



## Summa and GSMF International

**Summary:** A loan to launch a commercially viable condom can assist an NGO in creating new sources of income, cross-subsidizing its operations.

### Background

The Republic of Ghana in West Africa has a population of approximately 19.5 million. Ghana's total fertility rate is fairly high, at 4.6 children per woman, and the population is growing at an annual rate of 2.4 percent. Contraceptive prevalence is only 14.3 percent for modern methods. All of these factors contribute to a relatively high maternal mortality rate of 586 deaths per 100,000 live births.

HIV/AIDS also presents a danger to the development of the country. HIV/AIDS prevalence is still relatively low at less than 5 percent, but there is concern that it will continue to increase due to cross-border movement and the presence of high-risk subpopulations, such as commercial sex workers, within Ghana.

GSMF International, a United States Agency for International Development (USAID)-funded, private voluntary organization based in Ghana, is striving to address some of these key health concerns. GSMF's mission is to use social marketing and technical assistance to inspire and empower families and individuals to achieve an improved quality of life. GSMF's programs include HIV/AIDS prevention campaigns, child survival (malaria prevention and oral rehydration therapy), fertility management, and adolescent reproductive health. GSMF encourages abstinence, faithfulness, and correct and consistent

use of condoms to avoid HIV/AIDS and sexually transmitted infections. GSMF is the leading social marketing institution in Ghana and sells an estimated 50 percent of all condoms and 33 percent of all oral contraceptives on the Ghanaian market.

Most of GSMF's social marketing programs target lower-income population groups that cannot afford to pay commercial prices, for essential health products. GSMF sells these products at subsidized prices, and it is not able to achieve full cost recovery. USAID invited the Commercial Market Strategies (CMS) project and the Summa Foundation to work with GSMF to examine strategies to improve the organization's sustainability. The CMS team recommended that GSMF diversify its product line and launch a commercially priced product that can generate additional income for the organization. As a result, GSMF requested a loan from the Summa Foundation to launch a new condom line to be sold at commercial prices.

### Objective

The Summa loan to GSMF financed the launch of a new line of condoms that are sold at commercial prices. This is one of the first instances in Africa where a local social marketing non-governmental organization (NGO) has successfully launched a fully commercial product that can improve cost recovery and

cross-subsidize other health programs that target lower-income populations. The objectives of the GSMF loan are to

- increase GSMF's financial sustainability
- promote dual protection from HIV/AIDS and unintended pregnancy

### Loan Structure

The Summa Foundation provided a direct loan to GSMF to import condoms and related packaging materials. GSMF used its own funds to promote the new product.

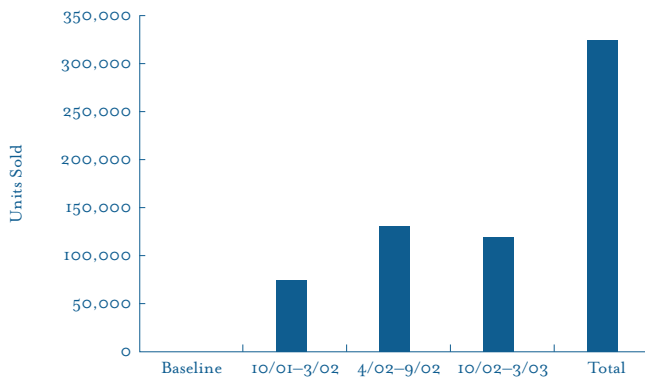
### Technical Assistance

Summa loans to NGOs are not a stand-alone activity, but part of an overall strategy to improve sustainability. As part of the loan package to GSMF, the Summa Foundation and the CMS project participated in a sustainability assessment of GSMF. The assessment reviewed GSMF's financial and institutional base and made recommendations to modify GSMF's endowment and explore additional revenue-generating activities. Feasibility studies were conducted for five potential new business activities. Based on these findings, GSMF decided to apply to Summa to launch a commercially priced condom.

## Outcomes

The Summa loan to GSMF is improving cost recovery, which will strengthen GSMF's ability to continue delivering quality health products and services. During the first two years of the loan, GSMF generated \$29,702 in net income from sales of the new condom. Over the loan term, Summa expects GSMF to generate a total net profit of approximately \$55,200 that can be used to cross-subsidize its operations. In addition, the Summa loan to GSMF is helping to promote dual protection from unintended pregnancy and HIV/AIDS. During the first two years of the loan, GSMF sold a total of 321,225 condoms, resulting in 2,677 couple years of protection (CYPs; see Figure 1). Summa estimates that GSMF will generate a total of 4,975 CYPs from sales of the new condom.

Figure 1. Sales of commercial condoms over loan term



## More Information

For more information or to download a copy of this *Investment Brief*, please visit the Summa Foundation website at [www.summafund.com](http://www.summafund.com).



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The Summa Foundation, a not-for-profit investment fund, provides financing and technical assistance to the private and commercial health sectors in developing countries. Summa's goal is to stimulate and expand the role of the private sector in the delivery of affordable health services and products. Summa considers proposals for a broad range of health projects, but focuses primarily on maternal and child health, including reproductive health and family planning.



Summa currently operates under the United States Agency for International Development's Commercial Market Strategies (CMS) project. Implemented by Deloitte Touche Tohmatsu (Contract No. HRN-C-00-98-00039-00) and subcontractors (Abt Associates, Inc. and Population Services International), CMS works throughout the developing world to expand the role of the private sector in the delivery of quality reproductive health care.



COMMERCIAL MARKET STRATEGIES  
NEW DIRECTIONS IN REPRODUCTIVE HEALTH

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Abt Associates, Inc.  
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