KATHMANDU
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Creating an Effective & Sustainable Ecosystem for RH Supplies by 2030

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SHAPE OF THE MARKET FOR FP SUPPLIES: REFLECTIONS ON THE FUTURE

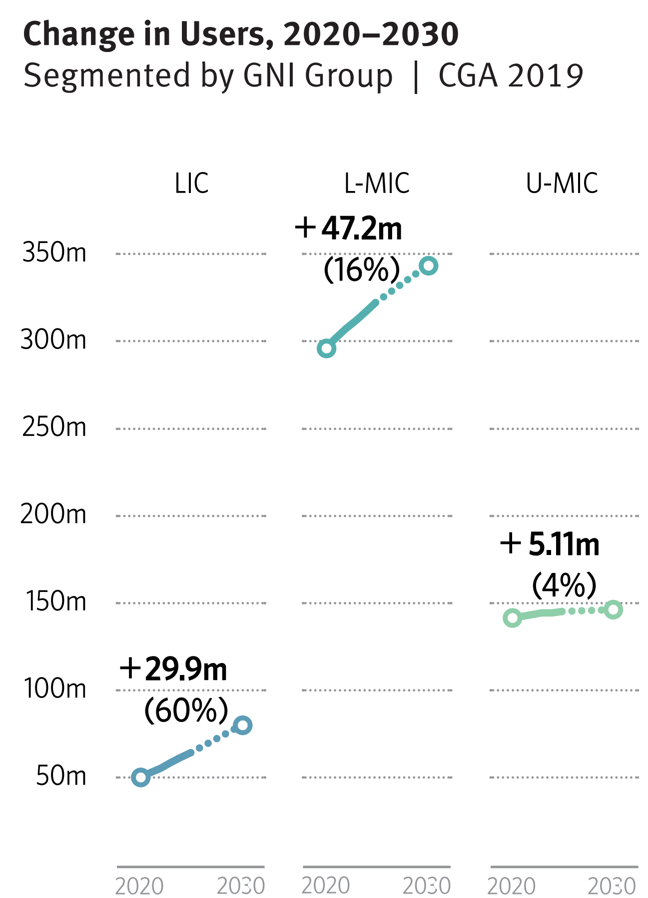
John Townsend, Population Council

The Ecosystem for FP Supplies

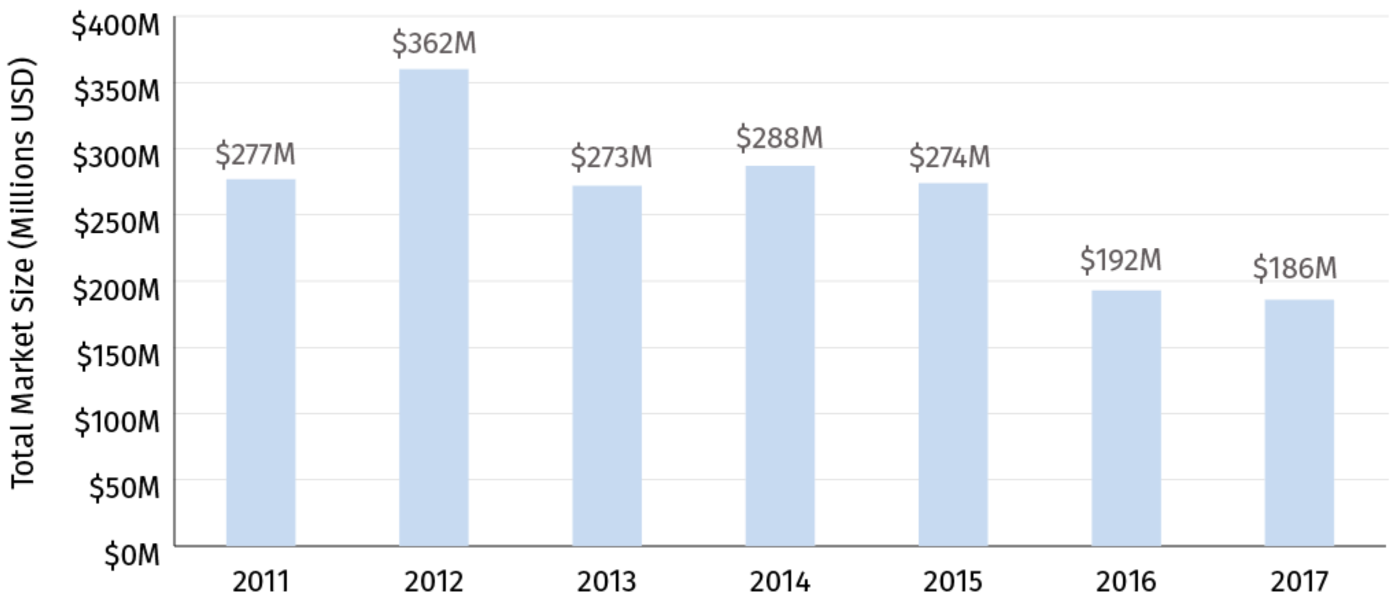
- Our analysis of the supplies ecosystem focuses on 135 lower- and middle-income countries, divided into three subgroups
- Changes in the ecosystem are driven by three factors: suppliers, products, and users
- We discern the future through desk reviews, published research and key stakeholder interviews
- The changes suggest 3 potential areas of investment: procurement, supply chain and reliable financing

What does the future decade hold in store?

- The number of family planning users will grow, along with demand for the supplies they need
- The growth in users will vary by country and GNI group, depending on access to information and services; socioeconomic context; FP policies, resource allocation and current shape of CPR



What does the future decade hold in store?

