

ZAMBIA CASE STUDY



ACRONYMS

BCC	Behavior Change Communications
BMGF	Bill & Melinda Gates Foundation
CCP	Comprehensive Condom Programming
CWG	Condom Working Group
HIV	Human Immunodeficiency Virus
FSW	Female Sex Workers
GARPR	Global AIDS Response Progress Report
GRZ	Government of the Republic of Zambia
MAP	Mapping Access and Performance studies
MCP	Multiple Concurrent Partnerships
MGH	Mann Global Health
MOH	Ministry of Health
MSM	Men having Sex with Men
NASF	National AIDS Strategic Framework
PMTCT	Prevention of Mother to Child Transmission
PSM	Procurement and Supply Management
PWID	People Who Inject Drugs
SFH	Society for Family Health
TMA	Total Market Approach
UNFPA	United Nations Population Fund
UNGASS	United Nations General Assembly Special Session
USAID	United States Agency for International Development
USG	United States Government
VMMC	Voluntary Male Medical Circumcision
ZAMRA	Zambian Medicines and Regulatory Authority
ZDHS	Zambian Demographic and Health Survey
YWAG	Youth/Young Women and Adolescent Girls



1 | INTRODUCTION

The Bill & Melinda Gates Foundation hired Mann Global Health to conduct an analysis of the state of condom programming for HIV prevention in five countries in sub-Saharan Africa. Concerned that funding for condoms has declined, the Foundation sought greater insight into condom total markets – meaning the larger context of all condoms distributed in each country, whether via the public sector, the private non-profit sector (including social marketing), or the for-profit commercial sector. The focus of this assessment is on sustainability, equity and impact using the market development approach. The objective is to provide recommendations for building and sustaining condom programs, based on a clear understanding of how and why existing markets are failing, and how programs can be strengthened, along with the future investments needed to ensure a healthy total market that aims for equity, sustainability and scale.

This Zambia market assessment presents insights into what happens to the total market when a condom social marketing program that is entirely reliant on donor funding ends. The assessment provides an opportunity to study whether the gains made in condom programming in the past can continue, and whether the condom market can achieve future growth that is equitable and sustainable. It also presents an opportunity to understand how best to position future condom program funding and activities linked to market failures, rather than investments in pre-determined sectors.



2 | APPROACH

To allow for a single overarching approach that addresses all stages in a condom program from country stewardship to market development and sustaining markets, the Condom Program Pathway was proposed. The three components of the pathway are: Condom Program Stewardship, Condom Market Development and Condom Market Management.

Figure 1: The Condom Program Pathway



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

Figure 2: Condom Pathway Summary Findings from Zambia Deep Dive

Condom Pathway Pillars	Findings from Zambia deep-dive
Condom Program Stewardship	National strategy and planning documents do not reflect a vision for a healthy condom market; lack of updated condom strategy as well as limited capacity to champion for critical aspects of condom programming. Policy and regulation seek to control commercial brands and protect citizens, with issues of quality concerns and distrust of the private sector. Zambia's HIV program, including condoms, is completely donor dependent and therefore fragile, with limited donor coordination to fund all aspects of condom programming.
Condom Market Development	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. Massively increased condom distribution targets could lead to supply chain challenges in the public sector, and changes in donor projects have led to supply chain challenges in the private market. Gap in the market in demand creation efforts.
Condom Market Sustainability	Misaligned subsidy resulting in wasted resources and insufficient attention to equity within the national condom market.

3 | COUNTRY CONTEXT

Zambia is relatively sparsely populated and has a large youth population; of the 15 million inhabitants, over two thirds of Zambians are under the age of 24¹. While predominantly rural (59%), urban areas are growing. Following a decade of sustained growth, Zambia achieved Lower-Middle Income Country (LMIC) status in 2011 and was the 9th fastest growing economy in Sub-Saharan Africa in 2012². This progress has eroded since 2013, when the copper market crashed, agricultural output slowed, and Zambia experienced an electricity crisis. In 2015, the Zambian kwacha was devalued and economic restructuring forced the government to withdraw subsidies on staple commodities like fuel and maize. In recent years, rural poverty rates have grown at three times the rate of urban areas. In 2015, rural poverty was an estimated 76.6% compared to 23.4% in urban areas. High rates of youth unemployment, endemic disease and unequal growth continue to challenge Zambia's political stability and economic growth.

An estimated 1.2 million people are currently living with HIV in Zambia. Zambia has a generalized epidemic with a prevalence of 11.6%. While the national HIV prevalence dropped by 41% since 2003 (when it was 19%), new HIV infections disproportionately affect women (1.08% incidence) over men (0.33%), and young girls are twice as likely as their male peers to be infected. It is estimated that 90 percent of new HIV infections come from unprotected heterosexual sex. Drivers of HIV new infections include: multiple and concurrent partnerships; low and inconsistent condom use; low levels of medical male circumcision; migration and mobility; mother to child transmission; and marginalized and underserved populations.³

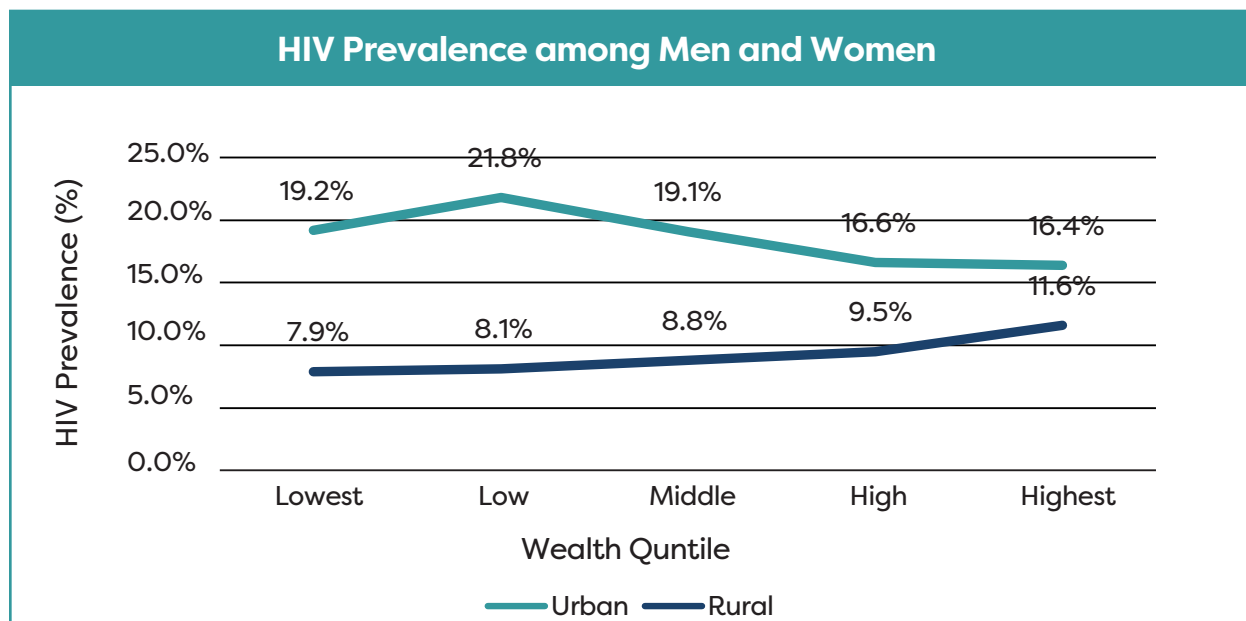
¹ CIA World Factbook 2017

² Development Prospects Group, World Bank.

³ NAC. *Revised National AIDS Strategic Framework*. Lusaka: NAC, 2014.

