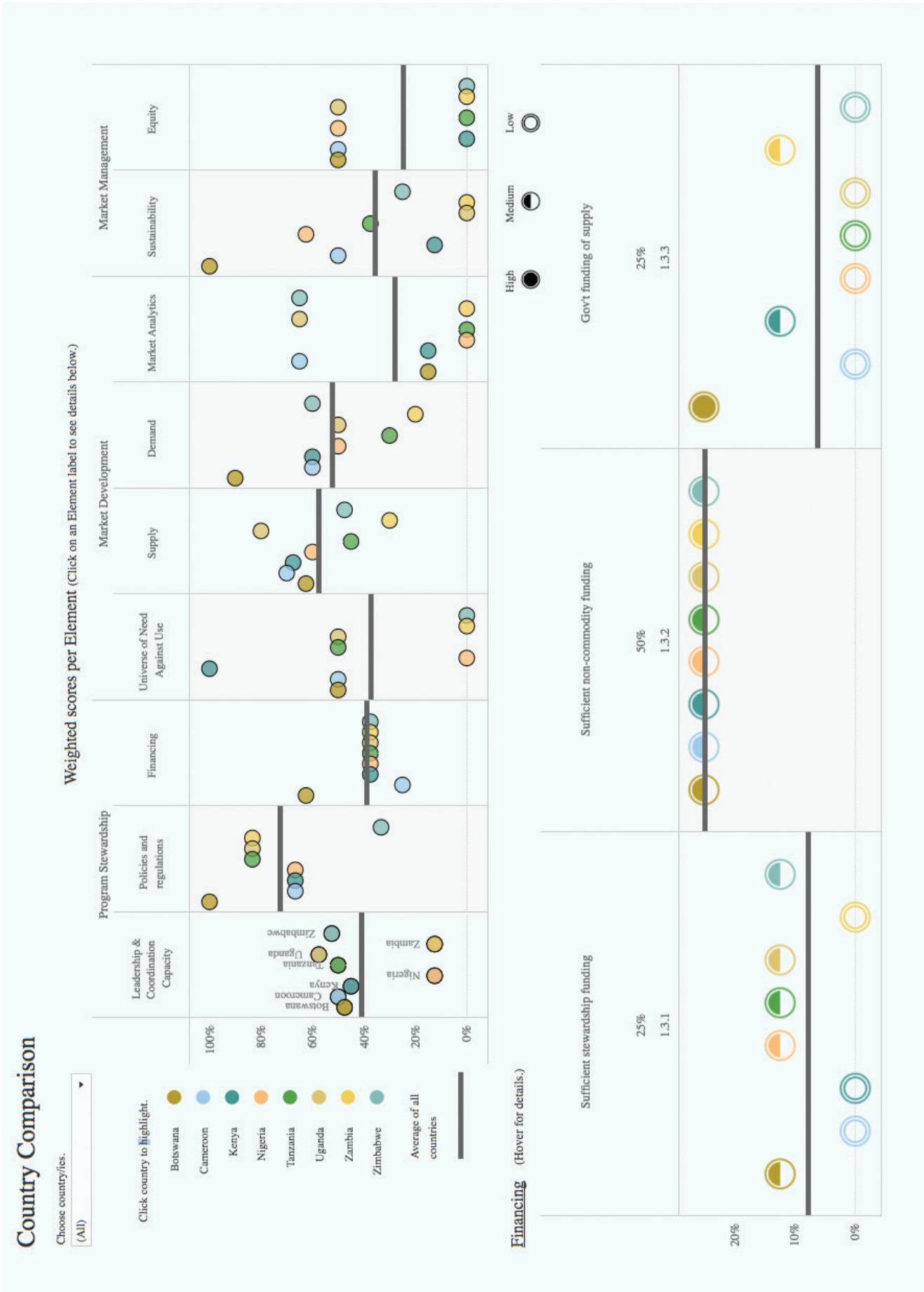
Some of the operational indicators (such as equity) lag behind others (such as investments in demand creation) by many months or years. The dashboard balances the monitoring of outcomes (e.g., condom use) with a series of intermediate operational functions (e.g., policies, plans, budgets, expenditure, equity, targeting, monitoring) over which direct management intervention is possible and immediate.