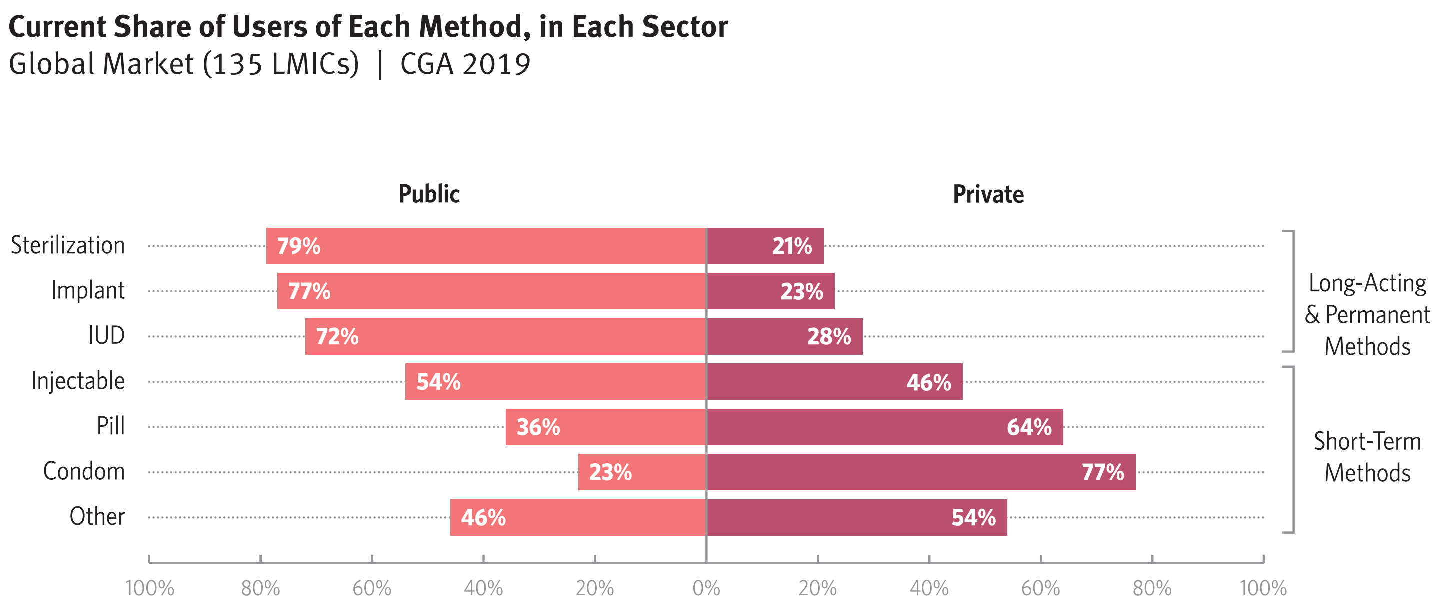


- Donor funding for commodities will continue to decline, requiring both mobilization of domestic resources and increased OOP expenditures
- Private sector will remain a critical source of FP supplies and services. Its relative contribution to the total market, however, will vary by country and market segment

What does the future decade hold in store?

- Some donor-dependent countries today will likely remain donor-dependent well into the next decade
- Greater reliance on OOP expenditures, especially for non-subsidized supplies, has implications for equitable access to supplies and services

What does the future decade hold in store?



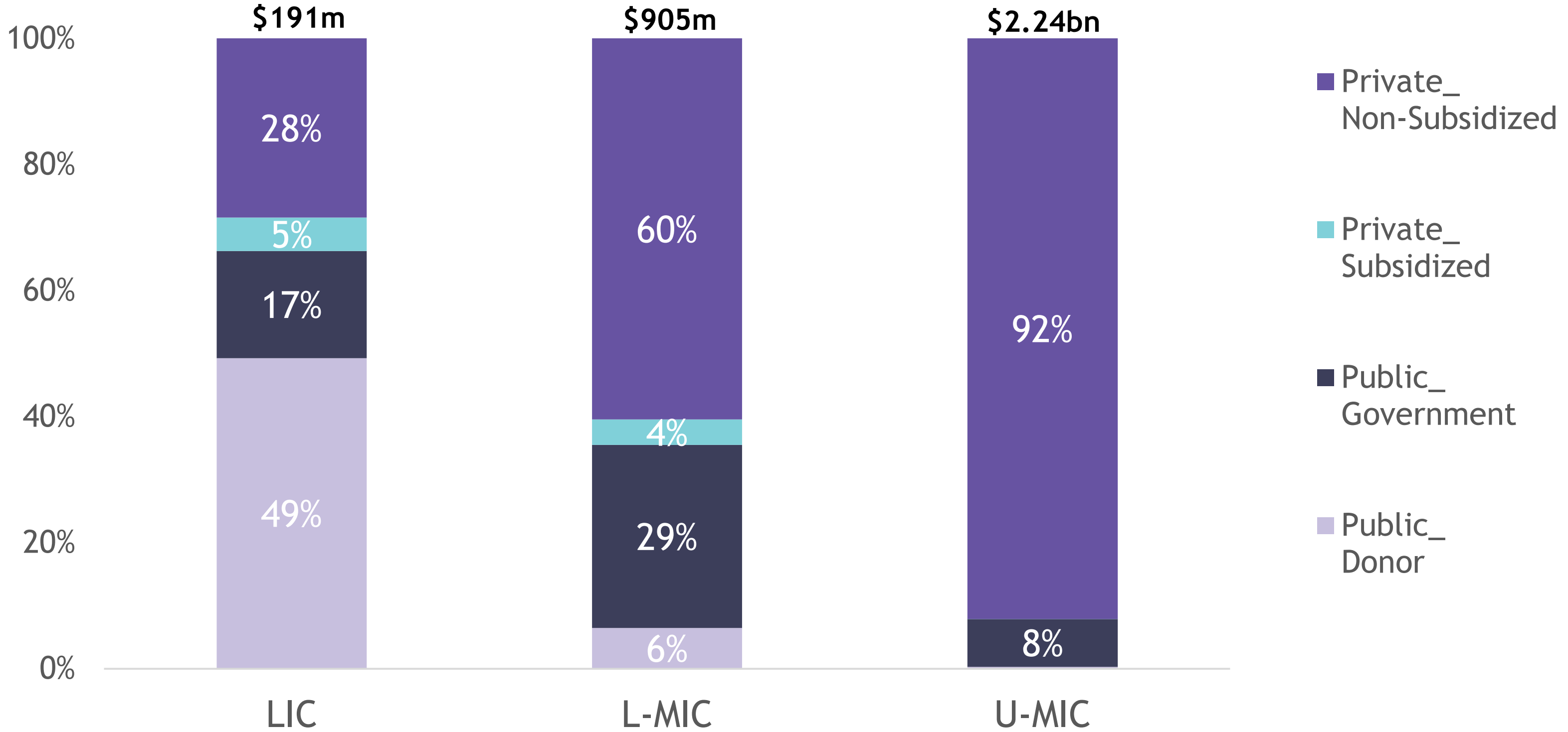
- Distinct product ranges in public and private sectors will likely become more divergent
- This dynamic challenges us to define policy options to ensure access to broad method choice