Figure 3 below shows HIV prevalence by wealth quintile and geographic area. In the lower wealth quintiles, HIV prevalence is more than twice as high in urban populations than in rural populations. However, rural HIV prevalence is higher among the relatively wealthy, approaching urban prevalence levels.

Figure 3: HIV Prevalence Among Men and Women in Urban and Rural Areas by Wealth Quintile



Source: Secondary analysis of ZDHS 2013 conducted by the USAID DISCOVER-Health project⁴

4 | STATE OF THE CONDOM MARKET

4.1 Current Use and Need

HIV awareness and condom knowledge is practically universal among Zambian adults⁵, but condom use remains low. Data from the last Zambian Demographic and Health Survey (ZDHS) show that only 29% of men and 30% of women who have had more than one sexual partner in the last 12 months used a condom the last time they had sex.⁶ High rates of condom use among female sex workers with paying clients (78.5%) drops by half with non-paying partners (39.4%)⁷, reflecting a general trend that condoms are most frequently used with non-regular partners. Approximately 4% of women of reproductive age report using condoms as their preferred family planning method.⁸

Secondary analysis of condom use trends among sexually active young men age 15 – 24 shows stark contrast between levels of condom use among higher and lower quintiles, as well as urban and rural areas. Condom use is higher among urban young men, and among those in the highest wealth quintile.

⁴ Pandit-Rajani, Tanvi; Cindi Cisek, Caitlin Dunn, Michael Chanda and Harriet Zulu. June 2017. Zambia TMA Landscape Assessment: Boston, Massachusetts: USAID | DISCOVER-Health Project, JSI Research & Training Institute, Inc.

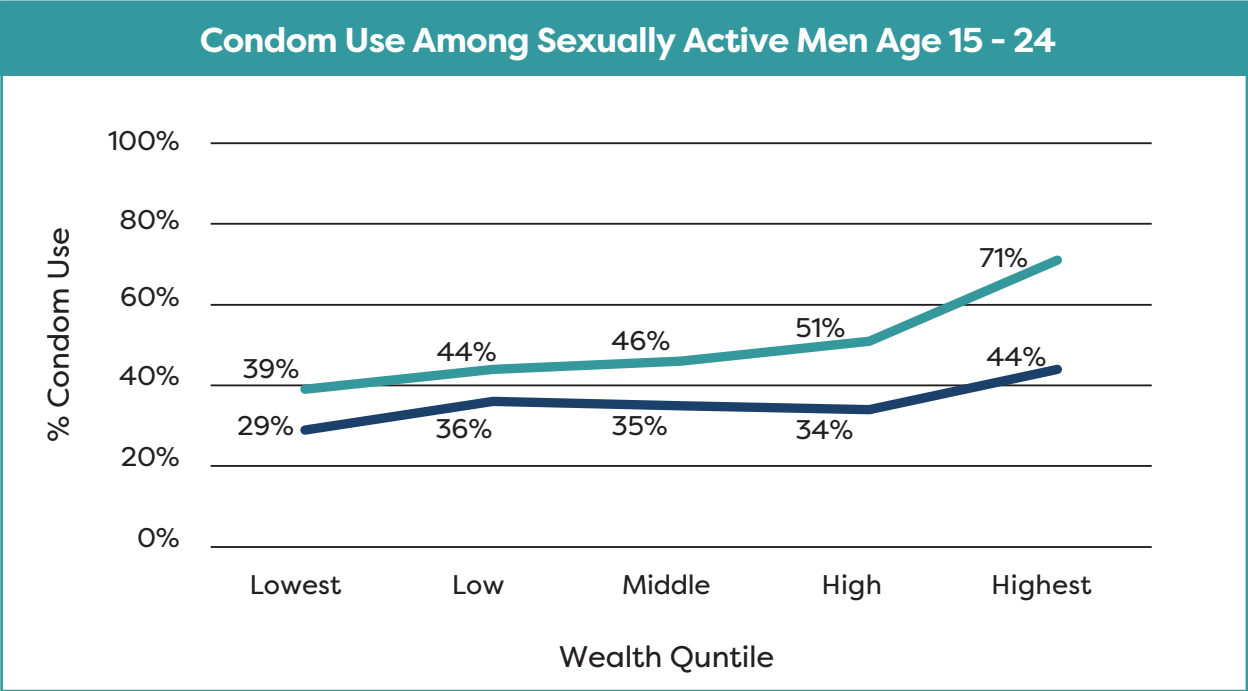
⁵ Household survey conducted as part of the PRISM mid-term evaluation noted that 99% of respondents knew what condoms were and their benefits.

⁶ Zambia Demographic and Health Survey 2013-2014

⁷ Integrated Biological and Behavioral Surveillance Survey among Female Sex Workers in Zambia, 2015

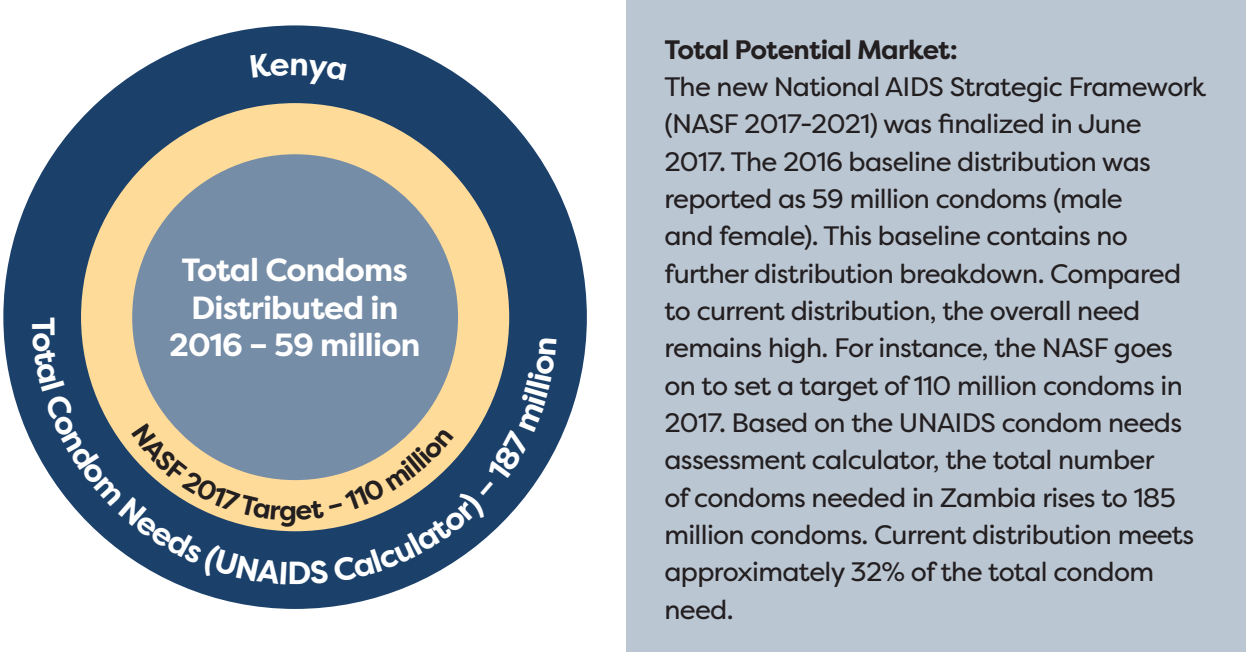
⁸ Zambia Demographic and Health Survey 2013-2014

Figure 4: Condom Use Among Sexually Active Men age 15 - 24



Source: Secondary analysis of ZDHS 2013 conducted by the USAID DISCOVER-Health project⁹

Figure 5: Total Potential Market for Condoms



Source: Zambia National AIDS Council (NAC) 2017. *Zambia National HIV/AIDS Strategic Framework 2017-2021* and author calculations using the UNAIDS Needs calculator

⁹ Pandit-Rajani, Tanvi; Cindi Cisek, Caitlin Dunn, Michael Chanda and Harriet Zulu. June 2017. Zambia TMA Landscape Assessment: Boston, Massachusetts: USAID | DISCOVER-Health Project, JSI Research & Training Institute, Inc.