Over time, analysis of country dashboards will allow for refinement of the hypothesis as to what the most important cause-and-effect relationships in the condom market are. If managed well, these would be expected to lead to a functioning total market where players and functions are aligned to achieve a healthy condom market. Thus, the dashboard can be used to:

- a. Benchmark the Condom Program Pathway in each of the example countries and provide an assessment on the stage of market development;
- b. Use cumulative scoring to flag country specific strengths and weaknesses in market functions supporting the Condom Program Pathway, and relative to other countries – e.g., benchmarking within a region or similar GDP category;
- c. Educate and inform market stakeholders (donors, governments, actors) on the importance of market intelligence and critical programmatic elements supporting sustainable condom markets;
- d. Advocate for interventions and resources to improve market health. Findings could influence general investments in program functions (“the dashboard indicates stewardship is weak across many countries, creating a barrier to sustained use, so we should invest there”) or focus on country specific interventions by donors;
- e. Highlight data gaps and indicator ambiguity.

The dashboard represents a snapshot of the current state of condom markets and programming in each of the countries, and allows for country comparison and comparison to the mean of all countries. Figure 3 on the next page presents the dashboard for the Condom Program Pathway for the five countries assessed for this assignment.

Figure 3: Condom Program Pathway Dashboard summary for 4 countries against the mean from all 4 countries



Annex A: Prioritized Challenges from the Literature Review⁹

Pillar:	Condom Program Stewardship				Condo
Condom Program Pathway:	Policy & Regulation	Financing	Leadership & Coordination Capacity	Market Analytics	
Challenges	Little planning or policy support for private sector scale-up of condom provision	Donors and (when exists) public sector money focused on condom procurement; less understanding of market dynamics and functions supporting use	Donors, governments overlook the contribution/impact of legacy condom programs on HIV.	Countries rarely understand total condom needs, existing use, and strategies to address gaps	
	Registration & regulatory barriers put commercial brands at disadvantage	Guidance, tools, and data to inform budgeting and resource tracking are limited	National capacity for planning and coordination, and market stewardship is limited and lacks support/TA	MDA mis -understood as dividing market between free, public and social marketing (SM) instead of analysis of where and whom the market is failing	
	Post shipment testing onerous and often unnecessary	Establishing public sector financing in some countries (e.g. Nigeria) has proven problematic	Market Development Approaches (MDA) and strategies are misunderstood by most stakeholders	Implementing partners' lack of consumer focus interferes with the market	
	Post-market surveillance poorly implemented	Support for Condom Social Marketing (CSM) is declining	Few donors & governments align & coordinate procurement	Strategies supporting free condoms poorly thought out – lack of equity lens in segmentation	
	Private Sector does not understand country bidding processes		There is no in-country capacity to replace CSM role (which is diminishing with funding levels)	Methods to estimate condom needs lack standardization	
Priority Points	7	7	15	14	

⁹ Note that this table, Prioritized Challenges from the Literature Review, changed and was updated based on findings in country deep dives. The updated table has been built into the Condom Program Pathway Dashboard.

Condom Market Development		Condom Market Sustainability		
Supply Forecasting	Demand Creation	Metrics for Management	Equity	Evidence for Advocacy
Condoms too often treated as supply challenge only	Supply is calculated based on need rather than demand or use, creating mismatch and poor estimates of condoms	WHO lacks understanding of needs/ use by groups	Lack of Market Development approaches (MDA) means poor often without condoms	Indicators from population based-surveys and most used indicator (condom use among people with 2+ partners) do not provide adequate information
Focus on free distribution undermines rest of market	There is very little tracking of uptake/use at country level	There are no condom program scorecards or dashboards to track performance and propose remedial action	Free condoms are poorly targeted wrong populations in the wrong place	Evidence for advocacy for condom programming is missing and communities are not empowered to advocate
Social Marketers not graduating brands in a timely way	There are inadequate strategies to address persistent barriers to consistent condom use	Lack of clear understanding of MDA.	Equitable outcomes are not monitored	There is no condom impact modeling being done
Free condom distribution is erratic and inconsistent	Too little choice in the market	No tracking of uptake/ use at country level		Funding for evidence from programs/ organizations reduced along with other funding
Methods for supply chain stimulation not used	Demand creation efforts are biased towards SM and free condoms	Private sector contributions are poorly monitored		Meta-analyses reveal little evidence of health impact from previous investment
12	14	14	6	13