FINANCE

Linda Cahaelen, USAID

Setting the scene

Current Spending from Each Source
Segmented by GNI Group | CGA 2019



Finance: likely futures

NEEDS

are rising and demand will grow

DONOR

finance at best stable, most likely to decline

DOMESTIC GOVERNMENT

finance is hard to mobilise

OOP

will have to increase to cover the gap

- LI countries likely to remain dependent on donors;
- Mobilisation of domestic government finance may be slow in LMI;
- Most OOP on supplies likely to be spent in the private sector, use of private sector will grow

Finance: Challenges

- **Donor funding concentrated** in a small group of countries, with priority shift away from financing supplies and towards more developmental ODA
- **Domestic finance mobilisation** depends on fiscal space (should increase with country income growth) and government allocations to FP supplies – will need advocacy; working capital and cash flow are also problems
- **Implementation of transition strategies** to increase domestic contribution
- **Equity concerns with increasing OOP** – will those with least capacity be paying more? Will users have affordable access to long-acting methods?

Finance: how can the global supplies community contribute?

- **Help to optimise the use of donor funds** – cost-efficient purchasing; coordination of donor-funded supplies inputs; support for effective allocation and leverage of donor funding (through GFF, volume guarantees, innovations to raise private capital, etc)
- **Support mobilization of domestic government funding** – provide evidence and ammunition to advocates for allocations to FP supplies, and for inclusion of FP in UHC; support transition strategies
- **Minimise impact of OOP on the poor** – support development of a healthy private sector; seek better integration of private sector into global supplies initiatives and investments

PROCUREMENT

Rachel Silverman, Center for Global Development

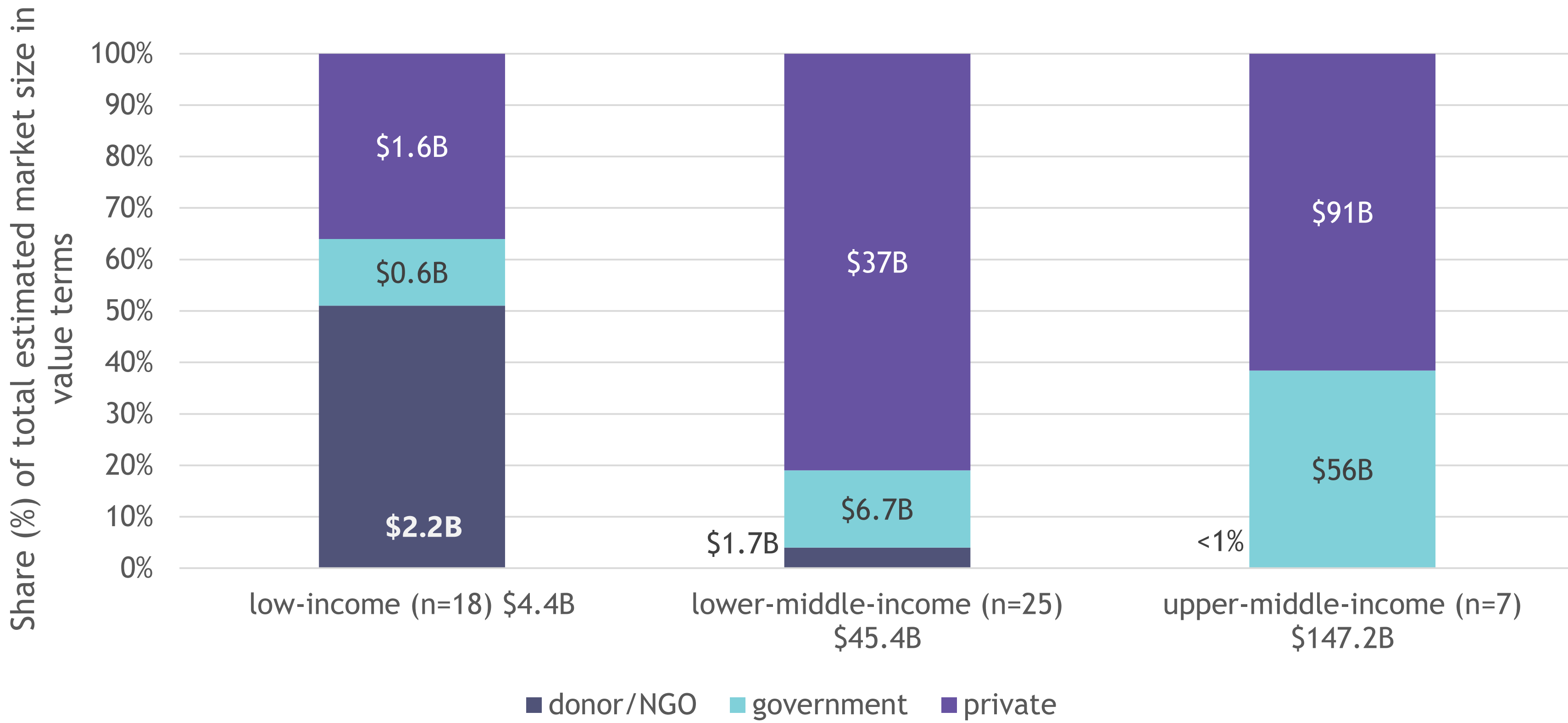
Bridging ecosystem workstream with CGD working group

