

## **Overcoming the Last Mile Challenge**

Lessons learned from India

Jeff Barnes, Abt Associates

“We’re trying to deliver condoms and vaccinations to people and Coke’s success in reaching those people makes you stop and wonder. How is it that they can get Coke to these far flung places? If they can do that, why can’t governments and NGO’s do the same thing?”

---Melinda Gates (TED Talks)

# There are lots of reasons the last mile remains a challenge

- Challenges for the public and private sector
  - Longer distances to delivery points
  - Lack of all weather roads
  - Lower population density makes it harder to support delivery points
  - Less access to mass media makes it harder to promote products and services
  - Lack of reliable electricity makes it difficult to ensure cold chain, run equipment, etc.

## Reasons for the last mile challenge

- For the public sector
  - Reliance on under qualified, overworked staff to track inventory and reorder products.
  - Challenge of recruiting staff for isolated posts.
  - Costs of ensuring supervision in isolated posts.
  - Lower literacy among clients means more provider time has to be spent explaining use.
- For the commercial sector
  - Fewer outlets can sell restricted drugs or regulated products.
  - Retailers and clients have less access to credit and cashflow.
  - Product packaging and units are not designed for rural retailers or consumers who can afford smaller cash outlays.

## The Challenge in India

- 5 levels in distribution system— from level 1 in National and State capitals to level 5 in medium and small villages (under 5000 people).
- 70% of the Indian population lives in level 3-5 towns and villages.
- Most formal distribution systems stop at level 3.
- Average rural income is about \$42 per month.



# Challenge for the Market Based Partnerships for health project

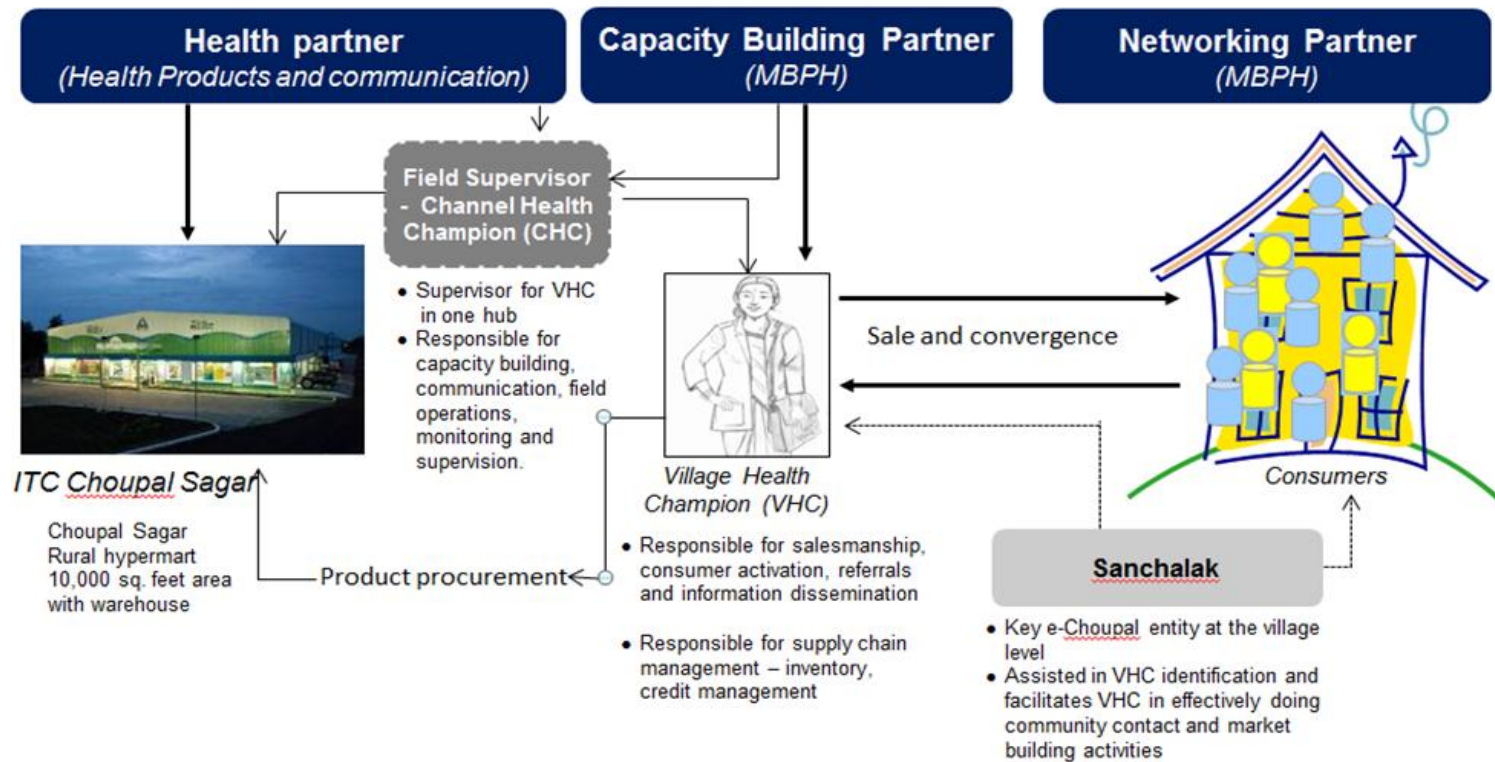
- Design, broker and implement sustainable commercial partnerships to increase access to key health products for rural, lower income population.
- Three models focused on rural, last mile target populations:
  - Shakti (ORS for treatment of diarrhea)
  - Advanced Cookstoves (reduction of indoor air pollution)
  - ITC e-Choupal (basket—family planning, condoms, ORS, sanitary napkins, vitamins, glasses, water treatment tablets)