4.2 Condom Programming

Zambia's early approach to condom programming mirrored the emergency responses of most other countries facing growing HIV infections and generalized epidemics. This approach was to promote and educate people about condoms as an effective HIV prevention method, with a focus on product availability among all population segments. There was limited consideration of sustainability factors or specific equity concerns. Condoms were made accessible and affordable through free distribution and a heavily subsidized condom social marketing program that grew sales volumes of its branded condom, Maximum.

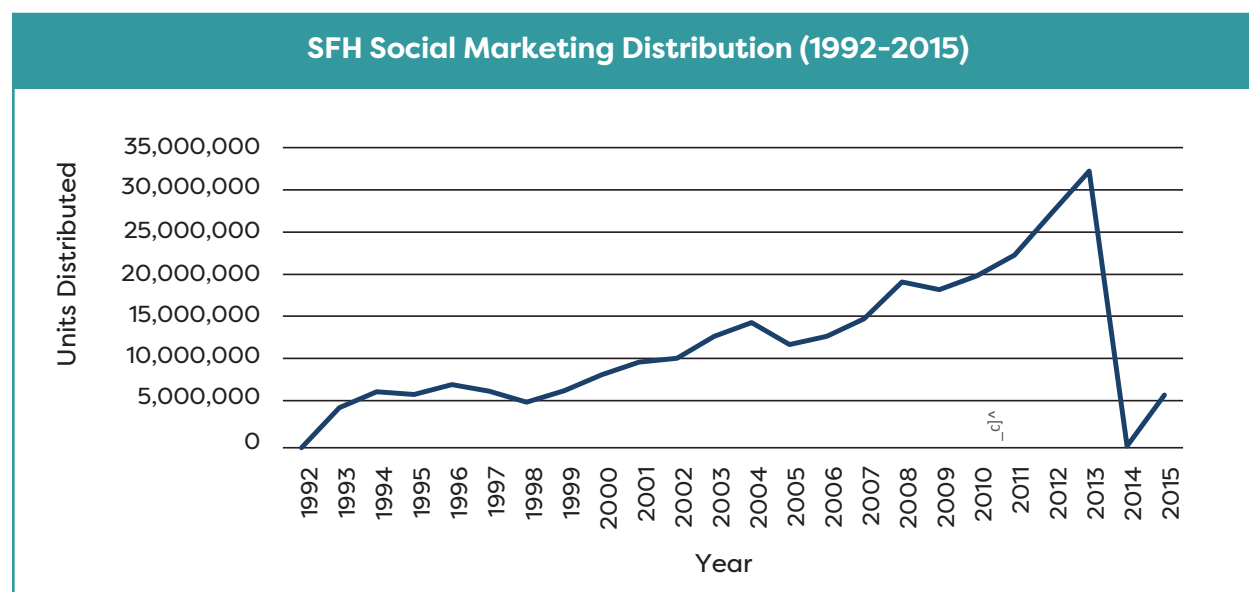
Education and promotion campaigns were mainly led by the social marketing organization, promoting its own condom, and, to a lesser extent, condoms in general (un-branded messaging). Because of this approach, public sector and social marketed condoms have dominated the condom market for the last 20 years, accounting for more than more than 90% of the market. With high levels of HIV prevention funding programmed for Zambia, especially for the condom program, condom sales and distribution continued to grow.

The landscape for condom programming in Zambia, however, is now experiencing major shifts in terms of donor support, role and relevance of implementing and support agencies, and the need for national leadership and coordination. These shifts present both opportunities and challenges for growth and impact of the total condom market. ***Going forward, the overall declining levels of HIV funding now require prioritizing sustainability and equity to ensure condom use continues to grow to meet total need.***

Society for Family Health (SFH), a local network member of Population Services International (PSI), launched Zambia's first social marketing brand, Maximum, in 1992 with funding from USAID. Sales of Maximum increased steadily from 1992 – 2013 with several variants introduced throughout the period (See Figure 6 below). In December 2013, USAID funding for SFH's social marketing project, Partnership for Social Marketing (PRISM), ended. As a result, SFH discontinued distribution of Maximum condoms. At the time, the brand represented over 50% of Zambia's condom market.

After a gap of two years, a new USAID-funded project, District Coverage of Health Services (DISCOVER-Health), launched in December 2015. DISCOVER-Health is being implemented by a consortium led by John Snow Inc., with Palladium providing technical leadership for the social marketing component. Objectives of the project include social marketing of health products and services (including condoms) and promotion of a total market approach (TMA).

Figure 6: Trends in Distribution of SFH's Social Marketed Brand from 1992-2015



Source: DKT International. Social Marketing Contraceptive Statistics. (2015).



At the close of the PRISM project, SFH had 17.84 million Maximum condoms in the warehouse that had been purchased with USAID funds. When the new project was awarded, those condoms were transferred to DISCOVER-Health to distribute in the Zambia market in September 2016. SFH's future plans for Maximum were unclear at the time of this assessment. DISCOVER-Health consortium has conducted a market assessment along with other secondary data analysis and is developing plans for the project's social marketing brands and total market approach going forward.

4.3 Market Description

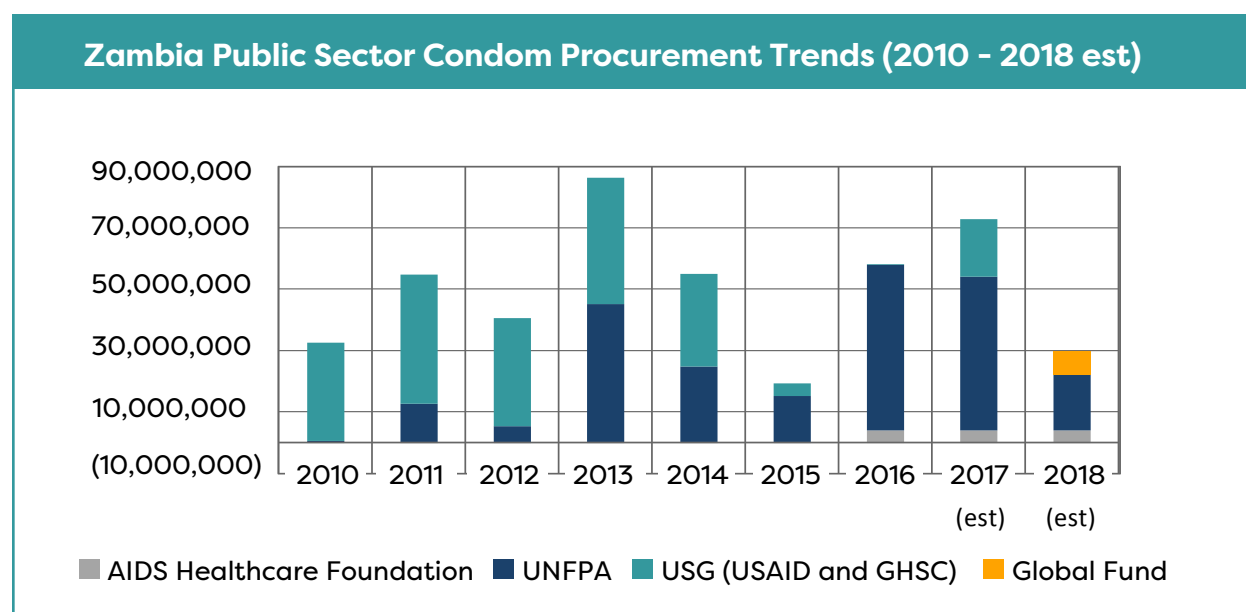
Due to a lack of clear and consistent market data, it is challenging to describe Zambia's total condom market volume. ***This lack of reliable data is one of the major limitations in the Zambia market.*** While recent procurement data are available, public sector distribution figures are not reported annually. The Government of Zambia (GRZ) includes aggregated condom distribution targets in their UNGASS project reports without specifying whether the numbers include social marketed sales and distribution. Health facility distribution intensified in 2014 with free condom distribution more than doubling from 7.8 million in 2013 to 19.6 million, but newer data are not available.¹⁰ This 2014 leap in free distribution coincides with the end of the SFH-led PRISM project and the launch of the Condomize! campaign targeting Zambian youth. Figure 7 provides some insight into the ebb and flow of condom supply in Zambia over time, and illustrates the difficulty of capturing what happened during this volatile period.