Common questions across both areas of work:

- how can we strengthen public sector procurement to make resources go further?
- how can we help end users in the private sector to access affordable and quality-assured FP supplies?

Is FP special? For procurement trends—less so

Private, Government and Donor / NGO financing as a share of the total estimated market (value) for all healthcare commodities by country income groups

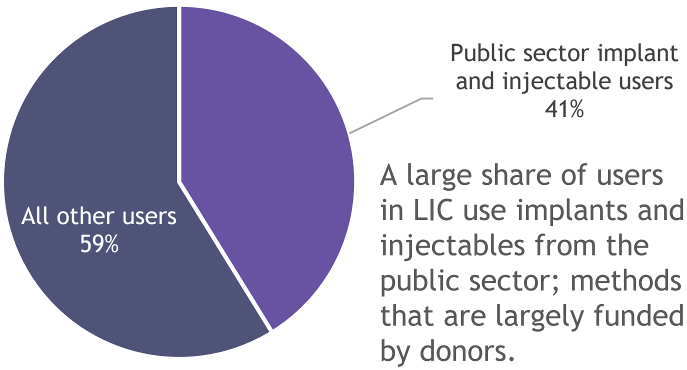


Source: CGD Working Group

Today’s Challenges

In some cases concentrated purchases creates vulnerability

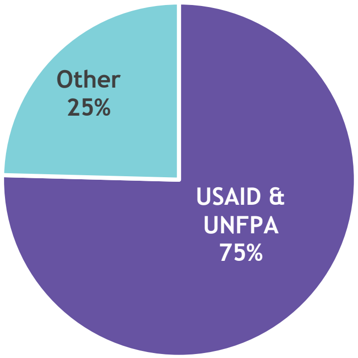
Users in Low-Income Countries (LIC) in 2018



A large share of users in LIC use implants and injectables from the public sector; methods that are largely funded by donors.

Source: CGA 2019

UNFPA & USAID share of implant consumption



Source: CGA 2019 & UNFPA External Procurement Report

- Demand pooling with large purchasing mechanisms has had benefits for price, supply security, and innovation—but also created systemic risks
- UNFPA and USAID both vulnerable to funding cuts, procurement interruptions
- Any procurement interruptions from two large purchasers may have catastrophic impacts on end-users, disrupt supply ecosystem
- Benefits of pooling within large mechanisms do not extend to broader supplies ecosystem

Today's Challenges

Concentrated supply base for PQ products, barriers to generic entry into PQ, and limited competition

Barriers to entry include:

- regulatory barriers to entry at global (PQ) and country (registration) levels;
- perceived low profitability;
- long-term purchase agreements with legacy suppliers