## ITC e-Choupal

- Enhancing a commercial distribution platform used to sell ag inputs to rural farmers and to commercialize ag products;
- ITC India wanted to sell access to its network— syndicated distribution model
- MBPH's role was to design intervention, find commercial health partners willing to buy into the model and support implementation
- Platform required a new class of retailer (Village Health Champions) that could work part time, conduct demand creation activities, and manage a small business.

# ITC e-Choupal

## ITC e-Choupal Rural Health Model

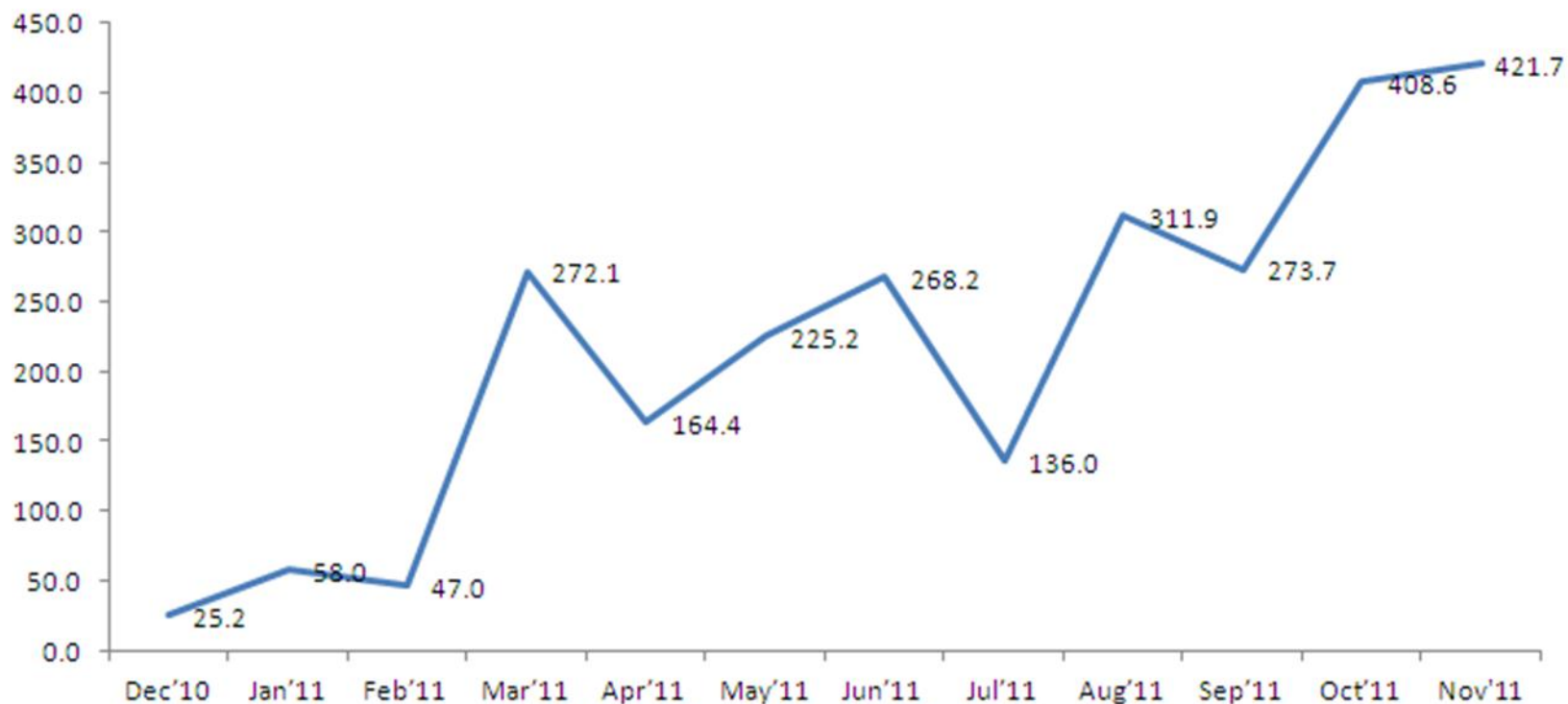




