Shaping healthy FP markets in India

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Speaker: Shankar Narayanan, MD, PSI India Pvt Ltd.
Too Close
59.3% of births (Approx. 16 million births) have birth interval of less than 36 months

Too Many
24% (Approx. 6.5 million births) are 3rd or more order births

Too Early
6.3% of births (Approx. 1.7 million births) are in mothers with age group 15-19 years

People
- Population: 1.21 Billion
- Urban and Rural population share at 31% and 69%, respectively
- Top 20 cities account for ~5.3% of its total population
- 28 states & 7 Union Territories

Key, Select Economic Indicators
- GDP, Purchasing Power Parity basis
  - Total: US$ 5.3 Trillion
  - Per Capita: US$ 4,209

- Nearly 70% of medical expenditure in non-hospitalised treatment is spent on purchasing medicines
- Over 70% ailments treated in the private sector
- Nearly 25% families in rural India depend on ‘borrowings’ to meet health expenses
- Over 80% of population is not covered under any insurance scheme

India: So much promise and yet….
Deep Dive to identify critical market failures of the FP market in India

1. How does the market system work, what are its key functions and who are the key players (private, public, formal, and informal)?

2. What are the dynamics of the market in terms of its overall effectiveness, competitiveness, productivity, or level of coverage or access?

3. What are the potential opportunities to improve market performance to meet total FP needs in the market?
1. Set the Strategic Framework:
Who is the market failing?
The market is failing WRAs across urban and rural areas of both UP and Bihar.

The market is most acutely failing young, lower wealth quintile women in peri-urban & rural areas.

Use / need gap in relative terms has declined.

Lack of appropriate design is a key reason for discontinuation.

Sources: AHS 2012-13, NFHS 2015-16, DLHS 2007-08, UHI Progress Report 2009-13, NIHFW, 2011 census; FSG Analysis
2. Understand the Total Market:
How is the market failing?
Select FP Products / Services Available in India¹

FAMILY PLANNING (% current use²)

- **Short-acting Reversible Method**
  - Condom (5.9%)
    - Male
      - 313 Brands
    - Female
      - 7 Brands³
  - OCP (4.2%)
    - Female
      - 7 Brands³
    - Male
      - 73 Brands
  - IC (0.1%)
    - Daily
      - 5 Brands⁴
    - Weekly
      - 10 Brands⁵
    - 3 Month

- **Long-acting Reversible Method**
  - IUD (1.9%)
    - 5 Year
      - 10 Brands⁵
    - 10 Year
      - 3 Brands⁶

- **Long-acting Permanent Method**
  - Sterilization (35%)
    - Female
      - Minilaparotomy
    - Male
      - Laparoscopy
    - NSV
      - Traditional
    - Traditional
### How does the product reach the consumer? Private sector value chain

<table>
<thead>
<tr>
<th>Manufacturers/Marketers</th>
<th>Distributors/Wholesalers</th>
<th>Service Providers/Outlet Providers</th>
<th>Consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturers/Marketers</td>
<td>Distributor</td>
<td>Service Provider</td>
<td>Outlet Provider</td>
</tr>
<tr>
<td></td>
<td>Wholesaler</td>
<td></td>
<td>Outlet Provider</td>
</tr>
<tr>
<td>CFA¹</td>
<td>Retailer-cum-Wholesaler</td>
<td>Service Provider</td>
<td>Rural Consumer</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Urban Consumer</td>
</tr>
</tbody>
</table>

¹CFA – Carrying & Forwarding Agent

Source: FSG Analysis
Manufacturers | Large capacity, significantly underutilized domestically.

Most manufacturers are concentrated in Gujarat, Maharashtra, and Uttarakhand, and are focused on exports; capacity exceeds domestic demand (and actual production)

<table>
<thead>
<tr>
<th>#</th>
<th>Capacity</th>
<th>India market volume</th>
<th>Utilization levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCPs</td>
<td>12</td>
<td>700 Mn +</td>
<td>110 Mn</td>
</tr>
<tr>
<td>Condoms</td>
<td>16</td>
<td>5 Bn +</td>
<td>2.15 Bn</td>
</tr>
<tr>
<td>ICs</td>
<td>3</td>
<td>70 Mn +</td>
<td>0.97 Mn</td>
</tr>
<tr>
<td>IUDs</td>
<td>6</td>
<td>100 Mn +</td>
<td>5.45 Mn</td>
</tr>
</tbody>
</table>

Sources: Primary interviews; Secondary research; FSG Analysis

The number of manufacturers is not exhaustive. By FSG estimates, they cover 60-90% of domestic production; capacity information not available for all manufacturers; India market volumes for 2013; Overall utilization levels; OCP data is in Mn cycles
Market volumes are stagnant or declining for most methods, except ICs, whose volumes are small but rising