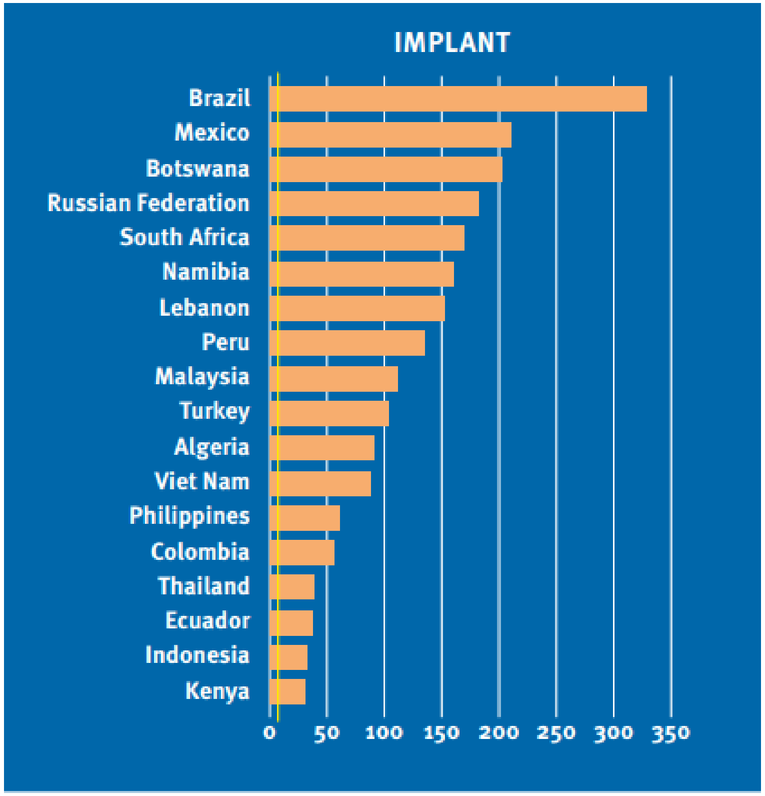
Creates high risk of supply failure

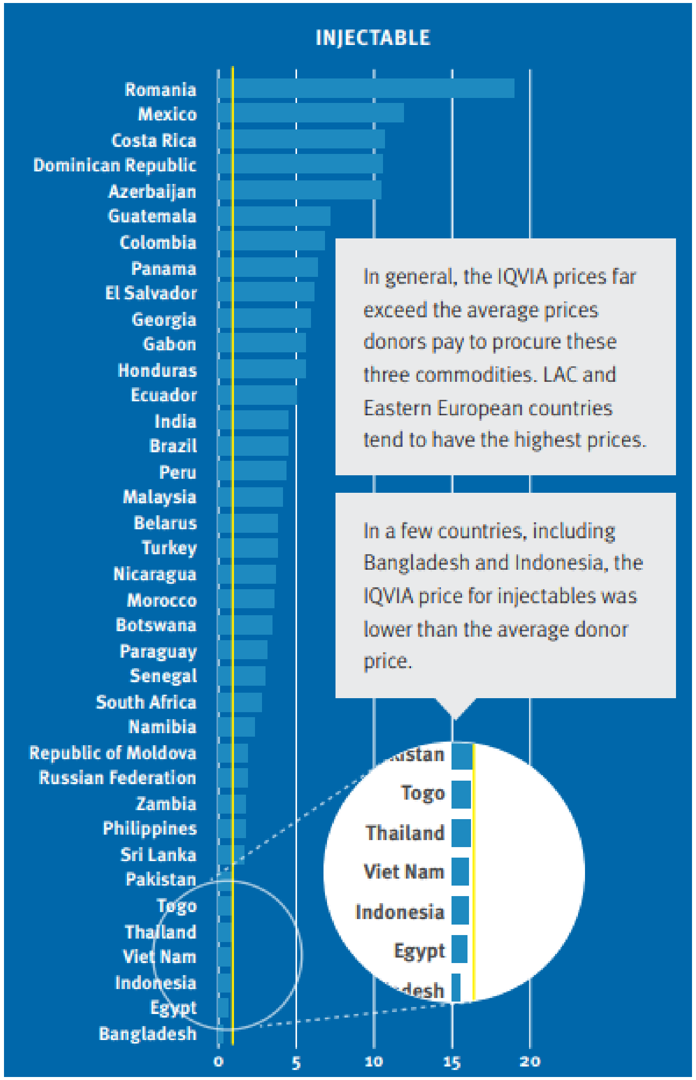
Manufacturer exit can threaten method availability/choice