Key: = Top Priority (3) = Second Tier Priority (2) = Third Tier Priority (1)

Annex B: Tools for Country Assessments

Tool	Purpose
Tool #1 – Key Informant Interview Guide	<ul style="list-style-type: none"> » Systematically collect data during a country deep dive » Support understanding of condom programming, focusing on the Stewardship & Sustainability Pillars.
Tool #2 – Condom Market Landscape Guidance	<ul style="list-style-type: none"> » Outlines general approach to market landscaping (core manuf-to use spectrum) » Primary focus is to inform the Market Development Pillar.
Tool #3 – Value Chain Analysis	<ul style="list-style-type: none"> » Systematically collect data related to Mkt Development pillar, with direct & indirect actors in market. Will support description of market and support identification of mkt failure.
Tool #4 Data Analysis & Charts: 4.1 Condom Distribution worksheet 4.2 Free Distribution worksheet 4.3 Charts & Graphs 4.4 Market Reliance on subsidy 4.5 Condom Use worksheet 4.6 Condom Availability 4.7 Brands worksheet 4.8 Donor Analysis worksheet	<ul style="list-style-type: none"> » To support analysis of market, organize presentation of data in consistent manner, and feed into reports.
Tool #5 – Comprehensive Indicators Comprehensive indicators have been prioritized, mapped out to each element of the pathway, and numbered.	<ul style="list-style-type: none"> » Organize data collection and presentation in context of Condom Programming Pathway; » Support hypothesis testing re: market stage and development
Tool #6 – UNAIDS Condom Needs Assessment Tool	<ul style="list-style-type: none"> » To create a condom needs estimates at a national level and by sub-population. An efficient way to estimate existing condom use and total condom needs to meet country targets. Instructions included on tool.

Annex C: Selection of A Market Facilitator for Condom Markets In Sub-Saharan Africa

Background & Overview

As resources for condom programming diminish, it is vital to improve understanding of how and why existing market systems are failing to support condom use. These systems include governments, consumers, suppliers, and all other actors whose efforts affect condom availability and use in a country.

Core principles for healthy condom markets are the following:

1. In order for a condom market to perform well, it must first meet the total needs of the population such that use is **equal to condom need**.
2. Condom markets must be equitable in meeting the needs of priority populations and the vulnerable. **Equity** includes reaching key populations such as sex workers and young people, and also reaching hard-to-reach consumers in rural areas, among others.
3. Finally, condom markets must be **sustainable**, where they are able to provide condoms to all who need them over the long term. Sustainable programs will eliminate the reliance on external funding in the long run, and significantly reduce that reliance in the short run.

A simplified vision for a healthy market is that: 1) condom volumes increase, 2) condom use increases across all population groups to meet need, and 3) reliance on external funding decreases.

To perform functions needed at the national level, there is a need for **Market Facilitation**. The focus areas for this role are to support the government with capacity building for leadership and coordination of the overall national condom program, and to work across all market players and functions to implement the strategy for a healthy condom market.

It is recommended that the agency selected to perform this role is able to provide transparent and independent support, as linkages to existing or new programs may create real or perceived competition across different market players. Experience has shown that interventions linked both to capacity building for government agencies, and to the advocacy needed to create enabling environments, are long-term projects, and it is therefore envisioned that the Market Facilitator position would be a sustained engagement over a three- to five-year period.

Proposed below is a summary of the different areas of focus for the market facilitator role by objective.

Objectives

1. Market Landscaping and Strategy Development

Illustrative Activities:

- » Conduct Market Assessments that are regularly updated, to continuously understand the current market, develop baselines to track market performance and identify prioritized market failures.
- » Develop a vision for a healthy condom market, where increasing use supports total need, while reducing reliance on external funding. Strategic frameworks and metrics supporting total market approaches will include indicators and a performance tracking plan, supported by routine review of progress by national forums (e.g. NACA/NACP, MoH, FP TWG)
- » Design interventions to achieve the vision for condom markets, focusing on activities that address underlying root causes to prioritized market failures.
- » Develop a total market strategic framework.

2. Coordination & Advocacy

Illustrative Activities

- » Oversee and coordinate interventions addressing prioritized market failures.