## **ITC e-Choupal- Key Steps and Results**

- Designing a viable basket of goods for the VHC
- Training the VHC's in both the health promotion side and business management side
- Building credibility for VHCs in the community.
- Average monthly income of VHCs increasing
- ITC planning expansion of model from 2 to 11 districts
- Potential for expansion of product basket and for introduction of services at the e-Choupal level.

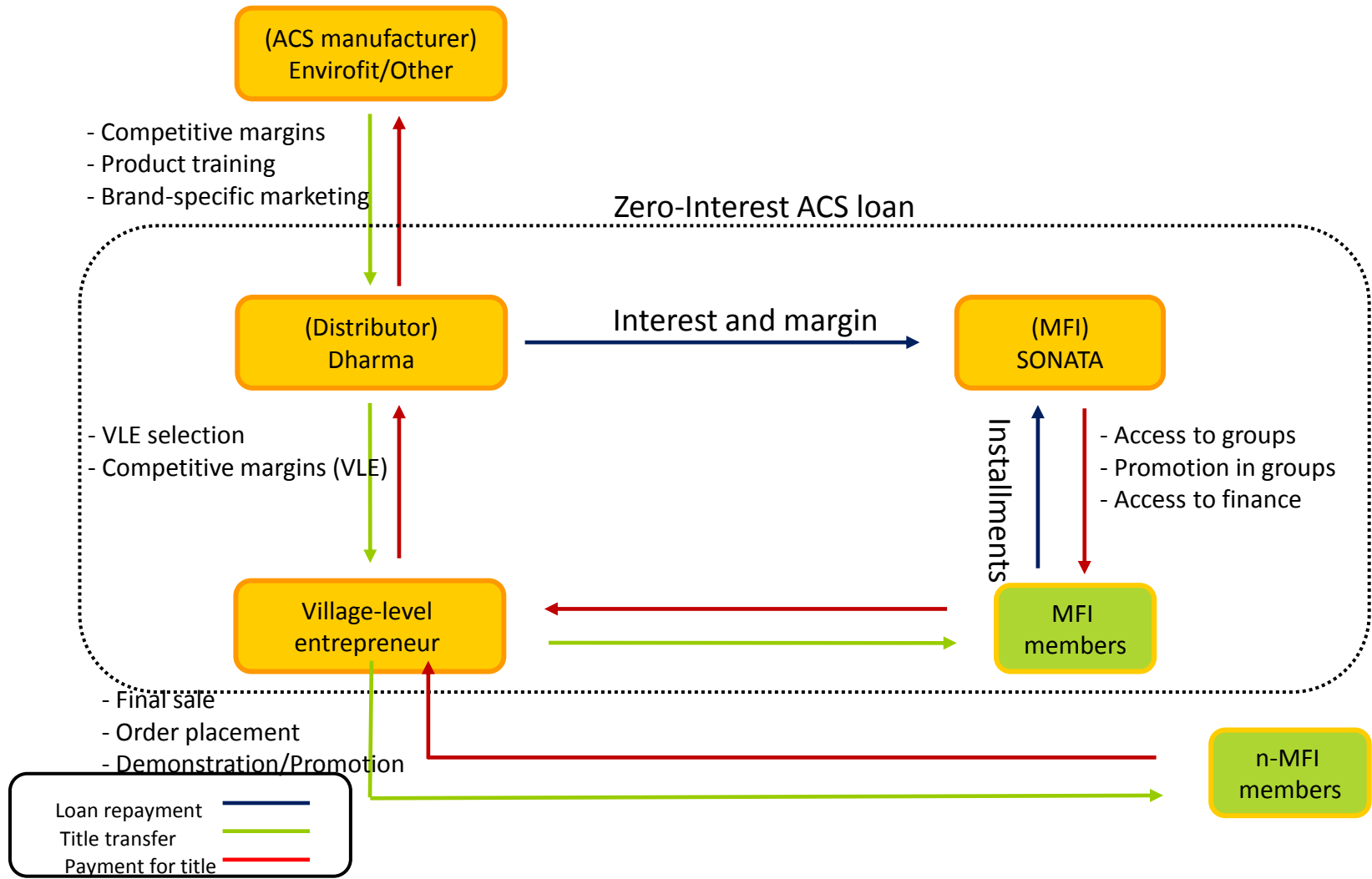
# VHC Average Monthly Income Progression



