



USAID
FROM THE AMERICAN PEOPLE

ISSUE BRIEF

No Product, No Program: Financing, Procurement, and Distribution of Reproductive Health Supplies

Contraceptive security exists when every person is able to choose, obtain, and use quality contraceptives and condoms for family planning and for protection from sexually transmitted infections, including HIV. Achieving this requires sound logistics management, which entails delivering the right product, in the right quantity, in the right condition, to the right place, at the right time, for the right cost. Managing these logistics is complex, as supply chains involve many organizations, people, and procedures that must work together to accurately forecast demand and then order and deliver the right quantity of contraceptives to meet the needs of clients. USAID works to ensure contraceptive security by developing viable contraceptive logistics systems that encompass product procurement, policy, finance, and forecasting skills and support. The Agency also provides support at the policy and program levels to increase organizational capacity, donor coordination, and private sector involvement, all of which are crucial to a stable supply system.

Worldwide demand for contraceptives and condoms is growing because of the success of family planning programs, the increasing number of men and women reaching reproductive age, and the growing response to curb the HIV/AIDS pandemic. Maintaining a strong supply system is crucial. When supply chains do not keep pace with growing numbers of customers or when supplies run out, clients cannot get contraceptives and new customers cannot be served. Confidence in the program fades and people may stop asking for services.

USAID Programs

Strengthening systems. With improved logistics systems comes increased availability of contraceptives, which helps ensure steady supply and better care delivery to meet clients' needs. In 1999, the Ministry of Health in Peru started using public sector funds to purchase contraceptives. By 2004, USAID had turned over all responsibility for contraceptive purchases to the Ministry. USAID family planning interventions currently focus on strengthening commodity supply systems. USAID works with the

In the mid-1970s in Bangladesh, the use of modern contraception among married women was approximately 7 percent, and the average number of births per woman was seven. By the early 1990s, fertility had fallen to 3.4 births per woman but then stalled at that level. With improvements in contraceptive logistics and the launch of subsidized sales, supply methods expanded and awareness of contraceptives grew. Increasing access through doorstep delivery, social marketing, expanded method choice, and other programs led to an increase in contraceptive prevalence to its current level of about 48 percent. The fertility rate is now three children per woman.^{1, 2}

1) World Fertility Survey. (1978). Bangladesh Fertility Survey.

2) Bangladesh Demographic and Health Surveys. (1994, 1997, 2000, 2004).

government of Peru to build its capacity to procure its own commodities. At the Ministry level, USAID has helped strengthen logistics information systems. At the local level, USAID has worked with warehouses, contraceptive managers, and distributors to ensure that the system functions.

Vigilance, from production to delivery to consumer. USAID programs include competitive procurement; clear and comprehensive product specifications; routine testing during manufacture; a distribution system that tracks expiration dates; and good storage and handling practices. Procedures for forecasting need and distributing quantities of supplies are required at all levels and are made widely known.

Private sector involvement. USAID involves the private sector, which is important to program sustainability. For-profit private sector companies and

nongovernmental organizations (NGOs) in developing countries can help increase access to commercial, affordably priced reproductive health care products and programs. By encouraging those who can pay for commodities to do so, public sector resources can be made available to serve poor and hard-to-reach communities. In Peru, USAID also spurred the private sector's role in providing affordable contraceptives via small pharmacies and chains. By 2005, 60 percent of contraceptives in urban areas were purchased in the private sector. In Indonesia, which will graduate from U.S. family planning assistance in September 2006, innovative strategies increased clients' use of the private sector for their family planning needs. The 2002–2003 Demographic and Health Survey, for example, showed that about two-thirds of family planning users received their services from the private sector and that nearly 90 percent of family planning users paid for their family planning services. In comparison, in 1986, only an estimated 18 percent paid.

National policies. Supportive national policies are crucial. These policies must support private sector participation, multiple supply outlets, quality assurance, and government and civil society advocacy. Both the subsidized and nonsubsidized supply chains need policy support. The public sector needs support in such areas as resource allocation, staff, training, budget and credit concerns, facilities, vehicles, and more. Equally important is the elimination of such barriers as price controls, tariffs, and other impediments. One USAID-supported program presented analyses of contraceptive market segmentation and users' ability to pay to the Ghana Inter-Agency Coordinating Committee for Contraceptive Security. Both analyses were requested by the Ministry of Health (MOH) as part of its broader 2004–2010 National Contraceptive Security Strategy. The analyses and recommendations focused on addressing high unmet need, affordability by income levels, pricing, access, and how these factors and others must be considered in developing a financial sustainability plan for contraceptives. A "whole market" task group composed of USAID cooperating agencies, MOH agencies, donors, and NGOs was formed to implement the analyses' recommended actions. Changes in pricing, policies, and information and education campaigns will result from the group's efforts.

National government support in Jordan. In 1997, Jordan's Ministry of Health decided to improve the country's contraceptive logistics system. It provided nationwide training and distributed procedures manuals to all service delivery and directorate-level supervisory staff who received the training. The Ministry also introduced a new information system to collect and report both logistics and service statistics data, which provided policymakers with evidence of success and helped ensure continued support.

Global coordination and advocacy. USAID is working with other donors and concerned groups to design a system that facilitates donor coordination among the world's largest providers of contraceptives. The RH Interchange is creating a common procurement management information system for contraceptive and condom programs. Additionally, USAID created a Commodity Promotion Fund to ensure availability of condoms in countries with high HIV/AIDS prevalence.

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