- » Advocate within governments and donors to:
 - a. Grow domestic commitments to condom programming and medium- to long-term commodity security;
 - b. Develop and implement interventions to address identified market weaknesses;
 - c. Lay out the case for sustainable condom markets, and the need to target resources;
 - d. Address policy and regulatory barriers (such as taxation, registration, imports, etc.);
 - e. Secure financing to support under-funded interventions (e.g, market analytics);
 - f. Address policy and regulatory barriers for target population, based on identification of in-country policy barriers (e.g., MSM and lubricants, youth and condom access, etc.), and in support of CBOs/NGOs.
- » Vitalize condom TWGs or equivalents – ensuring the right players convene regularly, and meaningful engagement is facilitated through a focus on prioritized activities identified in strategies.
- » Facilitate the sharing of key information, strategies, and coordinated activities; coordinate market intelligence efforts with all market actors and stakeholders, regularly updating the market landscape to identify market failures/weaknesses and progress on priorities.

3. *Provide Technical Assistance to the Government for National Stewardship of TMA*

Illustrative Activities:

- » Develop a TMA strategic framework with clear indicators and a performance-tracking plan, and ensure routine review of progress.
- » Build capacity with key government agencies to promote understanding of market development approaches and needs, enlist buy-in for vision and strategy, and improve inter-agency and inter-sectoral coordination.
- » Advocate within government for national funding for condom programming (based on lessons learned from other successful national programs) for medium- to long-term commodity security and sustainability.
- » Ensure linkages of the TMA operational plan with existing and future national strategy documents and investment plans.

4. *Partner with the Commercial Market Players to Address their Market Barriers across Supporting Functions and Roles.*

Illustrative Activities:

- » Advocate with the government to address policy and regulatory barriers.
- » Share market information and identify investment opportunities for commercial brands.
- » Identify resources and support required by the commercial sector to increase investment in the market.

5. *Own The “Market Information Agenda,” and Ensure Wide and Transparent Dissemination and use of Information for Evidence-Based Decision-Making.*

Illustrative Activities:

- » Identify new research needs.
- » Engage commercial and social marketing organizations to determine cost-sharing for market information (e.g., a retail audit) through collective impact agenda.
- » Coordinate with donors to receive open access to data from implementing partners that is not being shared transparently.

6. *Provide Technical Assistance to Organizations for Sustainable Social Marketing Programming.*

Illustrative Activities:

- » Monitor market performance to identify barriers to sustainability based on allocation of donor subsidy.
- » Identify investment needs and provide inputs to donors to track progress against sustainability metrics.

Traits of A Successful Market Facilitator

Market Facilitation is a challenging and ever-changing role that requires a deep understanding of condom markets, as well as savvy consensus-building and leadership skills to coordinate market players. A successful Market Facilitator should provide neutral, transparent, and independent support. Based on resources and existing organizations in country, the Market Facilitator role could be taken on by independent agencies, existing market actors (such as social marketers), or the government. There is no one-size-fits-all model of market facilitation across the full range of condom programs and countries.

Rather than identify who could or should lead market facilitations, therefore, it is more useful to provide a checklist of the **traits** that should be considered in the selection of a Market Facilitator:

The Market Facilitator shall:

- » Possess a high level of leadership and coordination skills, including diplomacy and experience working with national and local governments.
- » Possess an in-depth knowledge of the country's condom needs including information on key populations, sexual and reproductive health environment and trends, and HIV burden.
- » Have a proven track record as a facilitator, of successfully convening organizations and market actors to agree to joint objectives.
- » Be a neutral and/or independent actor (preferred). The best choice for the role is an organization that is not a current or potential implementer in the condom market, so as to avoid real or perceived conflicts of interest. Given the inherently competitive nature of markets, the Facilitator with the greatest degree of independence is likely to elicit the highest level of cooperation from other market actors.
- » If this is not possible (e.g., if this role can only be filled by the national government or an implementing agency), the Market Facilitator should have a proven system of checks and balances including a commitment to transparency and neutrality in this role. [The requirements of such a Market Facilitator will be rigorous, so that all other market actors are satisfied and cooperative with the Facilitator's dual role in implementation.]
- » Have a proven track record in market development work, including market analytics and program management.



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