	Innovators	Generics	Total
OC	4	16	20
Implant	2	1	3
Injectables	3	1	4

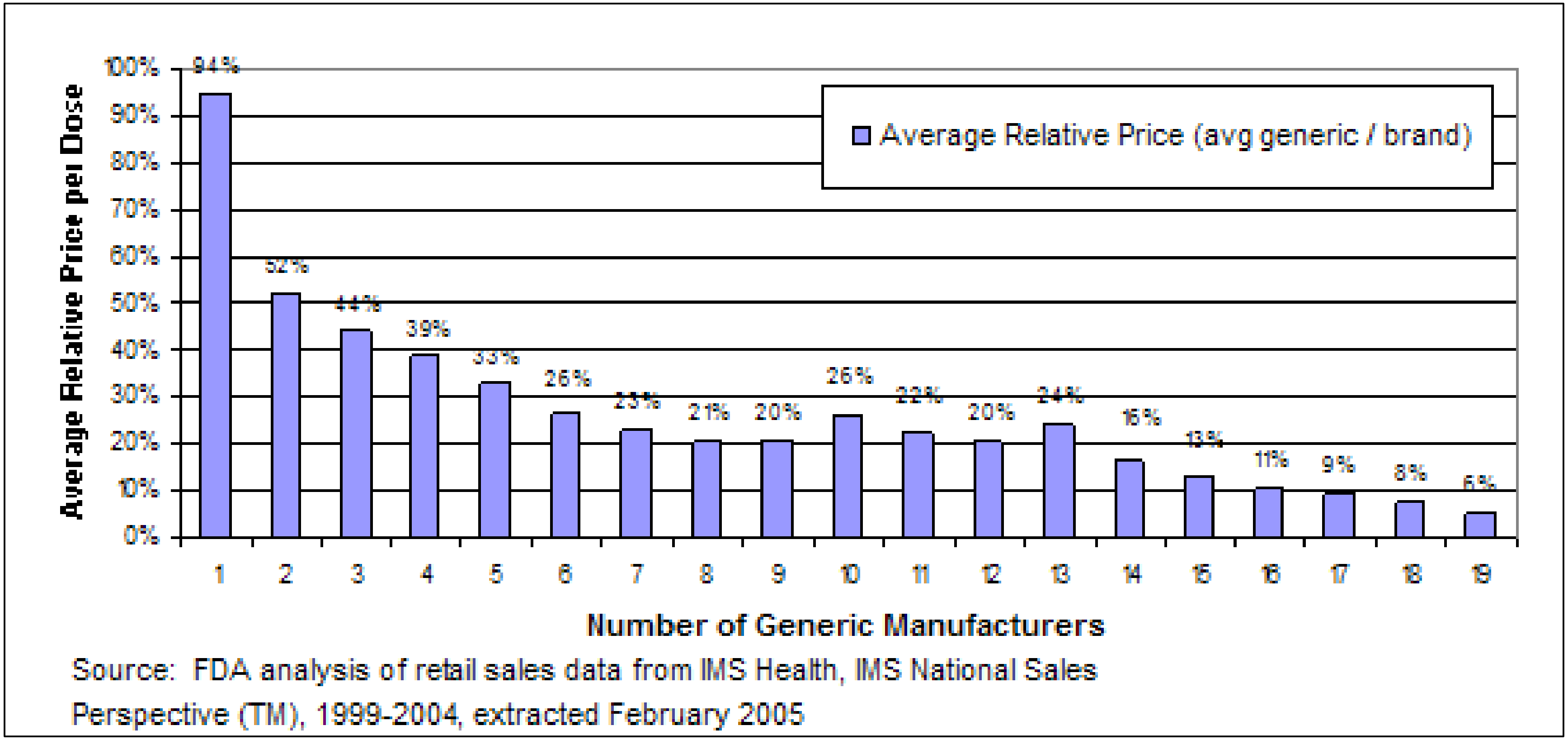
Today's Challenges

Limited competition can lead to very high prices for purchasers outside of large pooling mechanisms, and particularly in private sector





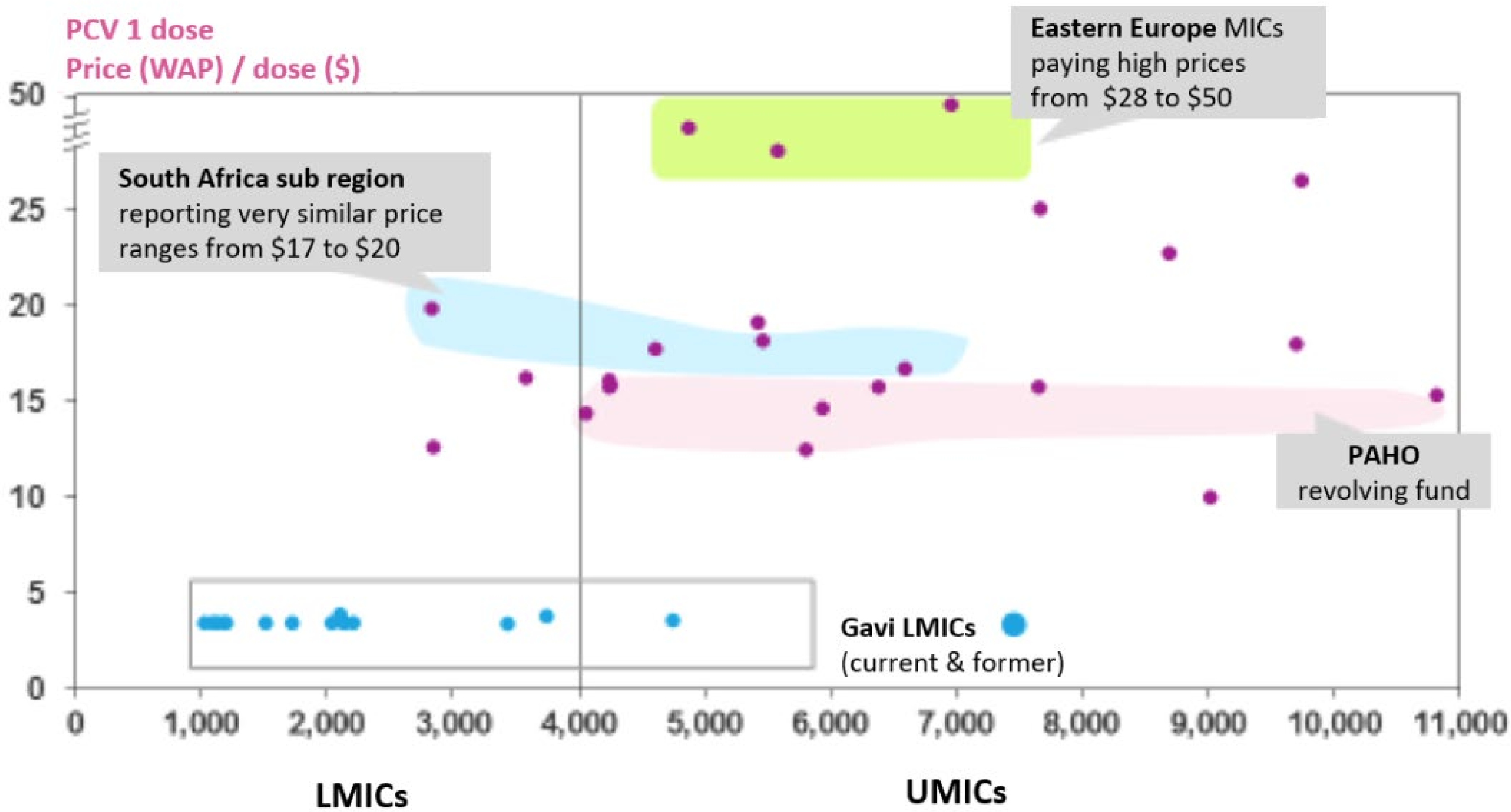
↑ competition = ↓ prices*



*As a general rule of economics and historical experience. Special circumstances may apply.

