PSP-*One* Trip Report

Rapid Market Assessment in Jordan
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Executive Summary

Through this rapid assessment, the PSP-One project sought to analyze business conditions and the strategies and practices of the pharmaceutical industry in Jordan. This trip was also leveraged in agreement with the USAID/Jordan mission, to assess the contribution of the private sector to contraceptive security and opportunities for public/private partnerships. The assessment focused on the private sector, particularly the market potential for generic contraceptive products whose presence on a market can contribute to significantly reducing contraceptive prices. Another area of focus was the willingness of private sector supppliers to increase the range of products available in Jordan and participate in market-building efforts.

Jordan's high entry barriers and price control limit access to both product innovation and low-cost generic contraceptives. Multinational companies selling contraceptives in Jordan cite high marketing costs and low price ceilings as disincentives for introducing new brands or investing in this market. Asian generic producers are subject to cumbersome and costly procedures that limit their presence in Jordan. Local manufacturers reportedly have no interest in producing contraceptives because their export potential is extremely limited. As a result, generic products are relatively absent from the Jordanian market, which contributes to keeping drug prices high across most therapeutic areas.

Partnership-based approaches that can help grow CPR as well as increase private sector share include reducing entry barriers to generic nufacturers, and supporting their efforts to market brands commercially. The PSP/Jordan project may also want to partner with R&D manufacturers to introduce new contraceptive methods, such as the contraceptive patch and the hormonal vaginal ring. The Fertility Awareness Method can be introduced through the social marketing of "Cycle Beads", a low-cost collar-shaped device that can be sold through pharamcies. Finally, the leveraging of donor-funded activities, such a PSP/Jordan's outreach and detailing programs can be used to engage private sector suppliers in general market-building activities.

Objectives

PSP-One has received support from the USAID's Asia/Near East (ANE) Bureau to conduct assessments in countries that present a high level of dependency on donated or subsidized contraceptives, and have a limited supply of affordable commercial products. Jordan was selected for this assessment because it has high contraceptive security needs and may offer some market potential for generic contraceptive manufacturers, whose presence on a market can significantly reduce contraceptive prices. Through this rapid assessment, the PSP-One project sought to analyze business conditions and the strategies and practices of the pharmaceutical industry in Jordan. This trip was also leveraged in agreement with the USAID/Jordan mission, to assess the contribution of the private sector to contraceptive security and opportunities for public/private partnerships.

Background

The Government of Jordan has been successful in increasing the prevalence of modern family planning (FP) in the past 17 years. According to data from the and a secondary analysis conducted by the Policy Project in 2004, the source mix for modern contraceptives also changed considerably from 1990 to 2002 . The government sector gained market shares at the expense of the commercial sector, which is partly attributed to improvements in the availability of FP methods and in the quality of services. The shift in share was particularly pronounced for oral contraceptives: whereas 80% of users obtained their OCs from commercial pharmacies in 1990, only 47% did so in 2002.

Such rapid increases put a strain on public resources but can be managed with appropriate planning, acurate cost projections, and policies that maximize the contribution of the whole market (public and private) to national contraceptive supply. In response to a planned phase-out of contraceptive commodities donations by USAID, Jordan's Higher Population Council is leading a multisectoral effort (Reproductive Health Action Plan) to address the country's needs for family planning products and services. As part of this Action Plan, the Ministry of Health has begun procuring a range of contraceptive commodities through the national tender system.

Jordan's pressing contraceptive security needs call for researching a variety of options for improving product supply in a sustainable manner. This rapid assessment focused on the private sector, particularly the market potential for generic contraceptive products whose presence on a market can contribute to significantly reducing contraceptive prices. Another area of focus was the willingness of private sector suppppliers to increase the range of products available in Jordan and participate in market-building efforts.

Meeting/Activities

The PSP-One PP Director conducted the following activities between Nov 5- 15, 2007:

- Review of available data and reports on the Jordanian contraceptive market
- Meetings with contraceptive distributors in Amman
- Interviews of representatives of pharmaceutical companies
- Telephone and email exchanges with India-based generic manufacturer
- Visits of pharmacies and drug shops in Amman
- Meetings with staff of RH/FP organizations
- Meetings at Ministry of Health (MOH) and Jordan's Food and Drug Administration (JFDA)
- Debriefing and presentation to USAID/Jordan

Key Findings

Contraceptive Supply issues

In response to the planned USAID donation phase-out, Jordan's Ministry of Health has begun procuring a range of contraceptive commodities through the national tender system. Public tenders for pharmaceutical products are restricted to those products legally registered by the Jordanian Food and Drug Administration (JFDA), a process that also permits the sale and marketing of those products on the commercial market. Consequently, the range of products available for tender procurement is linked to import regulations and general market conditions for pharmaceutical products in Jordan.

