

Advancing family planning outcomes through supporting local private sector businesses

Ghana Worked Example

Center for Innovation and Impact: Market Access and Innovative Finance Vehicle

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Drafted by Social Finance



USAID
FROM THE AMERICAN PEOPLE

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About this document

This document is a **resource** to support and guide USAID OPRH and Missions seeking to **improve family planning outcomes by growing sustainable private contraceptive markets**, through **targeted business support**. It is one of two core resource documents:

This document

Approach & Resources

This document supports USAID OPRH and Missions to **grow – sustainably and impactfully – local private contraceptive markets**. It sets out a three-step **approach that guides** USAID staff to conduct a market assessment, identify opportunities and challenges in the market, and understand how local enterprises can explore solutions with specific **financial and technical tools**.

Worked Example - Ghana

This document captures a **worked example of applying the approach to a specific market context, Ghana**. It details the step-by-step approach, as outlined in the approach document, to identify appropriate technical and financial tools. This document highlights the findings of a Ghana-based landscape analysis of the private sector contraceptive market and outlines an approach to shortlist solutions.

Aims of the Worked Example - Ghana

The aim of this document is to provide a real-life worked example of the approach to showcase how **USAID Mission Offices can practically apply the approach** to assess their private sector contraceptive market and identify potential solutions for further development.

This document is designed to support Missions to practically:

- 1. Showcase how to use the approach in practice**
- 2. Identify opportunities for impact and understand the challenges faced by different businesses**
- 3. Understand how to shortlist potential tools to support local businesses operating in the market**



To achieve this, it is structured into 2 parts:

Application of the three-step approach (slides 5-13)

Using one identified opportunity in Ghana as an example, this section offers an illustrative step-by-step walkthrough of the approach, outlining the methodology and key questions asked. It provides insights applicable to various contexts, serving as a guide for Missions to apply the approach and shortlist specific financial and technical solutions

Analysis and findings from Ghana (slides 15-38)

This section details the market assessment conducted of the private sector contraceptive market in Ghana (key players, roles, and challenges) and showcases how to explore solutions based on analysis

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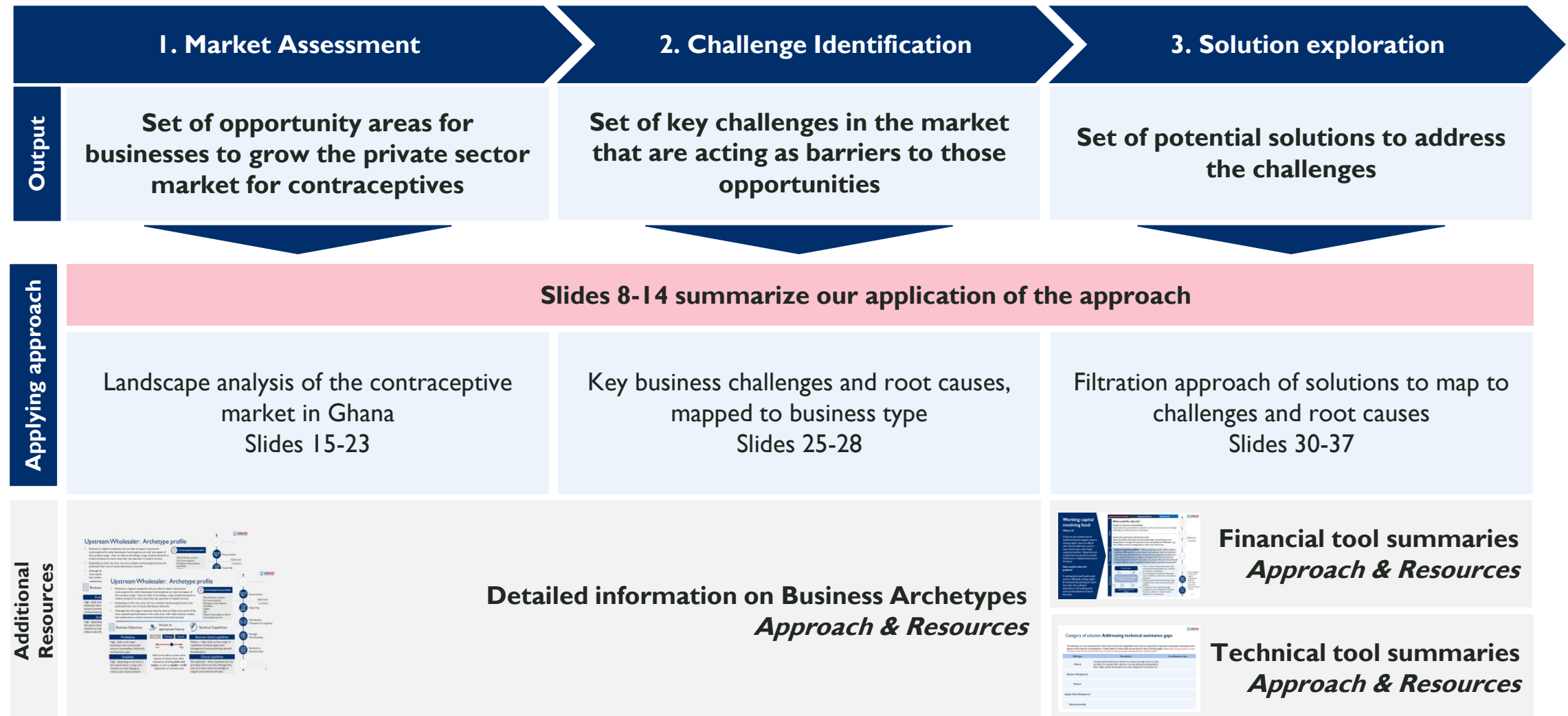
This document illustrates the application of the three-step approach, as summarized below, using the Ghana market as an example