Data from 2010 to 2014 come from the Reproductive Health Interchange and show procurement orders by donor. From 2015 onwards, the data reflect receipt or procurement orders for free condoms based on PSM tracking data. The annual procurement of 4 million condoms from AIDS Healthcare Foundation happens outside all standardized systems, though their distribution is integrated into distribution reports. Notwithstanding the imperfections in the data, the significant drop in condom procurement in 2015 is noteworthy, reflecting a dramatic moment in the 'peaks and valleys' cycle that typifies public sector condom procurement. It is worth noting that public sector distribution worked to fill the gap left by Maximum from December 2015 onwards. However, it is unlikely that the public sector was able to completely fill the gap or maintain this level of distribution over time. It may be possible that commercial brands helped fill some of this gap.

Anecdotal evidence, plus the market assessment done by DISCOVER-Health and in-country key informant interviews, suggests a significant increase in the number of new commercial brands in the Zambian market, as well as leakage of lower-priced social marketed condoms from neighboring countries such as Malawi (Chishango brand) and Zimbabwe (Protector). It is difficult to determine whether condom use in Zambia was adversely affected, as no behavioral data were collected during this gap period.

¹⁰ NAC 2015. Global AIDS Response Progress Report (GARPR) Zambia Country Report 2014

Figure 7: Zambia Condom Procurement Trends



Source: RH Interchange + AHF data

4.4 Condom Market Performance

Market Depth and Breadth

Despite the gap in social marketed condoms from 2014 onwards, overall distribution rose impressively from 34 million in 2013 to 66.5 million in 2015 and then scaled back to 59 million in 2016.¹¹ Following the departure of the Maximum brand in 2015, there has been an increase in both public sector condoms and commercial brands. There are no publicly available procurement or distribution data available for the commercial sector, and hence it is difficult to estimate the exact market share of commercial brands. According to the market estimation from DISCOVER-Health project based on the ZDHS 2013 data, the commercial sector market share is estimated at 4%, based on condom users' reported usage. The two major commercial brands named by condom users were Durex (Reckitt Benkizer) and Rough Rider (Ansell). Given the lack of visibility into the commercial market, this imprecise and dated measure is used as a proxy.

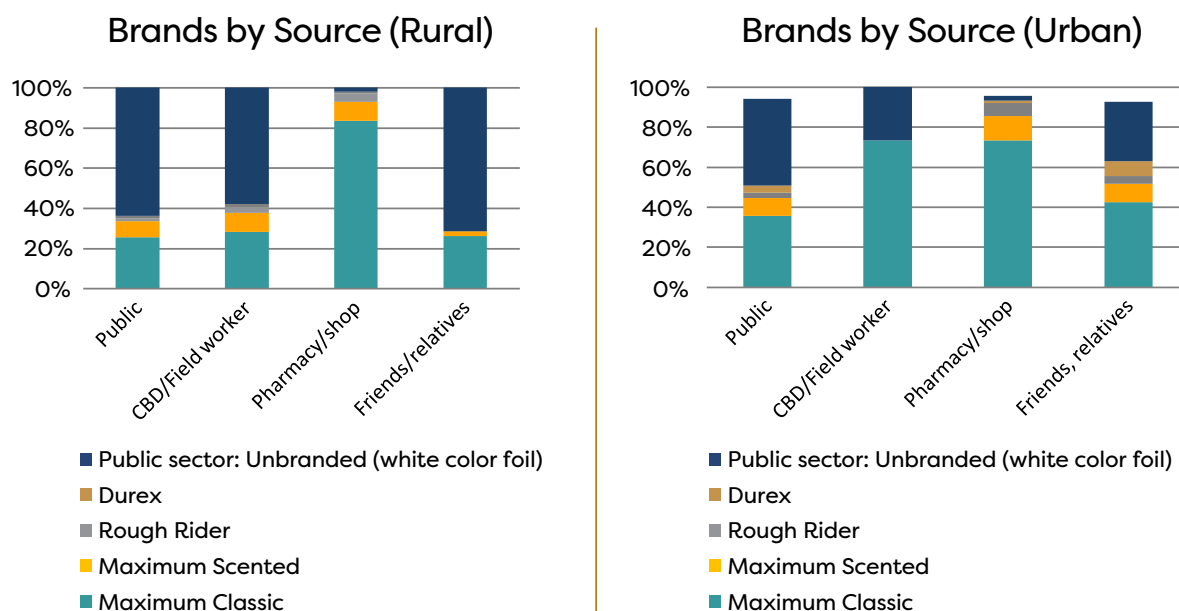
In its review, DISCOVER-Health also posited that the commercial market share grew during Maximum's absence. This theory is supported by the number of new brands available, and by anecdotal data from interviews with retailers and importers. Commercial distributors also reported that the return of the social marketed Maximum brand (now being distributed by DISCOVER-Health) appeared to have negatively affected some of the newer, cheaper brands.

Not surprisingly, selection and access to commercial brands is greatest in urban centers. Interview subjects consistently noted that all condoms are hard to access in remote and rural areas, with public sector condoms being relatively easier to access. Figure 9 below illustrates source of condom by brands in rural and urban areas, according to the ZDHS 2013. More than half of consumers get their condoms from the public sector, including health facilities and community-based agents; other sources include shops, private health clinics and friends and relatives. In addition, private sector channels such as pharmacies and shops have been the most popular source of Maximum.

¹¹ NAC 2017. Zambia National HIV/AIDS Strategic Framework (NASF) 2017-2021



Figure 9: Condom Brand by Source (Urban and Rural)