# Advanced Cook Stoves

- Technology of the product still being improved;
- Product is largely unknown
- High cost durable product (1400-1600 rupees)
- Benefits in smoke reduction, fuel savings
- Challenges in adapting to cultural practices in cooking
- Manufacturers are focused on the technology, not marketing.
- Model required partnering with an MFI to finance the purchase of the stove and with a distribution agent (Dharma) that would support Village Level entrepreneurs to promote, demonstrate and supply stoves.

# Pilot Model



## Advanced Cook Stoves - Key Steps and Results

- Targeting marketing at consumers with means of financing purchase.
- Establishing viable retail position to promote, demonstrate and deliver the product.
- Public awareness of smoke risks and use of cook stoves increased.
- 86.5% of public exposed to communications activities recalled the product, 51.9% were positively disposed toward it and 2.2% purchased one.
- MFI, Manufacturer, Village level entrepreneur and distributor able to earn profit
- Ongoing need for investment in product awareness, marketing to prime the market, but can be done with modest support through social distributor.

## Shakti Entrepreneurs

- Leveraging HUL's rural network of retailers to sell health products- initial focus on contraceptives, shift to ORS to fit with HUL product range.
- HUL not interested in selling access to its distribution platform. Agreeable to helping SE's earn more money, increase credibility.
- ORS sales are seasonal—high during rainy season.



## Partner Roles and Responsibilities

### Pharma Synth Role

- Invest in servicing the SE with ORS
- Train the SEs on diarrhea management and the correct use of ORS
- Host the mobile tracking software on its server
- Monitor sales