	1. Market Assessment	2. Challenge Identification	3. Solution exploration
Output	Set of opportunity areas for businesses to drive family planning outcomes through growing the private sector market for contraceptives	Set of key challenges in the market that act as barriers to those opportunities	Potential solutions to address the challenges, via a set of financial & technical tools
Key Questions	<ul style="list-style-type: none"> • What is the market size and key trends in the contraceptive market (including product types)? • What are the businesses operating in the market and their objectives? How can they reduce unmet need for contraceptives? • What are the opportunities for private businesses within the market? 	<ul style="list-style-type: none"> • What are the barriers and root causes to preventing the private sector deliver contraceptives in the market? • Which challenges affect businesses most, segmented by business type? 	<ul style="list-style-type: none"> • What kinds of solutions could solve for the root cause of the business challenges and deliver family planning outcomes? • Are solutions in line with the objectives of businesses? • Which specific financial & technical tools are most relevant?
Ghana illustrative example	The private sector is the main source of Short Acting Methods (SAMs) for women (particularly condoms and oral contraceptives); businesses should be supported so consumers can continue relying on them to consistently source SAMs	Hyper local pharmacies struggle to provide a consistent range of contraceptives due to: <ol style="list-style-type: none"> a) Lack of working capital to purchase sufficient stock b) High prices for stock due to low purchasing volumes 	<ul style="list-style-type: none"> • A revolving fund that enables pharmacies to access working capital to purchase oral contraceptives • Pooled procurement structure that supports pharmacies to access products at a lower price

This worked example focusses on one specific opportunity area (identified during the market assessment stage) as an illustrative example – *growing access to SAMs through local pharmacies*. In reality, a number of opportunity areas were identified for Ghana and are likely to arise during this step of the market assessment.

Missions may choose to take one or multiple forwards depending on their strategic priorities.

This report presents our findings from Ghana, illustrating how each step of the approach can be practically applied



Our application of the approach and findings are based on the Ghana Mission’s strategic priorities and the in-country engagement we conducted

In-country engagement

To understand the context and challenges faced by Ghanaian businesses, Social Finance, and our consultant Daniel Mensah conducted primary and secondary research in Ghana

Primary research

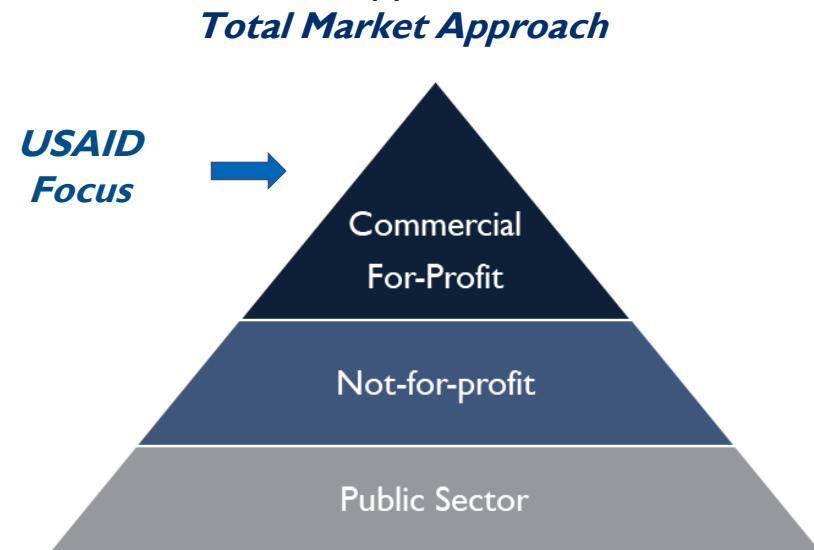
- Multiple interviews and focus groups with private sector actors across regions in Ghana
- Two private sector engagement workshops with 30+ cross-sector stakeholders¹
- Alignment meetings with the USAID Ghana Mission

Secondary research

- The Reproductive, Maternal, Newborn, Child and Adolescent Health & Nutrition plan
- Sustainable Financing for FP and Maternal Health Commodities in Ghana: Challenges & Options
- Ghana’s Supply Chain Master Plan (2022-2025)
- FP2030 Supply and Procurement Related Commitments
- Private Sector Round Table Discussion on FP Contraceptive Procurement Tables

USAID Ghana’s Mission priorities were a guiding pillar

The Mission wants to better understand how to sustainably and strategically engage the commercial sector to improve FP/RH outcomes, using a total market approach



Source: (1) Stakeholders included government regulators and service providers, private sector associations, manufacturer's representative, importers, distributors, wholesalers, clinical service providers, retailer pharmacies and over-the-counter medicine sellers, as well as end-users, academia, development partners, social marketing and non-governmental organizations.