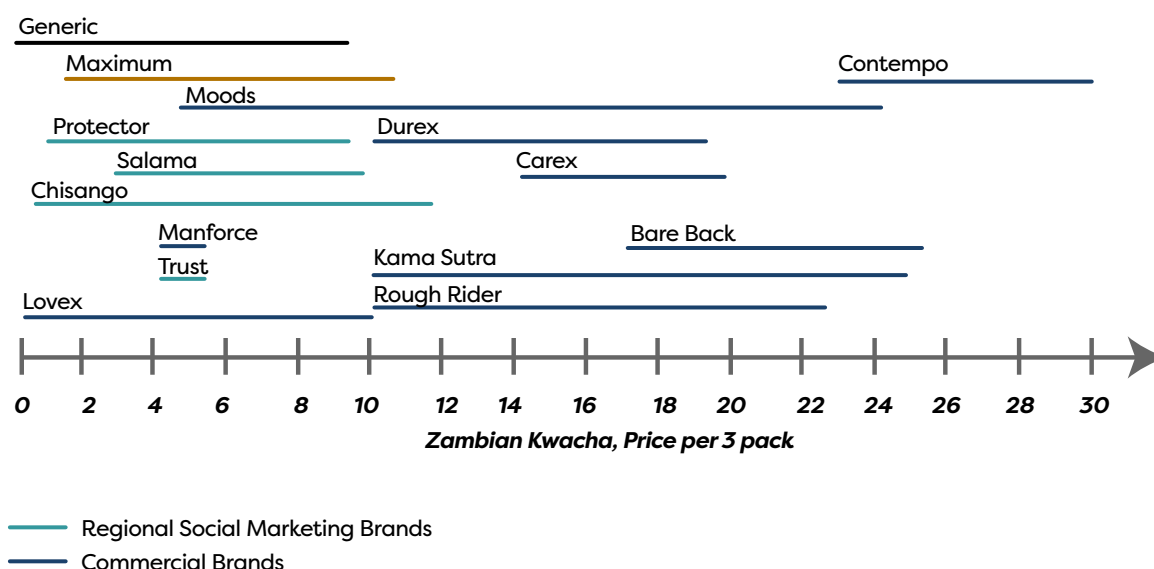


Source: Zambian Demographic and Health Survey 2013

The focus of the national condom program has been on access and affordability, leading to an over-reliance on free and subsidized condoms for everyone, and thereby creating an entry barrier for the commercial sector. Despite availability of low-priced commercial brands, there is a prevailing sense among stakeholders in Zambia that condoms priced at cost-recovery levels in private channels can only be sold to higher income groups, and are not a significant part of any solution for providing choice and sustainability in the market. Key informant interviews with NGO implementing partners and public sector also expressed suspicion about commercial actors and brands – their profit motives as well as their place in the market.

As seen in Figure 10, there is leakage from neighboring countries of low-priced social marketed brands (Chishango, Salama and Protector) into the Zambian market. The extent of this leakage is difficult to determine and would require a distribution survey or retail audit to verify coverage and volumes. There are also commercial brands available at a range of price points, including some brands such as Moods, Manforce, and Lovex that are priced close to social marketed condoms. As commercial brands are sold at full cost recovery, there is potential to improve sustainability by further investing marketing and distribution efforts to grow market share of these brands.

Figure 10: Consumer Prices for Condoms by Brand



Source: Zambia TMA Landscape Assessment (June 2017): USAID DISCOVER-Health project¹²

Donor funding supports the bulk of condom commodity costs, facility- and community-based service delivery, and health education programs. While stakeholders understand that messaging and branding could increase use among priority populations (like youth and key populations), most efforts to reach these populations are campaign-based and do not reflect a long-term solution to demand creation. The reliance on donor funding for all aspects of condom programming means that the market is highly unsustainable.

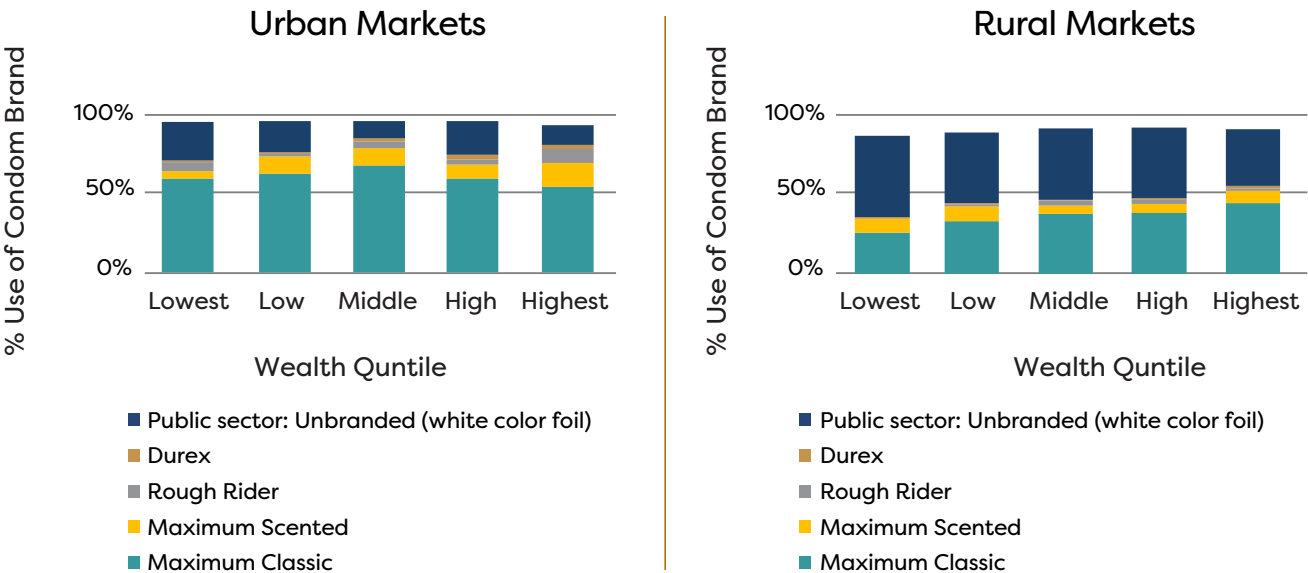
The current gap in the market created by the decline of social marketing sales presents an opportunity to explore models that would increase the share of sustainable commercial brands at different price points. Such an opportunity is nearly impossible in settings with heavily subsidized, artificially low-priced social marketing brands.

A market assessment conducted by DISCOVER-Health in 2017 identified more than 30 different commercial brands available in retail outlets. The increase in the number of brands available could be attributed to the gap in the condom market left by Maximum. Prices of commercial brands range from free (Love) to more than 45 Zambian Kwacha (\$4.90) for a three-pack, and include established international brands like Durex and Rough Rider. Commercial brands are mostly available in Lusaka and other urban centers, and along the transport corridors.

Figure 11 below analyzes 2013-14 DHS data to look at market behavior by wealth quintile among condom users in urban and rural areas. In rural areas, over one-third of the wealthiest consumers accessed free condoms and over half bought the subsidized Maximum brand. In urban settings, Maximum dominated the condom market, with an overall market share of 60%. As the population segments in the middle to high wealth quintiles have a greater ability to pay for non-subsidized condoms, **this lack of targeting represents misaligned subsidy and hampers sustainability efforts in the overall condom market.**

¹¹ Pandit-Rajani, Tanvi; Cindi Cisek, Caitlin Dunn, Michael Chanda and Harriet Zulu. June 2017. Zambia TMA Landscape Assessment: Boston, Massachusetts: USAID | DISCOVER-Health Project, JSI Research & Training Institute, Inc.

Figure 11: Use of Condom Brands by Geography and Relative Wealth

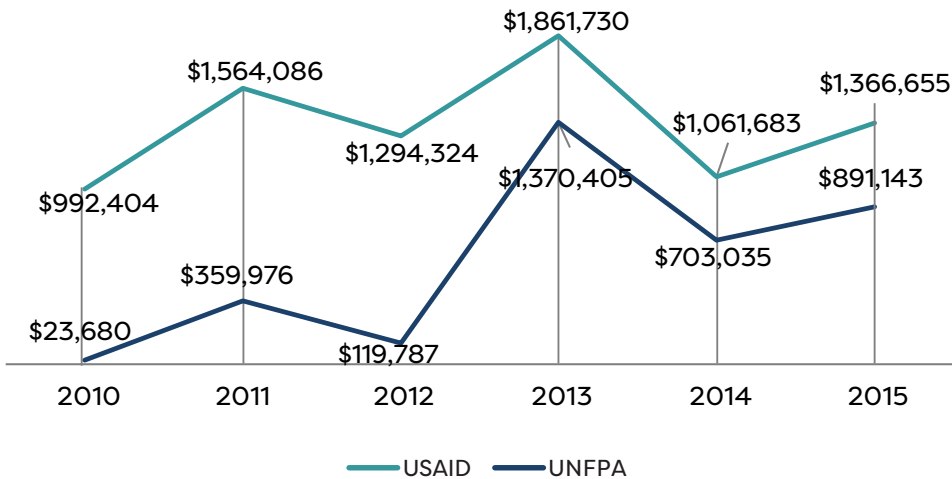


Source: Zambia TMA Landscape Assessment (June 2017): USAID DISCOVER-Health project¹³

Funding Environment

Zambia's condom program is entirely dependent on donor funding. After the 2015 currency devaluation, the GRZ stopped contributing its own resources to condom procurement. Figure 12 below shows trends in condom funding from USAID and UNFPA between 2010-2015.