<table>
<thead>
<tr>
<th>Method</th>
<th>Volume (in million units)</th>
<th>Value (in INR million)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Condoms</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>6,357</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>7,144</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>7,822</td>
<td></td>
</tr>
<tr>
<td>OCPs¹</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>2,431</td>
<td>130</td>
</tr>
<tr>
<td>2013</td>
<td>2,591</td>
<td>118</td>
</tr>
<tr>
<td>2014</td>
<td>2,820</td>
<td>110</td>
</tr>
<tr>
<td>2015</td>
<td>3,191</td>
<td>N/A</td>
</tr>
<tr>
<td>ICs²</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>N/A</td>
<td>0.42</td>
</tr>
<tr>
<td>2012</td>
<td>N/A</td>
<td>0.77</td>
</tr>
<tr>
<td>2013</td>
<td>N/A</td>
<td>0.87</td>
</tr>
<tr>
<td>2014</td>
<td>N/A</td>
<td>0.97</td>
</tr>
<tr>
<td>ECPs³</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>494</td>
<td>5.41</td>
</tr>
<tr>
<td>2013</td>
<td>535</td>
<td>5.42</td>
</tr>
<tr>
<td>2014</td>
<td>616</td>
<td>5.20</td>
</tr>
<tr>
<td>IUDs⁴</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>5.20</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>5.28</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>5.45</td>
<td></td>
</tr>
<tr>
<td>Sterilizations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>4.89</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>4.58</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>4.30</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>4.03</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>3.95</td>
<td></td>
</tr>
</tbody>
</table>

¹ OCPs data is for million cycles, market value for OCPs only includes non-subsidized products sold through the commercial channel; ²The scale for IC volumes has been modified for representation purposes; ³Market values for ECPs only includes products sold through the commercial channel; ⁴IUD volumes based on number of units inserted, as per HMIS records.

Note: This category level market value excludes medical abortion pills (MAPs); data for Condoms, OCPs, ECPs and ICs calculated using multiple sources. Private sector data available for year Oct-Sept; SMO / public sector data available for year Apr-Mar.

Sources: IMS TSA data; DKT SMO data; MoHFW HMIS; FSG Analysis
How is the Market Failing?

- Government incentives for sterilization are distorting demand for other methods and players across the value chain.
- Domestic product market is over-reliant on SMOs, and this is limiting market growth.
- OB.GYN/MBBS doctors are not providing balanced and adequate FP.
- Domestic manufacturers’ capacity (for innovation, range and scope) is not reflected in the domestic market.
Vision for the Indian FP market

<table>
<thead>
<tr>
<th>Towards</th>
<th>A diversified and dynamic FP market that serves all WRAs¹, with special emphasis on:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Younger women (15-24 yrs) who are earlier in their reproductive life-cycle stage</td>
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<tr>
<td></td>
<td>• Women living in rural areas</td>
</tr>
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<td></td>
<td>• Women from lower wealth quintiles</td>
</tr>
</tbody>
</table>

| By      | • Expanding choice by diversifying method mix in the country.                      |
|         | • Increase market performance (volume and value growth) across all FP methods      |

<table>
<thead>
<tr>
<th>Through</th>
<th>Enhanced role of all market players (shift away from current stagnating roles):</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>• TA to GoI towards strategic stewardship role, for Market growth by unlocking domestic financing and partnerships.</td>
</tr>
<tr>
<td></td>
<td>• Improve choice and availability through sustainable business models</td>
</tr>
<tr>
<td></td>
<td>• Work with commercial players in growing domestic market.</td>
</tr>
</tbody>
</table>

Source: PSI / FSG Analysis
3. Design:
Where do we work in the market?
Our ultimate goal for Sarita and Sam...

1. Our ultimate goal for Sarita and Sam...
2. ...is for them to access the health services they need without suffering financial hardship.

3. So we asked ourselves...

4. Solution—Through a partnership between the newly established social enterprise and the PSI India NGO!

5. The two entities will have an arm's length relationship as separate legal entities registered in India.

6. Why?
   a. Social enterprises that are not dependent on funders can quickly respond to Sarita's changing needs.
   b. By operating as two entities, PSI can appropriately manage subsidy to ensure that it's applied appropriately.

7. The path to sustainability
   a. We believe markets can support positive social outcomes in a way that is much more sustainable.
United by Vision and Complimenting

PSI India NGO

Collaborate with stakeholders and work with National and state GoI for providing TA
- Unlock domestic financing for expanding access across sectors.
- Improve performance of public-private partnerships for scale and quality.
- Improve market intention and capacity to reach youth and adolescents.