The market assessment phase enabled identification of market trends and relevant opportunities to strengthen the private contraceptive market

By identifying trends in family planning and contraceptive use, we were able to pinpoint specific opportunities for the private sector to be leveraged to improve access and quality of contraceptive products and services

Key market insight	Opportunity area identified	Relevant business archetypes
<i>The subsequent example focusses on this opportunity area only</i>		
The private sector is the primary sources for SAMs; pharmacies and OTCMs are restricted from providing Long-acting reversible contraceptives (LARCs)	Increase consistent access to SAMs in the private market through reduced stock outs	<ul style="list-style-type: none"> Independent pharmacies Other accredited retail outlets
LARCs are projected to increase in popularity; uptake of LARCs in Ghana has improved overall mCPR	Increase delivery of injectables and implants through the private market	<ul style="list-style-type: none"> Pharmacy Chains Independent Pharmacies Independent Providers Private Clinics
Private businesses needs are not readily incorporated into market-level coordination efforts	Improve upon current private-public coordination and establish formal approaches	<ul style="list-style-type: none"> All businesses

The **business archetype profiles** included in the approach are key inputs for this stage – this lens of analysis enables segmentation of opportunities by different business types and objectives

Through understanding the challenges in the market, we identified specific barriers preventing businesses from fulfilling market opportunities

Local Business Challenges		Root Causes	Relevant Businesses
<i>The following example focusses on this challenge only</i>			
Working capital issues	Businesses struggle with short-term working capital and cash constraints	High perceived risk of default leads to limited credit provided by wholesalers to businesses - upfront payment for commodities often demanded	<ul style="list-style-type: none"> • Clinical service delivery points • Non-clinical retail outlets • Product-focused health innovators
		Uncertainty and irregularity in the receipt of payment from consumers vs. when payments for commodities are required by suppliers leads to short term cashflow issues	
		Lack of demand forecasting capability reduces ability to procure effectively leading to insufficient stock, tying up capital in inventory reducing liquidity	
Lack of prioritization of contraceptives	Contraceptives are not a significant revenue stream for most businesses, limited range of products/services many providers are willing and able to offer	Low margin on contraceptive products reduces profitability of contraceptive sales	<ul style="list-style-type: none"> • Non-clinical retail outlets • Private hospitals and clinics
		Difficulty guarantying and forecasting demand for contraceptives	
Constrained staff capacity	Businesses face a range of risks when engaging in the contraceptive market – this negatively impacts business stability and sustainability	Level of demand for products and services is not known and may not always be predictable – this increases uncertainty for businesses looking to bring in new products or services	<ul style="list-style-type: none"> • Independent private providers • Private clinics • Pharmacies • Other accredited retail outlets
		Many businesses operating in the contraceptive value chain are SMEs with limited technical capabilities around stock management and demand forecasting and so are unable to efficiently purchase and manage stock	

To identify a shortlist of potential options, we mapped challenges against the type of solution required

Local Business Challenges		Root Causes	Strategic Solution
Working capital issues	Businesses struggle with short-term working capital and cash constraints	High perceived risk of default leads to limited credit provided by wholesalers to businesses - upfront payment for commodities often demanded	Reduce risk
		Uncertainty and irregularity in the receipt of payment from consumers vs. when payments for commodities are required by suppliers leads to short term cashflow issues	Improve access to finance
		Lack of demand forecasting capability reduces ability to procure effectively leading to insufficient stock	Address technical assistance gaps

Slides 16-20 in the approach are key inputs in conducting the challenge identification step and considering the root causes

Slides 21-24 of the approach supports the identification of strategic solutions

To shortlist potential solutions, a range of financial tools were assessed on their ability to support local businesses overcome identified challenges

1 Determine priority intervention

Illustrative example: Support **independent pharmacies and other accredited retail outlets** to provide more **consistent stock** of SAMs (particularly OCs) by **alleviating working capital constraints**

2 Assess range of financial tools

Assess tools outlined in the Approach document against these questions to determine which ones could appropriately address the chosen intervention. Tools assessed included a revenue finance fund, blended/impact debt fund, loan guarantees, impact linked finance models, supply chain management, and on-the-job training.

- Does this tool provide the right type of capital for this business's needs?
- Does this tool provide capital that this business can sustainably carry?
- Does this tool provide the range and depth of skills the businesses need?
- Does this tool provide technical support the businesses need, in the right modality?

2 Assess range of technical tools

- Does this solution provide the right type of capital for the businesses needs?
- Does this solution provide capital that this business can sustainably accept?
- Does this solution provide the range and depth of skills the businesses need?
- Does this solution provide technical support the businesses need in the right modality?

The **business archetype** and **financial tool summaries** included in the approach document can be used to pick tools and aid this assessment

3 Map complementary appropriate financial and technical tools to shortlist a range of solutions

Solutions on the next slide

From this assessment of tools, a shortlist of three potential solutions were identified and considered for design and implementation

After assessing appropriateness of tools to solutions, we determined that financial tools should be paired with technical assistance for the design at large and for specific enterprises will result in higher chances of success. The following solutions addresses the illustrative challenge in unique ways and missions should focus solutions based on their objectives and target business needs.

1

Blended/Impact Debt Fund for product procurement paired with supply chain management training

This provides **access to affordable working capital for businesses** by operating at a fund level rather than individual transactions. This will enable greater scale and diversification of risk for the lender.