A shared challenge across global health…

High—and highly variable—vaccine prices for pneumococcal conjugate vaccine (PCV) across middle-income countries



Source: Gavi Report to the Board, Annex B: Supplementary contextual analysis,

Today’s Challenges

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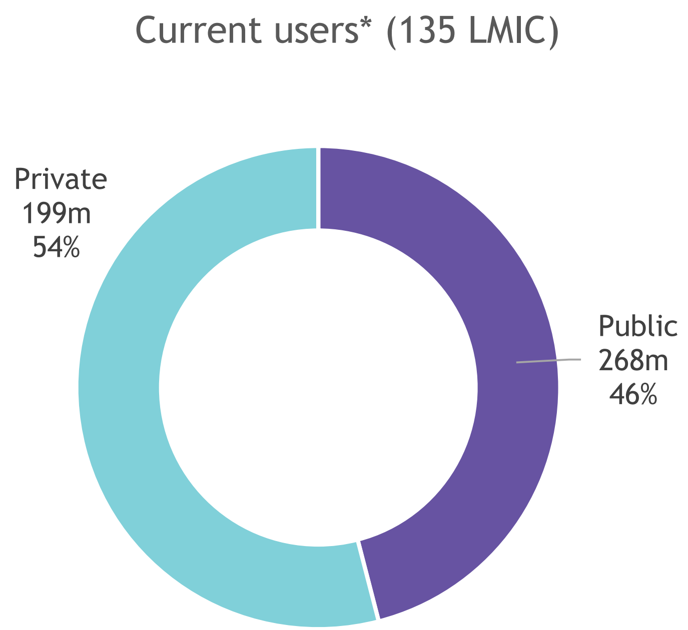
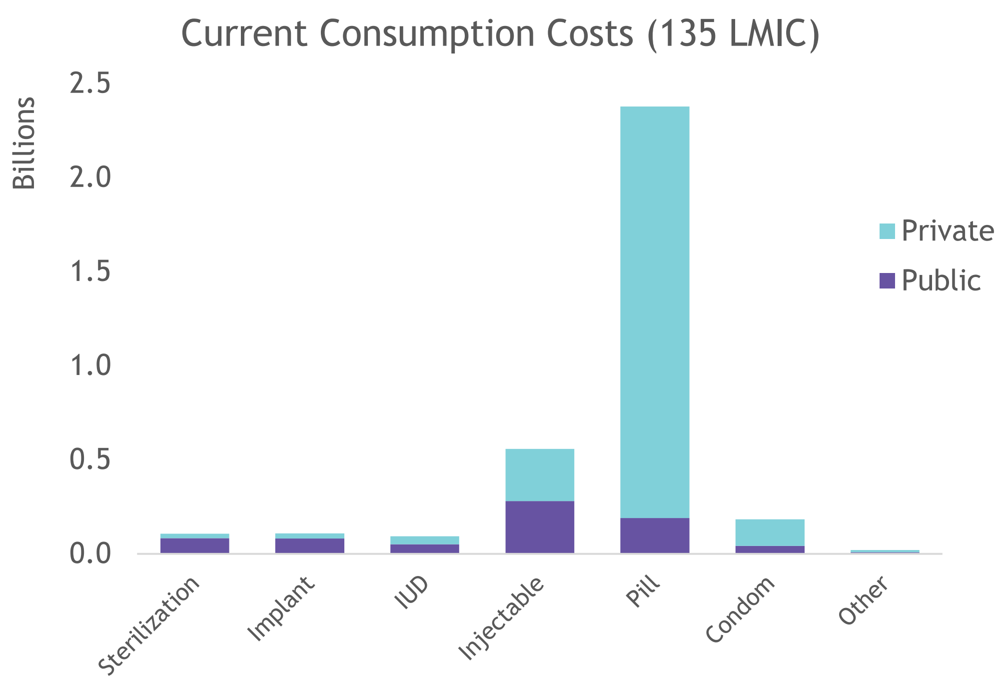


excluding sterilization



Data suggest that by 2030, we will see

- More and more countries will begin procuring for themselves – many with an eye to price.
  - How to ensure continued focus on quality?
- Decreased donor spending and role in procurement of supplies; increased procurement role by national governments and private sector distributors.
  - Risk of losing method mix/choice for methods that are mostly procured by donors under the status quo?

Priorities for the Supplies Ecosystem

- Encourage market entry of quality-assured generics to increase competition and mitigate supply risks—benefiting entire (public + private) ecosystem
  - Expansion of WHO Collaborative Registration Procedure to cover more countries/FP supplies?
  - Subsidies for manufacturers to engage with PQ process?
- Mitigate risks of demand concentration and expand accessibility of more affordable pricing
  - eProcurement systems/market intelligence platforms?
  - Regional pooling blocs?
- Support efforts to build the procurement capacity of countries, regardless of whether they choose to procure independently or through a pooled mechanism.