Figure 12: Trends in Condom Funding (2010-15)



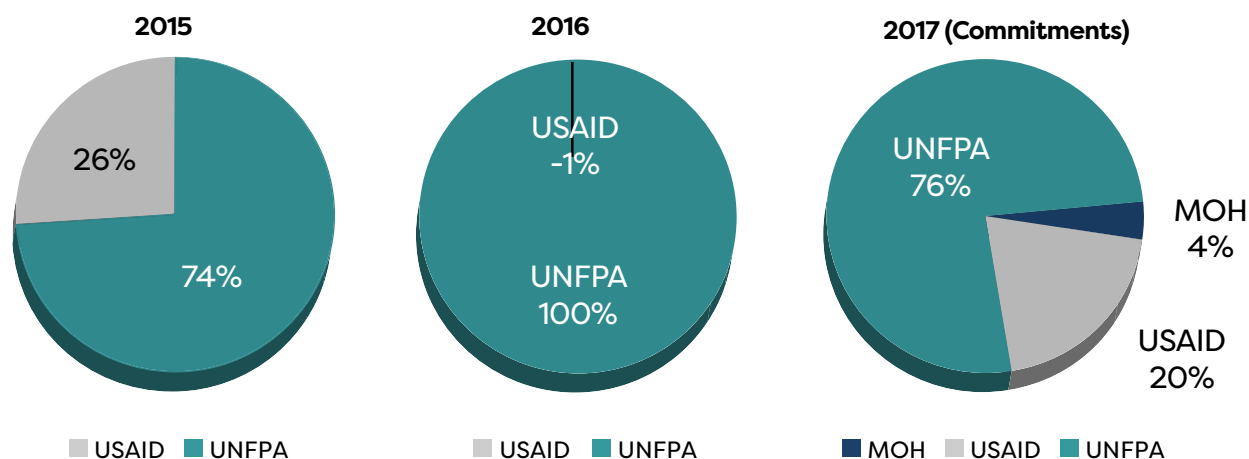
Source: DISCOVER-Health Zambia TMA Landscape Assessment¹⁴

¹³ Pandit-Rajani, Tanvi; Cindi Cisek, Caitlin Dunn, Michael Chanda and Harriet Zulu. June 2017. Zambia TMA Landscape Assessment: Boston, Massachusetts: USAID | DISCOVER-Health Project, JSI Research & Training Institute, Inc.

¹⁴ Pandit-Rajani, Tanvi; Cindi Cisek, Caitlin Dunn, Michael Chanda and Harriet Zulu. June 2017. Zambia TMA Landscape Assessment: Boston, Massachusetts: USAID | DISCOVER-Health Project, JSI Research & Training Institute, Inc.

Within the public sector, UNFPA has funded the majority of condom procurement from 2015 – 2017, with an estimated contribution of 76% of public sector support in 2017. In 2016, UNFPA funded the majority (99%) of public sector condoms with a small contribution from USAID (1%). Figure 13 below shows funding sources for public-sector condom procurement from 2015-17.

Figure 13: Public-sector condom procurement by funding source (2015-17)



Details of the donor landscape for Zambia’s condom program are below:

- » **USAID** has supported social marketed male and female condoms since 1992. Since 2004, the USG has invested more than US\$3.1 billion in PEPFAR funds for Zambia’s HIV response. Specific condom brands supported by PEPFAR/USAID were Maximum, Maximum Classic, and Maximum scented male condom, as well as Care and Maximum Diva female condom (via the USAID-funded Expanding Effective Contraceptive Options project). In addition, USAID has supported public sector health logistics systems and supply chain management (which includes free condoms) through the DELIVER and now PSM projects. PEPFAR initiatives like DREAMS and key populations programming rely on condom promotion and distribution as part of comprehensive prevention programming. From 2013 to 2015, USAID’s prevention budget was cut almost in half; planned funding levels were almost back up to 2013 levels by 2016, but future USAID funding is uncertain.
- » **UNFPA** has invested almost US\$10 million to procure male and female condoms for public sector distribution since 2006. UNFPA has also supported demand creation efforts through the Condomize! campaign and pilot projects to target youth in urban centers and hotspots with education and negotiation skills, condom promotion and distribution activities. In 2014, UNFPA contracted a local NGO to develop a youth-focused condom brand. Formative research and product design is complete, but the brand has never been launched or implemented. UNFPA has indicated that it will reduce its funding levels for condom procurement in the coming years.
- » The latest **Global Fund** application includes US\$2.7M for condom programming including education, demand generation, and last-mile distribution. These funds will also procure 38M male condoms over three years for free distribution through the public sector.
- » Donors such as GIZ, DFID, and IPPF support other aspects of condom programming, usually integrated into HIV prevention or family planning and reproductive health activities. These include condom education, demand generation, and community-based distribution using public sector sources or by purchasing the social marketed condoms and then distributing them as part of activities.

Figure 14: Overview of the Market by Sector

	PUBLIC SECTOR FREE	SOCIAL MARKETING	COMMERCIAL
BRAND	<i>Government of Zambia</i> - Unbranded, unpackaged white foil condoms in sleeves of 4. AIDS Healthcare Foundation (AHF) - Love and Icon condoms, branded red foil condoms. Icon is a larger-sized condom.	<i>Society for Family Health</i> - Maximum Classic Maximum Scented Care (FC) Maximum Diva (FC)	Durex Moods Kama Sutra ManForce Trust (PSI's Regional Social enterprise Co 158)
MARKET SHARE (2013)	45%	51%	4%
SUBSIDY %	100%	N/A	0%
PROCUREMENT	UNFPA purchases. GRZ stopped contributing to the line item in 2015. AHF procures their condoms through their central procurement department based in CA.	Majority funded by USAID (some KfW funding for Female Condoms). Procured through USAID's Central Contraceptive Procurement Project.	Independent importers.
DISTRIBUTOR	Medical Store Limited. Condoms distributed as part of health kits. District Health Offices also order condoms for facilities. Because of stock-outs, National AIDS Council has been distributing condoms to non-facility/community distribution points. UNFPA has introduced dispensers for free condoms to be placed at hotspots. AHF condoms are distributed directly to 27 health facilities supported by AHF.	Distributed through private channels/commercial wholesalers (same as commercial brands) plus direct sales in traditional and non-traditional outlets. Some targeted free distribution as well.	Distributed through wholesalers, retail pharmacies and supermarkets. Limited to urban centers, bomas and rail-line areas.
FUTURE	Based on recent NASF targets, Zambia only meets 23% of condom need. Recent Global Fund submission includes condom procurement.	From 2016 onwards DISCOVER-Health will focus on condom programming. Future plans for existing and new social marketing brands are under development.	All brands must be registered with ZAMRA by July 2017 for pre-market authorization..

5 | KEY FINDINGS

The landscape for condom programming in Zambia is still recovering from the abrupt departure of Maximum, and simultaneously experiencing shifts in donor support, the role and relevance of implementing and support agencies, and national leadership and coordination. Meeting the needs of key and vulnerable populations is critical at this time, to ensure **equity** and health impact. In addition, the market must move towards **sustainability** where reliance on donor funding decreases with a corresponding increase in domestic and private funding, to maintain and grow current condom use across all wealth quintiles.