2

Pooled procurement model that facilitates access to lower cost commodities with paired assistance

By bringing together MSMEs and increasing their purchasing power, it will allow them to **access a greater range of products at a cheaper price and potentially access a greater range of consumers.**

3

Pharmacy franchising model that integrates supply chain management systems and a pooled procurement function

The franchising models allows for **increased reach at a reduced risk**, while the pooled procurement mechanism will allow for **greater access of a range of products at a cheaper price.**

See slide 38 for more detail on these solutions

Once a range of solutions have been identified, feasibility and implementation considerations will influence decision-making and next steps

Three areas of consideration are outlined below to aid effective assessment of potential options – when Missions have shortlisted options, detailed feasibility analysis will need to be conducted

Ecosystem readiness

The solution should consider how ready the system is to support an intervention and leverage the benefits more broadly

- Does the broader ecosystem have sustainable and formal approaches in place to support this intervention and target businesses?
- Will the solution have any perverse implications within the market and broader health system?
- Are stakeholders in the ecosystem able and willing to engage?

Cost-benefit of implementation

The risks and costs of implementation should be justifiable for the business impact it will deliver

- How complex is set-up and operationalization?
- What are the funding and timeline constraints to implementation?
- Are there USAID structures in place to facilitate this solution?
- Are there significant risks to delivery?
- Has USAID participated in this structure before?

The role and expertise USAID could play/leverage

The solution should leverage USAID's expertise effectively and consider the role it can play within existing structures

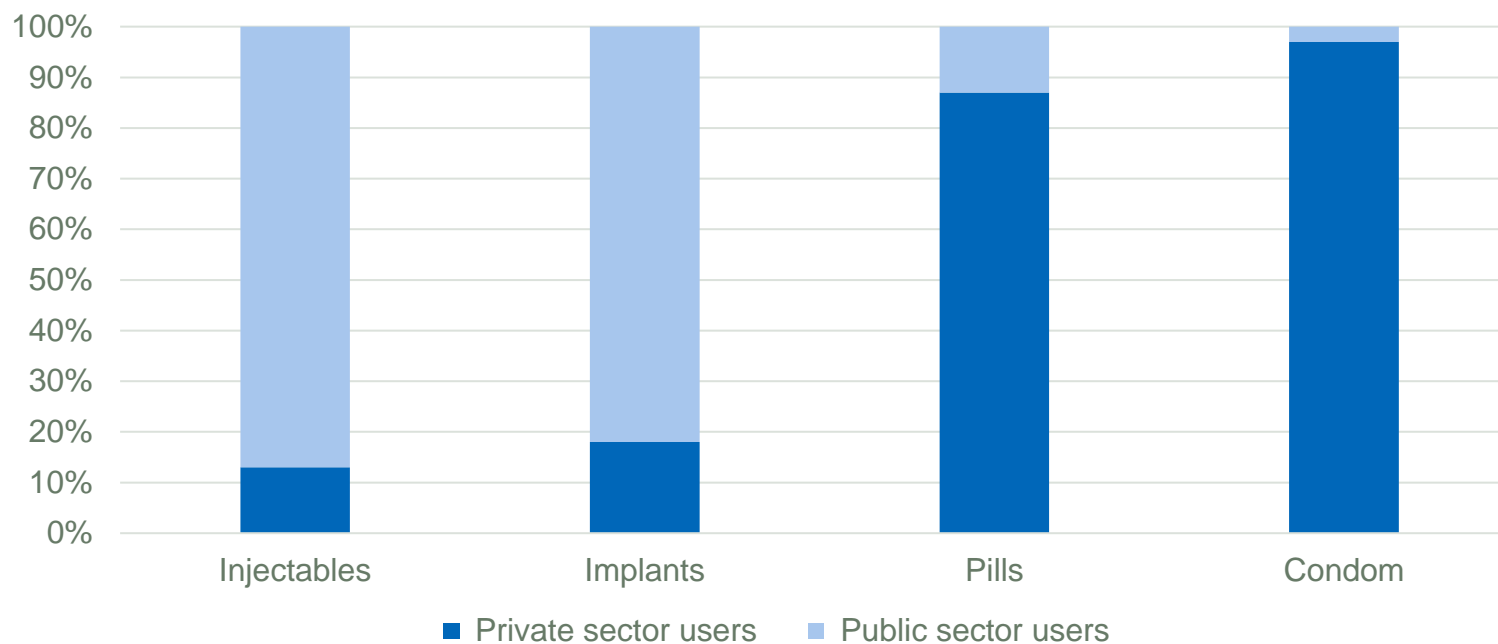
- What roles has USAID played previously in similar models?
- Are there structural barriers that limit USAID's role?
- Does USAID need to deploy capital for the success of any of these solutions and/or leverage their non-financial expertise and networks?

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Currently, condoms and pills are most widely accessed from the private sector in Ghana