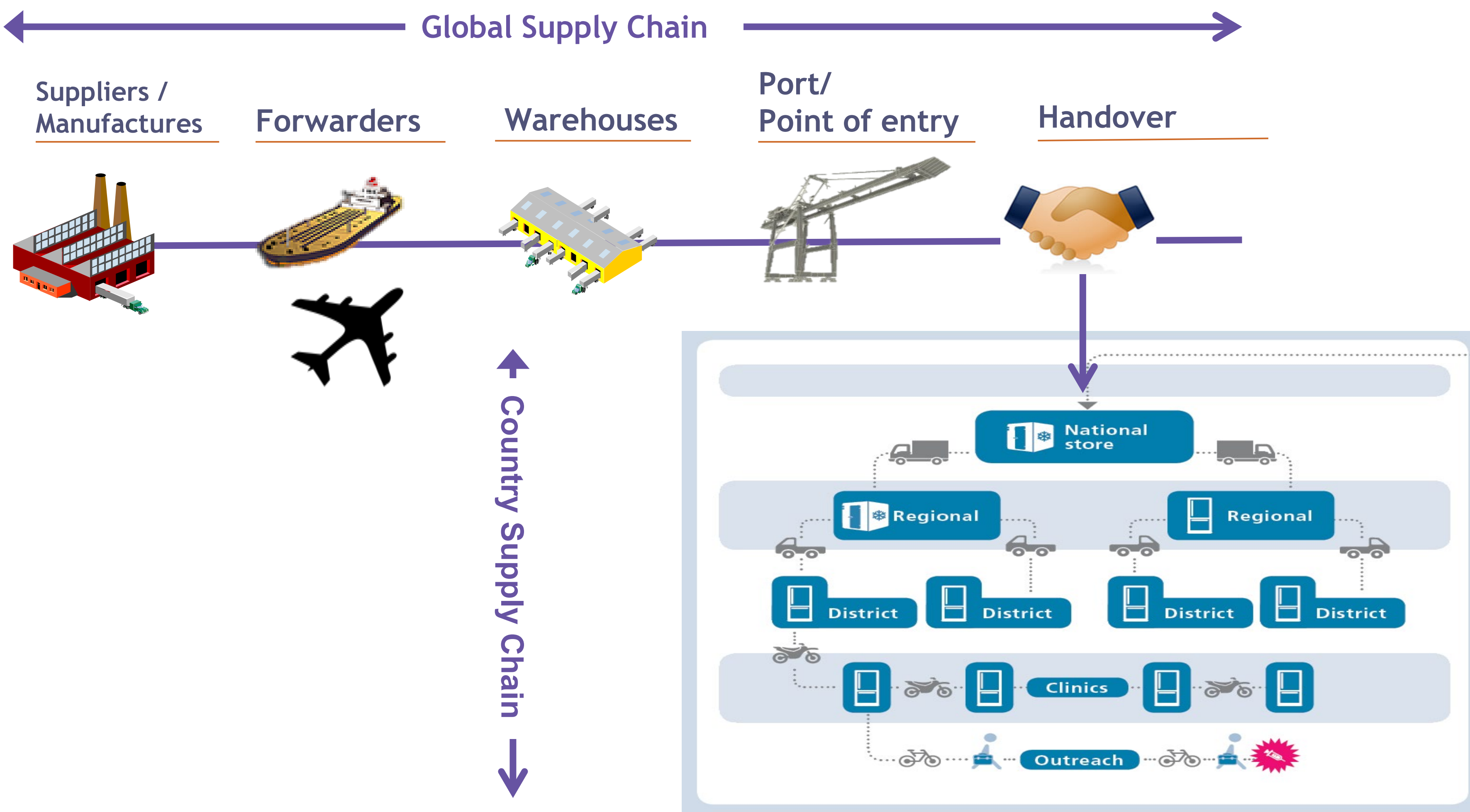
SUPPLY CHAIN

Sharmila Raj, USAID

Today's supply chain landscape

- Many initiatives and tools that address supply chain
- Findings informed and validated by experts in the supply chain field

Overview of the FP/RH Supply Chain



Findings - Current Priorities

- Achieving end-to-end visibility
- Strengthening country supply chain management
- Integrating the FP/RH supply chain with other health products
- Identifying the role of the private sector

Findings - Challenges and Opportunities for Collaboration

- Data visibility: We have visibility, now what?
- Capacity building and stewardship
- Integration: Efficiency vs. effectiveness
- Supplies are important, what about investments in supply chain?
- Aligning country and global interests
- Leveraging the private sector in the FP/RH supply chain space

FEEDBACK

Meg Braddock

Key take-aways from the previous presentations

- **Demand for FP** supplies is growing
- There is likely to be a **funding gap**, more OOP, and more use of the private sector – especially the commercial private sector; implications for equity
- **Dual role** for supplies community:
  - Strengthening and extending public sector work, especially in LI countries
  - Supporting development of an ***equitable price-availability*** combination in the private sector
- **Procurement**: more to do in the public sector; how to extend benefits to private sector and hence to end users
- **Supply chains**: need strengthening and inclusiveness

Draft proposals for feedback

- Where can we make a difference?
- Where do we have capacity to do so? (our tools have been developed for the public sector)

3

key proposals for feedback

Proposal 1: A healthy total market

Support development of a healthy total market all the way from supplier to user.

The supplies ecosystem will have a dual role:

- a) sustaining and broadening advances in the public sector without impacting negatively the private sector;
- b) encouraging participation by the private sector and increasing its access to benefits from advances developed for the public sector, in all country groups (LI, LMI, UMI)

1

Proposal 1: Support development of a healthy total market

The supplies ecosystem will need to both:

- strengthen its work with the public sector, and
- encourage extension of benefits to the private sector

1

Proposal 2: New partnerships and better communication

There are opportunities to:

- encourage participation by the private sector at all points and links in the ecosystem and
- foster contact and mutual awareness of value propositions between ecosystem participants.

2

Proposal 2: Better communications

We need ecosystem partners to understand each other's value propositions

2

Proposal 3: Better information

To extend benefits of work in the public sector to the private sector, the ecosystem needs more information in current grey areas.

- We need to understand the ‘who’, ‘why’ and ‘how much’ of OOP spending and use of the private sector, to focus resources for supplies where they’re most needed.

3

Proposal 3: Better information

We need more information on OOP spending (who, why and how much), to focus resources for supplies where they're most needed.

3