Listed below are market “failures” that have been organized according to the three pillars of the Condom Pathway.¹⁵

5.1 Condom Program Stewardship

Leadership and Coordination: National strategy and planning documents do not reflect a vision for a healthy condom market, and there is limited capacity to champion the total market approach.

Current policies and strategy documents need to be updated and aligned with funding needs and condom targets to achieve a total market vision. The condom targets in the new National AIDS Strategic Framework (NASF – 2017-2021) were revised between the validation workshop in May and the document’s publication in June. The targets for 2017 are an 88% increase from the 2016 baseline (2016 baseline: 57.3 million male condoms, 2017 target: 108 million); however, the NASF does not have a plan to intensify condom procurement, promotion and distribution to achieve the new targets.

Zambia has an inadequate level of investment in the **national stewardship and leadership** required to develop a vision for a healthy condom market, and to ensure that investments are made in all critical aspects of condom programming. This leadership requires a shift away from the push to ‘get the condoms out there,’ to a consumer-based approach where a consumer has the right product, at the right time and place, and for the right price. The approach must recognize that *funding for condoms, including subsidies, needs to be better targeted*. National agencies and the donor community have been exposed to TMA concepts. However, operationalization of TMA and its application to investments made in condom programming is missing.

There is room for improvement at the level of *donors and UN agencies* to ensure that resource allocation and procurement decisions are based on the important principles of sustainability and equity. Free condom dispensers appear to be placed based on hotspot mapping and community engagement, for example, but do not include an examination of existing sales points.

Policy and Regulation: Policy and regulation seek to control commercial actors and protect citizens because of issues of distrust and quality concerns.

There is an overall suspicion of commercial actors. The commercial sector is not included in any national policy documents. Similarly, commercial actor contributions (both current and potential) are not included in any quantification exercise or in strategy sessions on how to grow the total market. As the commercial sector is highly fragmented and does not have a representative body, there is limited engagement between the national agencies working on condom programming and commercial players.

Quality control of private condom brands is a priority for GRZ. In July 2016, the Zambian regulatory authority, ZAMRA, introduced new guidelines for condom brands. The impetus for this move is unclear, but it coincides with the exit of Maximum and the spike in new commercial brands entering the market. Technical meetings¹⁶, news reports¹⁷ and journal articles¹⁸ all express concerns about the quality of condoms on the local market, and specifically issues with commercial brands.

¹⁵ Based on a literature review and stakeholder consultation, the pathway for condom programming has been proposed to achieve equity, sustainability and scale. The key components of the pathway included in Figure 2 above.

¹⁶ TMA meeting, <https://www.ajol.info/index.php/mjz/article/viewFile/110595/100353>

¹⁷ <http://www.irinnews.org/news/2009/09/10/condoms-hole-truth> and <https://www.lusakatimes.com/2013/01/17/majority-of-condoms-sold-in-zambia-are-fake-cycorp/>

¹⁸ Condom article <https://www.ajol.info/index.php/mjz/article/viewFile/110595/100353>

The new ZAMRA guidelines require testing and approval of brands before they enter the Zambian market. While pre-qualifications from WHO and regional regulatory agencies speed the process, Zambia conducts its own assessments, including in-person regulatory visits to Asian manufacturers. In interviews, private sector and other importers indicated that the new guidelines are straightforward and not cost-prohibitive (\$500/brand for five years). These guidelines will apply only to branded condoms; public sector unbranded condoms will not be subject to this regulation.¹⁹

Zambia also conducts quality testing of condoms as they arrive in country -- the only health commodity tested by the Zambian Bureau of Standards (ZABS) on entry. There are anecdotes of delayed testing of shipments. ZABS's standard of service is 10 days to complete lot sampling, but one supplier noted that they have had a shipment waiting three months to be tested. These requirements include condoms that have already been tested regionally, those with WHO prequalification, and even well known, high-end brands like Durex.

Financing: Zambia's HIV response, including condoms, is completely donor dependent and therefore fragile, with limited donor coordination to fund all aspects of condom programming

While there has been a small budget line for condom procurement in past MOH budgets, the GRZ contribution has been small and inconsistent. Currently, UNFPA and USAID provide over 90% of public-sector male and female condoms while USAID has provided the bulk of support for the social marketed male and female condoms brands. The Global Fund application (submitted June 2017) includes funding for condom procurement.

Funding and support would ideally be driven by the national strategy. However, none of the planning documents or costing exercises include a detailed analysis of total market need, or suggest roles for different consumer segments. Based on revised targets, the NASF 2017-2021 estimates the budget needed for condoms at \$32.06 million for 2017, rising to \$43.38 million in 2021. These figures used an estimate of 62 cents per condom for the comprehensive unit cost.²⁰ However, when this budget is adjusted to reflect the new condom target (108 million for 2017), the budget allocation then drops down to 29 cents per condom. ***Without an increase in budget, this will likely mean that demand generation, market research and measurement will not receive adequate resources.***

This funding is not guaranteed. The analysis conducted for the Global Fund application revealed a massive gap for condom programming. Using the draft calculations, only 27% of the condom procurement budget is covered for 2018, decreasing to 23% by 2021. When revised to match the 108 million condom target in the final draft NASF, only 16% of the projected total need for condoms is covered. There is no mention of the social marketing or commercial brand contributions to these targets.

5.2 Condom Market Development

Supply Forecasting: Massively increased condom distribution targets could lead to supply chain challenges

The final draft of the 2017-2021 NASF uses a calculation of 30 condoms/year/man 15-49 to set targets for condom distribution, which is close to the UNAIDS Fast Track²¹ guidance of 36 condoms/year/man. However, there are important gaps:

- » The NASF calculations appear to underestimate total condom need; updating the UNAIDS condom needs calculator with recent key populations data for Zambia, the need increases to more than 184 million.
- » The target has shifted from measuring condom distribution to condom procurement, approaching this issue through the lens of getting condoms into the country, rather than into consumers' hands. This change has major implications for measuring equity, access, and use, especially for key populations.

¹⁹ ZAMRA: GUIDANCE FOR THE PREPARATION AND SUBMISSION OF DOSSIERS
<http://www.zamra.co.zm/wp-content/uploads/2016/11/Condoms-Guidelines-Approved-2016.pdf>

²⁰ USAID EQUIP. 7 November 2016. Cost and Outcomes for ART Scale-up in Zambia: Modeled estimates for Test & Treat and community-based service delivery models.

²¹ http://www.unaids.org/en/resources/presscentre/featurestories/2016/october/20161003_condoms

- » Integrated condom distribution during other services (like VMMC) is not calculated. The only place that condoms are quantified in other HIV service protocols is for HIV Testing Services, which calculated two condoms/client. Excluding condom calculations for related services means that these important services will not have the resources they need for prevention, counseling, and distribution.
- » Condoms are included in healthcare kits, which are a standard, pre-packaged bundle of products sent to health facilities. These condoms are hard to count in distribution and forecasting data because of the push aspect of their distribution. This also means that some health facilities will be overstocked with condoms, while others experience regular stock outs.

Even if Zambia could bring in many more condoms, the public-sector logistics system (Medical Stores Limited, or MSL) may not be able to get the condoms to their intended destination. Condoms are not prioritized in transport over items like test kits or ARVs because of their bulky size. This means that large deliveries are erratic. Because facilities don't know when they'll get their next shipment, service providers start to reduce the number of condoms they give out per client visit. This hoarding behavior then slows down consumption, which can create a vicious cycle in getting adequate stocks, distributing adequate supply and generating demand. There are already many workarounds in the current system. For instance, the National AIDS Council is warehousing and delivering condoms for their district AIDS task forces because they weren't receiving shipments. SFH also reported that in the past they used their distribution network to deliver public sector products in a crisis. These stop-gap measures solve one issue but ignore the root problem. Lack of good distribution data further exacerbates a faulty forecasting and delivery system.