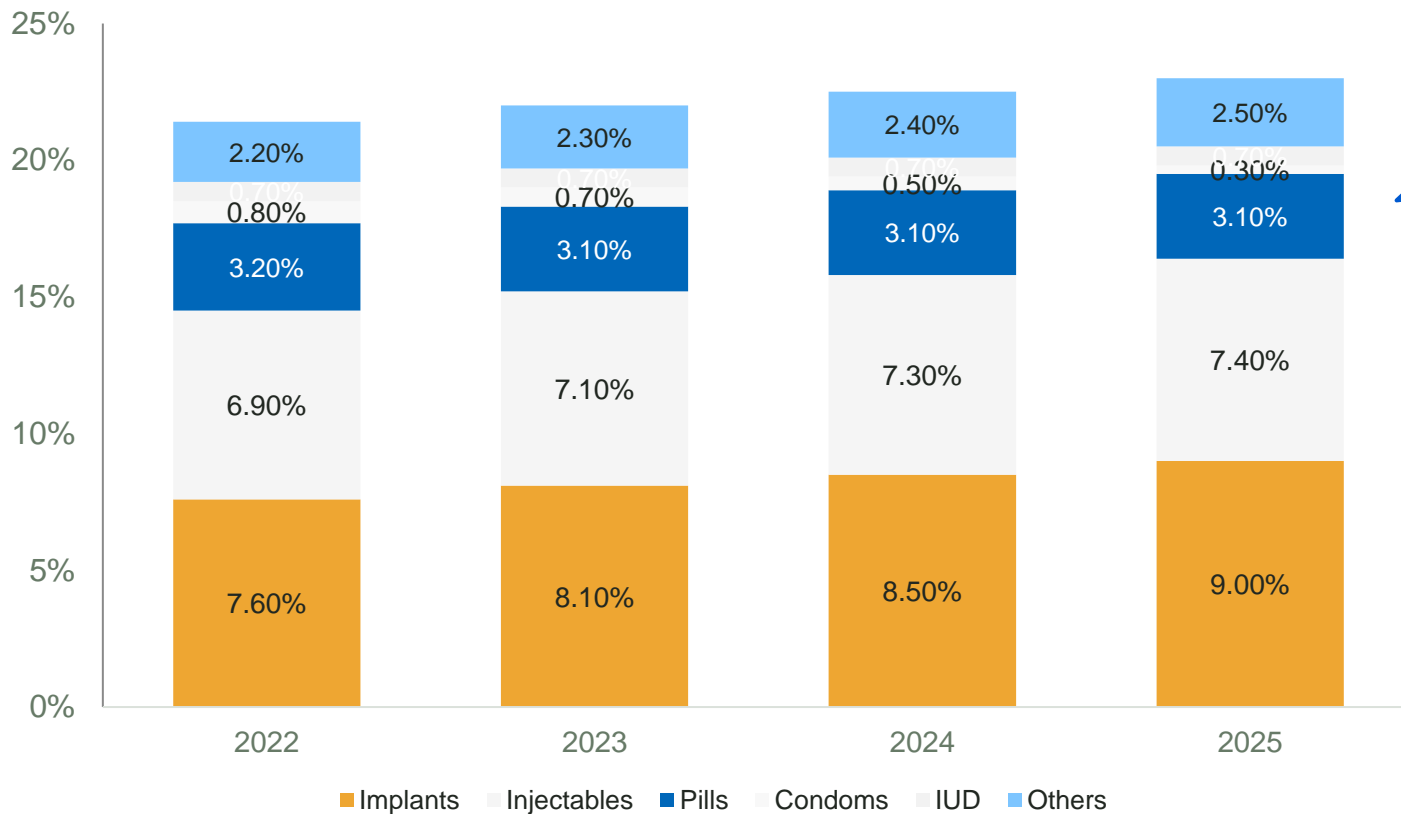
Source by contraceptive method I



The private sector can strengthen its short acting method offerings or diversify type of products offered to users to increase their customer base and widen access

From 2022-2025, Short Acting Methods are projected to decline in use, whilst LARCs continue to increase in popularity

Projected Contraceptive Prevalence Rate (CPR) and Method Mix proportions (Modern methods, All women)



- Projected decline in condom and pill use from 0.8 to 0.3% and 3.2 to 3.1% respectively
- All other methods projected to increase; implants demonstrating the highest increase by ~18%

★ **There is an opportunity for the private sector to help address this increased uptake of LARCs, which will both help meet unmet need and ensure businesses find ways to replace revenue that otherwise would be earned from condoms/pills**

Notes: (1) Source: March 2023 CPT Report, SHOPS PLUS, GDHS (2014) (2) CPR and method mix for the period 2021-2025 were derived through extrapolation of the rate of change in CPR and method mix between the base period of 2015 and costed implementation plan (CIP) projected rates of 2020. The CPR and method mix used in the calculations were therefore derived from an interpolation between the base rates (2015) and the projected 2020 targets contained in the GFCIP. The observed pattern of growth was assumed to apply for forecasting period.

In terms of product/service delivery, OTCMs, pharmacists, and general PAs are most restricted in the selection of contraceptives they can provide

Legend

- Provides Service
- Does not provide

	Method													
	Referral	Oral Pills	Condoms	Spermicide	LAM ³	Injectables	Fertility Awareness Methods	Follow-up	Implants insertion	Implants removal	Insertion of IUD/IUS	Removal of IUD/IUS	Tubal Ligation	Vasectomy
OTCM ¹ seller	Provides Service	Provides Service	Provides Service	Provides Service	Does not provide	Does not provide	Does not provide	Does not provide	Does not provide	Does not provide	Does not provide	Does not provide	Does not provide	Does not provide
PA ² without midwifery skills	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Does not provide	Does not provide	Does not provide	Does not provide	Does not provide	Does not provide	Does not provide	Does not provide	Does not provide
Pharmacist	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Does not provide	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service
Auxiliary nurses (RCN, EN, RGN)	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service
Midwife	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service
PA ² with midwifery skills	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service
Medical doctor	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service
OBGYN	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service	Provides Service

★ **Task sharing efforts can allow OCTMs¹ and pharmacies expand offerings** while simultaneously, allowing midwives, doctors and OBGYNS focus on more complex contraceptives and expand the healthcare capacity

Notes: (1) OCTMs are Over The Counter Medicine Sellers (2) PA are Physician Assistants (3) Source - Ghana Health Services (2023)