### HUL Role

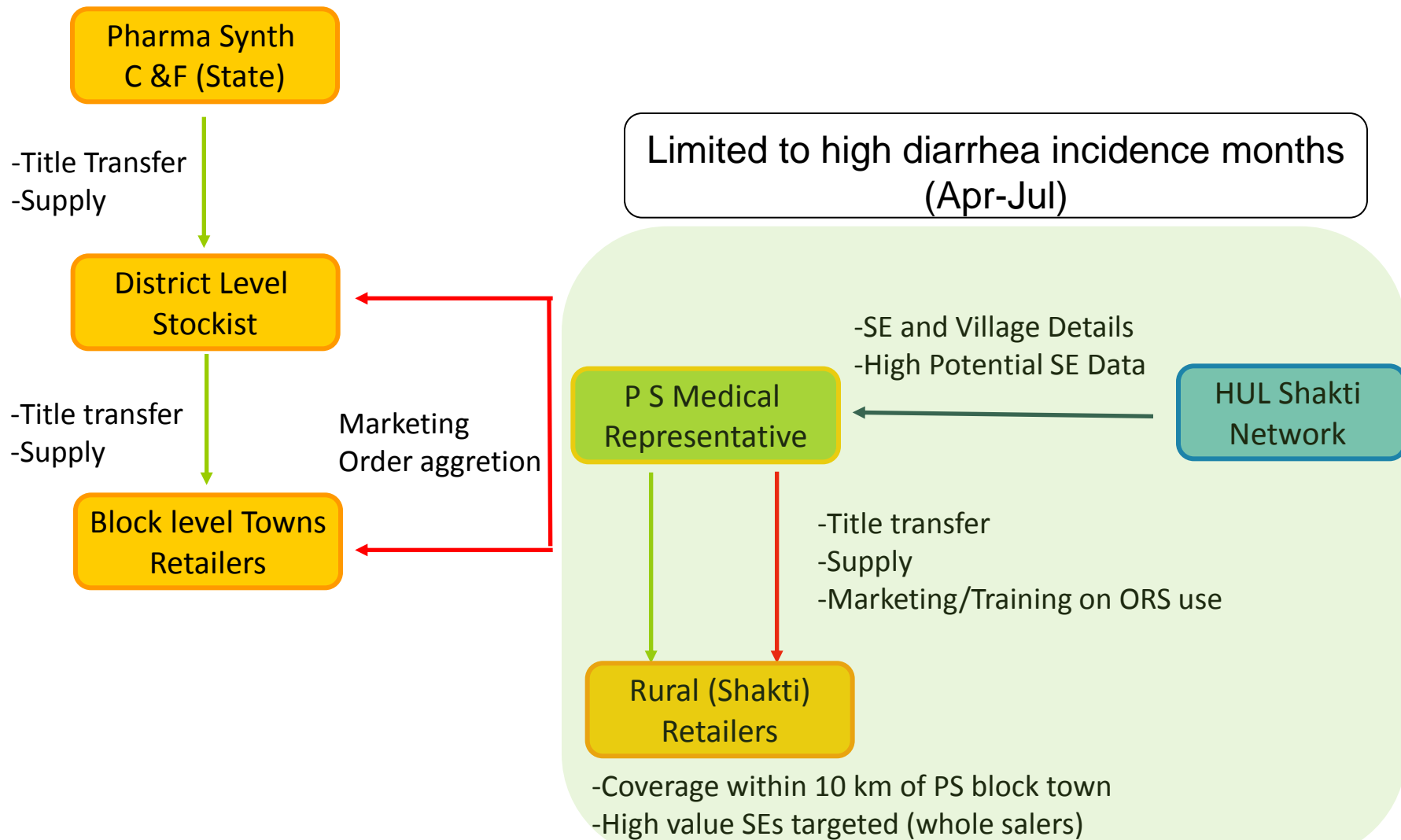
- Play the role of an introducer to Pharma Synth
- Share details of SE universe (SE name, village, contact details) with Pharma Synth
- Share SE profile (monthly HUL order value, length of association with HUL)

### MBPH Role

- Facilitate transference of key functions to Pharma Synth
- Design a cost-effective supply chain
- Develop a mobile tracking system to track supply
- Coordinate between HUL and Pharma Synth to achieve pilot objectives
- Monitor the pilot
- Training curriculum module and Training of Trainers

## Shakti Health at Base of Pyramid: Model

*Reformatting of the sales infrastructure to ensure rural supply of ORS*





## Shakti– Key Steps and Results

- Building capacity of SE's to promote ORS, getting demand up to a critical level
- Shifting “natural owner” from HUL to Pharmasynth, ORS manufacturer
- Designing efficient sales routes
- Designing SMS based reporting system to allow for daily cash reconciliations for PS sales reps
- PS taking over role of health trainers for retailers
- 480 villages reached
- PS and SE's are earning profit

## General Lessons Learned

- Distribution is never just about distribution.
- Where scale is available, distribution and promotion are separate and specialized. Where scale is not present (last mile), these functions have to be reintegrated.
- Last mile areas have different platforms that can be leveraged for sustainable distribution of health products.
- Adequate attention must be paid to ensuring that all partners earn appropriate levels of profit to stay committed.
- Selection of the natural owner is key for building sustainability.
- Donor investments can support sustainability provided they are time bound and prime the market, rather than undercut it.