Market Analytics: 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

There is **no national mechanism or body to collect or facilitate data collection for the total condom market. This gap results in a limited understanding of the market.** Furthermore, the lack of aggregated information across the different players – public sector, social marketing and commercial – precludes an ability to plan for the total market. National condom distribution and procurement targets do not segment the market or prioritize certain aspects of the market based on geography (e.g., rural areas) or target populations (e.g., sex workers).

In previous years, SFH conducted consumer research and distribution surveys to understand market dynamics. This information, however, was primarily limited to SFH's brands and project areas. Given its focus on donor deliverables such as ambitious condom distribution targets, SFH was placed in direct competition with commercial brands. It is also important to note that this investment in collecting market and consumer information was heavily reliant on donor funding and limited to specific donor projects. As a result, the information tends to be neither comprehensive nor routinely collected nor shared.

As the limited resources for condom programming are primarily allocated for commodity procurement and distribution, **there is a gap in understanding factors affecting condom use across target populations.** Zambia does not have existing syndicated research sources, such as retail audits, that can provide routine market snapshots to all social marketing organizations or commercial players. As a result, there is very limited awareness and understanding of the market pulse, including commercial activity in the market, pricing structure, price variations, and stock levels at various points in the supply chain.

The lack of market analytics is problematic on multiple fronts. There is an unfortunate combination of inadequate frequency and robustness of data, scarce resources, and a lack of capacity to determine what information is needed and how to translate that information into decision-making. Market and consumer information is not consistently collected or analyzed to track the condom market performance in terms of equity, sustainability and growth. Similarly, there is no mandate for an independent/neutral agency or market manager/facilitator to support data use for decision-making.

Demand Creation: Gap in the market in demand creation efforts

As part of the PRISM project, SFH invested in branded and generic campaigns to promote condom use. With the end of the project, SFH has stopped all Maximum-specific marketing efforts and, as DISCOVER-Health is yet to begin activities at full scale, there is a gap in condom promotion efforts. These prior efforts were primarily focused on branded communications and urban populations.

Other demand creation efforts tend to be sporadic and lack coordination as there is no national condom or behavior change strategy.

- » The Condomize! Campaign was launched in 2013 based on successful work in Namibia. Condomize! targets urban youth in 10 districts with generic condom promotion through radio spots, social media and community mobilization. UNFPA and UNICEF plan to scale up to 11 districts, despite reduced funding levels.
- » Open Doors focuses on comprehensive prevention for key populations, and includes male and female condom promotion and distribution, along with lubricant.
- » The USAID-funded DREAMS projects include condom negotiation skills-building as part of their work with older adolescent girls and young women.

Past demand generation activities were integrated into HIV/AIDS communications. These activities included the One Love Kwasila, Brothers 4 Life and Safe Love campaigns, which all integrated condom promotion messages while addressing key drivers of HIV transmission like multiple concurrent partnerships, gender-based violence, and alcohol abuse.

5.3 Condom Market Management

Equity: Misaligned subsidy resulting in wasted resources, and insufficient attention to equity within the national condom market

According to 2013 ZDHS analysis, even the wealthiest Zambians access free condoms through the public sector (17% urban and 44% rural) or buy social marketed condoms (69% urban and 53% rural), while only 12% of the wealthiest urban population and 3.4% of rural population name a commercial brand as their preferred brand.

Maximum targeted the urban poor, reflecting a typical focus of social marketed brands; given ambitious distribution targets, urban users are easier to reach with messages and with product. This makes it easier to sell large volumes, when raw distribution numbers are the major indicator for social marketing projects. This is a case of ***misaligned subsidy***. High-income groups, especially in urban areas, should ‘upgrade’ to brands that are priced at cost-recovery or higher and do not require subsidy. In addition, heavily subsidized brands keep overall condom category prices low, as commercial brands are unable to price appropriately. This pricing issue is an additional barrier for commercial sector growth.

There is recognition across stakeholders that accessibility is a problem in rural areas. They note that there is low volume potential, in part because of affordability issues. In a 2013 willingness to pay study from the Population Council,²² participants expressed sensitivity to cost above a very low threshold. However, a behavioral economist’s study in rural Zambia tested ability-to-pay and had different findings: rural populations demonstrated a willingness to pay despite having expressed high sensitivity in the earlier study, reflecting the fact that rural populations do factor distance and transport time/cost in their decision-making.²³ The ZDHS data confirm use of social marketed brands among rural populations – which may be an indication of willingness to pay. *Better consumer behavior data could improve understanding of the dynamics of the rural consumer.*

²² Sheehy, Meredith. 2013. “Willingness to pay: Research report for Society for Family Health, Zambia, funding year 4 (October 2012-September 2013).” New York: Population Council.

²³ Seidenfeld, David and Sarah Nohr. 2015. “The Price Elasticity of Demand for Condoms Experimental Evidence from Rural Zambia.” Draft. American Institutes for Research and KfW.

6 | LIMITATIONS

The following limitations were identified during the country deep-dive process:

1. As in other countries' condom markets, there are little data coming out of the Zambian commercial sector. Of the two importers interviewed, neither would provide quantitative sales data, only general statements like “Maximum is the most popular brand. We sell more of it than anything else;” or “Moods is the top seller these days.” Perhaps as the registration requirements for commercial brands are enforced, stakeholders can learn more about the different brands and quantities arriving in country.
2. Much of the data on condom distribution proved difficult to corroborate. There is no one agency collecting and sharing data, and different actors are collecting different elements – some looking at procurement data, others looking at distribution in one sector or venue. Even within the GRZ departments, different reports measure at different levels, complicating data consolidation, disaggregation, and analysis.

7 | RECOMMENDATIONS

1. Government stewardship of the Zambian condom program needs to improve. *Policies and guidelines need to link with spending plans*, and to include steps for improving the overall condom market – not just in terms of volume but also in equity and sustainability. One option is to engage a *market facilitator* to assist the Government of Zambia with market development tasks.

As a result of the two-year gap in the condom social marketing programming, the situation in Zambia is particularly challenging with *no reliable source of total market information*. One example is that it is still not possible to assess the impact of abrupt changes in the total condom market on condom use, especially among target populations, or to go a step further to examine the impact on new HIV infections during this period. The USAID-funded DISCOVER project includes a TMA mandate and has conducted a market assessment and secondary analysis of DHS data to answer some of these questions.

There is a need to target limited resources to focus on *priority populations, including rural populations and lower-income groups*. To maximize the impact of donor and GRZ investment, targeting subsidy towards these groups will help improve equity and ensure no one is left behind.

- » Link comprehensive TMA policies and guidelines with resource planning
 - » Engage market facilitator to assist GRZ in building stewardship capacity
 - » Invest in collection of further market data
 - » Target subsidy towards key and vulnerable populations.
2. Given the previous investments in condom programming in Zambia, there is potential to move certain aspects of condom programming to sustainability. The presence of a range of commercial brands at different prices confirms the potential for a larger role for commercial players if adequate investment is made in addressing policy and regulatory challenges, as well as addressing unfair competition from heavily subsidized brands. With the end of the large social marketing program, the Zambia market presents the best opportunity across the five countries studied to move the market away from a sectoral response towards investing in interventions that would address the market failures identified in this report. The Zambia market may not need a social marketed brand, and could explore public-private partnerships with commercial players to ensure the right balance between equity and sustainability to grow the market.
 - » Consider a significantly reduced role for social marketed condoms, in order to allow for market correction to continue.
 - » Consider public-private partnership with commercial players to expand market share for sustainable brands.



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