To address the evolving market and potential challenges which arise from changing needs of the population, private sector skills and capacity can be leveraged to strengthen the supply of contraceptive products and services

Focus of this study



**Target
outcome**

Reduce unmet need for contraceptives by improving the private market for contraceptive products and services

The private sector offers unique ways to improve access and quality to contraceptives across both product supply chain and service delivery

	Increase Access	Improve Quality
Product Supply Chain ¹	<ul style="list-style-type: none"> Increasing opportunities to access products (e.g. new and existing products) Strengthening supply through additional supply channels (e.g., using private sector distribution channels) Leverage other services (e.g., education, MNCH & menstrual health) 	<ul style="list-style-type: none"> Ensuring quality products (e.g., Seals of quality, higher-end products) Enabling diversification of products and choice (e.g. new and existing brands to market)
Service Delivery ²	<ul style="list-style-type: none"> Ensuring geographic coverage (e.g., NGOs services harder to reach population) Opportunities to enhance capacity of public sector to deliver services to meet need (e.g., potential for task sharing) Can support removal of cultural barriers and stigma associated with contraceptive use 	<ul style="list-style-type: none"> Strengthening quality of services experience (e.g., ability to better target/respond to patient preferences like more convenient clinic hours, more in-depth appointments or reduced wait times, support difficult to reach populations, focus on customer satisfaction)

These areas of value were collaboratively identified between 30+ cross-sector health stakeholders in Ghana

Notes: (1) Product Supply Chain entails the supply refers to the entire process involved in the sourcing, manufacturing, distribution, and delivery of contraceptive products (i.e., condoms, birth control pills, etc.) to end users. This manufacturing of products, storage in warehouses or distribution centers, transportation to various distribution points, such as clinics or pharmacies, and finally, the provision of contraceptives to individuals who need them. (2) Service Delivery on the other hand, only focuses on the provision of contraceptive services (i.e., insertion of IUD) to end-users step of the supply chain.

The contraceptive value-chain encompasses a range of actors contributing value to the market in different ways

Value Chain Step	Context within Ghana	Funding Sources	Actors	Examples in Ghana
Manufacturing 	<ul style="list-style-type: none"> No local or regional manufacturers of contraceptives Representatives engage in importation, wholesaling and distribution of goods 	<ul style="list-style-type: none"> Equity Banks/Commercial sources 	<ul style="list-style-type: none"> Manufacturers Sales representatives 	<ul style="list-style-type: none"> Bayer and Mylan have sales representatives that actively promote and manage the importation of their products
Procurement 	<ul style="list-style-type: none"> All contraceptive products are imported Importers bridge the gap between manufacturers and wholesalers Private commercial sector's imports are relatively small -mainly focusing on male condoms and emergency contraceptives 	<ul style="list-style-type: none"> International Donors Equity Banks/Commercial sources Suppliers credit for importers is 90-120 days (usually by overseas exporting companies - can be done without collateral); can be paid in installments 	<ul style="list-style-type: none"> Global Agencies SMOs¹ Select large pharmacy chains 	<ul style="list-style-type: none"> USAID, WAHO², DKT³ TFHO⁴ procures contraceptives through USAID-Ghana/USAID centralized procurement UNFPA provides contraceptives to PPAG⁵ and MSIG⁶ which distributes to the private sector
Importing 				
Distribution (Transport & Logistics) 	<ul style="list-style-type: none"> Facilitate distribution to retailers and clinical service providers Majority of distributors are situated in regional capitals; larger companies typically have multiple locations Many distributors have their own warehouses and use their own vehicles, while some use commercial transport 	<ul style="list-style-type: none"> Equity Banks/Commercial sources Suppliers credit (30-90 days) but have the option of receiving a 7-10% cash discount 	<ul style="list-style-type: none"> Pharmaceutical Wholesalers & Distributors Large Pharmacies SMOs¹ Third-party logistical organizations 	<ul style="list-style-type: none"> Ernest Chemist (importation, distribution and retailing) Pharmanova (importation and distribution of contraceptives) DKT³ and SFH⁷ import and distribute contraceptives

See slides 30-59 in the approach

Notes: (1) SMO: Social Marketing Organizations (2) WAHO: West African Health Organization (3) DKT is an international SMO (4) TFHO: Total Family Health Organization (5) PPAG: Planned Parenthood Association of Ghana (6) MSIG: Marie Stopes Ghana (7) SFH: Society for Family Health