PSI India Pvt Limited

Expand access and choice SUSTAINABLY.
- Enhanced market segmentation to allocate resources efficiently.
- Expand sales and distribution.
- Manage the operations and business process to consistently improve efficiency.
A) Unlock Domestic Financing

Government incentives for sterilization are distorting demand for other methods and players across the value chain.
In UP PSI India under Hausala Saajedhari, addressed the following barriers

1. No purchasing of outpatient services from the private sector for informal sector

2. No promotion of the private sector by the government.

3. Government does not play any role in the quality assurance at the private sector

4. Mid level providers cannot provide clinical FP services
How to make markets work for ALL women in need of FP

**Strategy 1**
Demonstrate proof of concept for strategic purchasing of spacing methods

**Strategy 2**
Strengthen the role of interfacing agency (SIFPSA) for improved coverage and quality of private sector engagement

**Strategy 3**
Advocacy for accelerating government led strategic purchasing of range of FP services adopting the project model of private sector engagement

Young 18-24 years
How was the market facilitated?

- Budgetary Allocation
- Centralize payment gateway
- Improved role of DQAC
- Monitoring dashboard
- GO-143

One window IT enabled accreditation platform for:
- Empanelment
- Verification
- MoU
- Reimbursement

- Purchased USD 3.2 million FP services from private sector
- Reimbursement time reduced from 102 days to 30 days

FP benefit package made available at:
- 812 additional private sector facilities
- 16% contribution to total sterilization of state
- 31% male sterilization by accredited providers
- 725 Community workers generating demand

Total FP beneficiaries
- Sterilization: 75189 (NSV-3623, FST-71566)
- DMPA- 26106
- IUCD- 76268
Government does not play any role in the quality assurance at the private sector. No purchasing of out-patient services from the private sector for informal sector.

$3 million value of services purchased from the private sector

Budgetary allocation of $10 million in one state for purchasing of FP services

Nationally, $60 million budget allocation for purchasing FP services

Quality Assurance Committees are activated to audit and indemnify the private sector providers

Additional public resource to purchase all FP services

New resources to purchase additional services (Deliveries, ANC, PNC)

Government transfers QA role to the NABH and can empanel all NABH accredited private sector provider for purchasing FP services.

Mid level providers can not provide clinical FP services

Trained mid level providers can provide IUD services

NABH has accreditation mechanism for the mid-level providers to also include the FP quality indicators.

Pilot test of utilizing public health workers to create demand for the private sector

1 million health workers in India are referring clients to the private sector as well.

In UP: The past, current state and future plans

1. $3 million value of services purchased from the private sector
2. Budgetary allocation of $10 million in one state for purchasing of FP services
3. Nationally, $60 million budget allocation for purchasing FP services
4. Quality Assurance Committees are activated to audit and indemnify the private sector providers
B) Shaping FP Markets through social enterprise approach

Domestic product market is over-reliant on SMOs, and this is limiting market growth
3 Operational Pillars of PSI India Pvt Limited

- **Scale sales and distribution**: Expand ACCESS
- **Diversify Method Mix**: Increase CHOICE
- **Segmented Approach**: Increase VALUE
Expanding ACCESS: 2016 - 2018

Coverage

- 2016: 6 States
- 2017: 14 States
- 2018: 12 States

Shelf Keeping Unit

- 2016: 7 SKUs
- 2017: 17 SKUs
- 2018: 25 SKUs

Retail Penetration

- 2016: 80,000
- 2017: 144,000
- 2018: 333,000

Health Care Provider Reached

- 2016: 1,200
- 2017: 3,000
- 2018: 7,650
Increasing Choice: Diversifying Method Mix

"Big Bets"
Enhanced Market Segmentation

Grooming  Marriage  Motherhood  Balancing Family  Stabilising  Life Continues

ADAPTIVE FOLLOWER  EQUAL ALLIES  CONSERVATIVE ROMANTIC  LATE BLOOMER

-products images-
Increasing Volume and Value

Volume and Value - LARC

Volume, Value and Price Point - Pearl

Source: PSI IPL audited financials & CTL
Increasing Value and Volume in condoms

Condom Price Change vs Masti Price Change (MRP)

- Qtr4 2016: Masti (Sales Volume in '000) = 3.4, Condom MRP = 5.6
- Qtr4 2017: Masti (Sales Volume in '000) = 4.58, Condom MRP = 6.0
- Qtr1 2018: Masti (Sales Volume in '000) = 4.82, Condom MRP = 6.1

Source: Nielsen Data
Scale Up Medication Abortion & ….

Source: PSI IPL audited financials & CTL
Support the consumers with Innovations.

Follow these steps to watch a video on how to use Safe Abort:

- Install **Safe Abort app** from Google Playstore
- Open the app, which further opens the phone camera
- Focus the camera on the Safe Abort logo on the front of the pack
- Once the video starts, tap the phone to pause, play and/or rewind
Key Takeaways

- In Market shaping, from diagnostics to design, seeking insights and agreements early for **collaboration** is crucial.
- Defining **who does and who pays** is critical, but everyone is delighted to do the right thing.
- Unlocking **domestic financing** and making policy work is the largest lever towards UHC and creating resilient markets.
- The path to sustainability and self reliance needs **blending of subsidy, grants and private capital**.
Thanks
Questions?