Jordan' pharmaceutical market is one of the most tightly regulated in the world. Products manufactured or registered in OCDE countries enjoy relatively short processing delays and modest registration costs. Strict price controls and small market size, however, limit the profitability of doing business in Jordan. Local manufacturers, on the other hand, benefit from tight import regulations and more relaxed price controls that enable them to realize substantial profits at home in addition to competing on the export market.

Jordan's high entry barriers and price control limit access to both product innovation and low-cost generic contraceptives. Because contraceptives are not very profitable and easily available at no cost in the public sector, they are not high-priority products for importers. The four companies currently selling contraceptives in Jordan focus on a few high-end products, and show little interest in expanding product choice or offering low-cost alternatives.

Opportunities for generic manufacturers

Manufacturers of generic drugs in Asia, Africa or the Middle East on the other hand, incur high registration costs and lengthy factory inspections that all but discourage them from entering the market. Compounding this cumbersome process is a price control system based on public prices in the country of origin, which results in very low imposed prices on Asian products. Local manufacturers reportedly have no incentive to produce contraceptives because their export potential is extremely limited, due to excess worldwide production capacity and a highly competitive global market. As a result, generic products are relatively absent from the Jordanian market, which contributes to keeping drug prices high across most therapeutic areas.

There is, however, some indication that a generic manufacaturer based in india (FamyCare) will soon be intrpoducing low-cost products in Jordan. The PSP-One project is collaborating with Famy Careand proposes to assist them in their marketing efforts. The company will be submitting 6 different formulations of oral contraceptives, and one dedicated emergency contraception brand in early 2008. The presence of these products on the Jordanian market is likely to lower procurement costs, as well as introduce lower price options in commercial pharmacies.

The tight regulations affecting pharmaceutical imports do not apply to IUDs and condoms, which are subject to a much easier and speedier registration process. Many different condom brands are imported from Europe and Asia, and at least one IUD brand is brought in from India. Prices for these products are low (starting at JD1.00 for IUDs) and their availability is not threatened.

Recommendations

Private sector activities

Factors of market growth in the pharmaceutical market include population growth, increased demand, new product development, and the introduction of lower-priced generic products. In the Jordanian contraceptive market, this translates into increasing the method mix, preferably with the addition of generic products, and overall efforts to increase consumer demand. Both can be achieved through collaborative approaches with R&D as well as generic manufacturers. Partnership-based approaches may include:

- Helping generic manufacturers navigate JFDA registration and assisting their marketing efforts on the commercial market.
- Partnering with contraceptive manufacturers to introduce new contraceptive methods, such as the contraceptive patch and the hormonal vaginal ring, which are likely to shift users to the private sector and contribute to higher contraceptive security.
- Introducing the Fertility Awareness Method through the social marketing of “Cycle Beads”, a low-cost collar-shaped device that helps women practice the standard days method with a high degree of effectiveness.
- Leveraging donor-funded activities, such a PSP/Jordan’s outreach and detailing programs, to engage private sector suppliers in general market-building activities.

Contraceptive security Policies

The two most important obstacles to private sector growth are market entry barriers, and low market potential. In order to address these issues and prevent future contraceptive security gaps, the MOH may consider the following actions:

1. Use the trial-run tenders that have been issued for DMPA, IUDs and condoms to estimate the prices that will be paid for contraceptives in the foreseeable future. These prices, together with commodities quantity forecasts, should help calculate total procurement costs, for the next 5-10 years. A secondary analysis of the upcoming DHS data should also be conducted and compared to the 2004 Policy study to assess changes in market segmentation since 2002. An increase in the proportion of middle and high-income users obtaining products in the public sector would signify less than optimum targeting of public resources.

2. Consider a fast-track registration process for manufacturers able to offer low-prices but unable to demonstrate FDA or EU registration. At the instigation of the Reproductive Health Supplies Coalition, WHO is developing a list of prequalified contraceptive manufacturers designed to help governments identify quality suppliers. WHO prequalification could facilitate a registration process that is notoriously lengthy and onerous for low-cost manufacturers.

Follow-Up/Next Steps

- PSP-One will continue to collaborate with FamyCare by sharing documents and research that can help facilitate the registration of their EC brand in Jordan. As products get registered (in late 2008), the project will develop promotional material to help FamyCare market its products in pharmacies, and will help coordinate with the PSP/Jordan project.

- PSP-One will submit a concept paper to Georgetown University for permission to use FAM 2 funds to introduce Cycle Beads in Jordan, if this method is supported by the USAID/Jordan mission.

Organizations contacted

Azko Nobel (Organon)
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Bayer HealthCare (Bayer Schering Pharma)
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