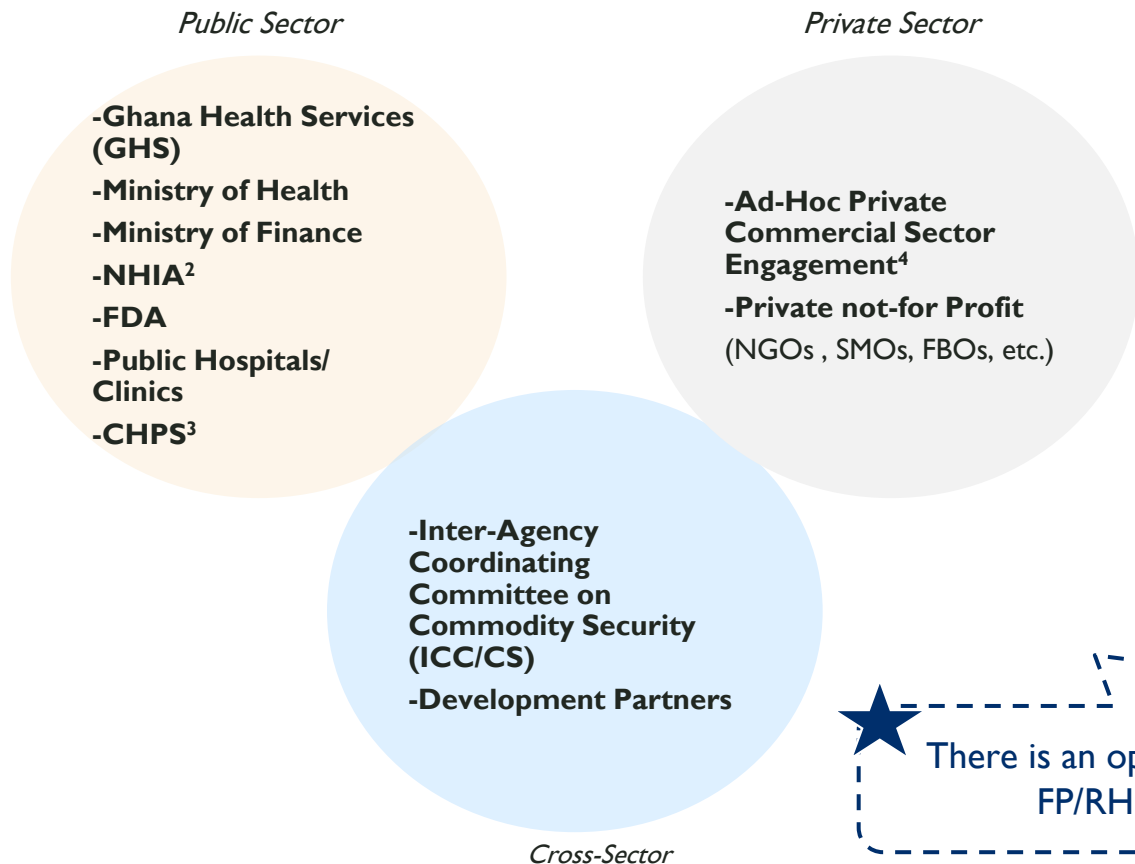
The contraceptive value-chain encompasses a range of actors contributing value to the market in different ways

Value Chain Step	Context within Ghana	Funding Sources	Actors	Examples in Ghana
Storage/ Warehousing 	<ul style="list-style-type: none"> High cost due to requirements of some products (temperature control, etc.) Public sector warehouse facilities sometimes utilized by private sector 	<ul style="list-style-type: none"> International Donors Own funds/Equity Banks/Commercial sources Government funding 	<ul style="list-style-type: none"> Manufacturers Third party logistical organizations Large pharmacy/hospital chains Health Start-Ups 	<ul style="list-style-type: none"> Mylan Bayer GHS Regional Medical Stores
Business to business sales 	<ul style="list-style-type: none"> Small number of players Business-to-business suppliers face limitations selling to pharmacies because of tight-turnaround supply needs 	<ul style="list-style-type: none"> Own funds/Equity Banks/Commercial sources Suppliers credit (30-90 days but have the option of receiving a 5-10% cash discount) 	<ul style="list-style-type: none"> Wholesalers SMOs¹ Health Start-Ups NGOs Large pharmacy chains 	<ul style="list-style-type: none"> mPharma TFHO⁴ with Osons Chemists, Ernest Chemist with East Cantonments Pharmacy, Unicom Chemist, Lansah Chemist etc.
Direct sales & service provision 	<ul style="list-style-type: none"> Limited method mix - private sector dominated by pharmacies and OTCMs¹ who distribute socially and marketed condoms and pills Pharmacies leader in providing emergency contraceptives NGOs cater more to the needs of underserved populations with subsidized commodities 	<ul style="list-style-type: none"> Own funds Commercial loans Banks - short term support (overdrafts, hedging) Cooperatives Credit Union Savings & loans (especially rural areas) Suppliers credit 	<ul style="list-style-type: none"> Chain/individual pharmacies Hospital/Clinics Maternity Homes OTCMs² NGOs & FBOs³ Health Start-Ups Supermarkets Petrol stations 	<ul style="list-style-type: none"> mPharma, Ernest Chemist East Cantonments Pharmacy Yellow & Orange JM Addo & Sons Pharmacy KofiKrom Pharmacy Top Up Pharmacy

See slides 30-59 in the approach

To unlock the potential of private sector actors across the value-chain, it is essential build on current momentum to improve private sector engagement

Current State¹



Challenges

- Engaging the private sector effectively has been a long-standing issue in Ghana - the ICC-CS recognized the pivotal role of the private sector in their report, “*Meeting the Commodity Challenge: The Ghana National Contraceptive Security Strategy*” in 2004 – 2010
- However, progress has been slow due to sporadic involvement and coordination, particularly within the private commercial sector, potentially limiting the country from capitalizing on the full potential of the sector
- For example, the ICC-CS does not engage with the private commercial sector; Only SMOs, NGOs, FBOs are members of the ICC-CS



There is an opportunity to build upon recent engagement to better incorporate private sector FP/RH actors in decision-making approaches and recognize their role and needs

The private sector can continue being a key provider of SAMs, and/or expand into LARCs, but improved private sector engagement is necessary

The market assessment phase enabled us to identify market trends and relevant opportunities to strengthen the private contraceptive market

Key Market Insight	Opportunity area identified	Relevant business archetypes
The private sector is the primary sources for SAMs; pharmacies and OTCMs are restricted from providing LARCS	Increase consistent access to SAMs in the private market through reduced stock outs	<ul style="list-style-type: none"> Independent pharmacies Other accredited retail outlets
LARCs are projected to increase in popularity; research has indicated that uptake of LARCs in Ghana has improved overall mCPR	Increase delivery of injectables and implants through the private market	<ul style="list-style-type: none"> Pharmacy Chains Independent Pharmacies Independent Providers Private Clinics
Private business' needs are not readily incorporated into larger-level market coordination efforts	Improve upon current private-public coordination and establish formal approaches for engagement and consultation	<ul style="list-style-type: none"> All businesses



The market assessment may unearth system level barriers that impact a wide range of health and business challenges. Addressing these first may be essential to enabling effective deployment of technical and financial solutions – this was a key finding for Ghana

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Ghanaian businesses face financial instability challenges due to high upfront risk, difficulty in accessing capital, and misaligned incentives across stakeholders

When identifying challenges at a local level, it will be important to understand the root causes

Local Business Challenge		Financial Root Cause	Ghana specific example	Relevant businesses
High cost to borrow capital	Limited access to appropriate capital at the different stages of business growth (profit, scale or impact)	<ul style="list-style-type: none"> High interest rates Stringent criteria Short repayment timelines 	<ul style="list-style-type: none"> National and commercial businesses don't offer a preferential rate to contraceptive businesses Bank of Ghana Policy rate 30% (Sept 2023) & Average commercial bank lending rate; over 37%, Tenor: 12-60 months, need to be backed by collaterals; Lending period 1-5 years 	<ul style="list-style-type: none"> Clinical service delivery points Non-clinical retail outlets Start-ups
Working capital issues	Businesses struggle with short-term working capital and cash constraints	<ul style="list-style-type: none"> Limited credit Delayed reimbursement from insurance Locked up inventory 	<ul style="list-style-type: none"> Delayed reimbursement by the NHIA – decrease of pharmacies and maternity homes not renewing accreditation of NHIS NHIS reimbursement is for service only and not commodities - does not cover SAMs, as a result Pharmacy and OTCMS retail outlets are unable to provide FP commodities and services under the NHIS 	<ul style="list-style-type: none"> Business-to-business Clinical service delivery points Non-clinical retail outlets
Lack of prioritization of contraceptives	Contraceptives are not a significant revenue stream for businesses, limiting range of products/ services	<ul style="list-style-type: none"> Low profit margins High infrastructure/equipment costs (for some services) Uncertain demand for contraceptives 	<ul style="list-style-type: none"> It is difficult for private commercial facilities to compete with the public sector/NHIS, which offer implants free of charge under the NHIS while the cost of Implants is about \$8.50 for the private sector 	<ul style="list-style-type: none"> Non-clinical retail outlets Private hospitals and clinics
High upfront costs with no guaranteed market	High costs associated with importing and procuring contraceptive products	<ul style="list-style-type: none"> All contraceptives are imported Uncertain demand Route to profit is high volume sales – but SMEs cannot afford it or take risk 	<ul style="list-style-type: none"> For importers –Down payment (30-50%) before products is shipped Shipment takes between 3-6months As an example, an importer brought in condoms, but experienced extensive delays due to FDA quality assurance testing; after approval, he had limited time and uncertain demand projections to sell the product before it expired 	<ul style="list-style-type: none"> Wholesalers Independent private providers Small non-clinical retail outlets

Many actors face both internal and external technical limitations that impact their ability to maintain a stable business or expand product offerings

Local Business Challenge		Technical Root Cause	Ghana specific example	Relevant businesses
Difficulty delivering LARCs	Businesses struggle to attract and retain quality clinical expertise reducing their ability to deliver LARCs	<ul style="list-style-type: none"> Shortage of trained professionals Regulations on the cadre of staff who can provide LARCs Inadequate equipment & logistics for provision of services in the private sector Costly instruments & equipment 	<ul style="list-style-type: none"> DMPA-SC registered by FDA as self-injectables but pharmacists are still not allowed to administer it because they are prohibited from administering injections Decrease in midwives and maternity homes, which have decreased the overall number of actors who can administer LARCs 	<ul style="list-style-type: none"> Service delivery points Pharmacies
		<ul style="list-style-type: none"> Limited awareness of or access to trainings Disinterest in content and unsuitability to context High investment of time and money to obtain certification 	<ul style="list-style-type: none"> Private sector lacks internal capacity to provide practical training in LARCs service - it relies on the public sector for practical training (typically, FDC of GHIS have provided training) Training is often an intensive in-person training (long and costly) Employers cannot guarantee they will reap the benefit of training employees since they face high attrition rates of trained clinicians 	
Limited business know-how on funding sources	Limited access to appropriate capital at the different stages of business growth and expansion (profit, scale or impact)	<ul style="list-style-type: none"> Inadequate capacity to apply Inadequate systems to meet criteria for funds/grants Limited information on funding sources 	<ul style="list-style-type: none"> Funds were not realized fully for the UK-Ghana partnership for Jobs and Economic Transformation, implemented with the Ghana Chamber of Pharmacy and the Pharmaceutical Manufacturers Association of Ghana 	<ul style="list-style-type: none"> Clinical service delivery points Non-clinical retail outlets
Constrained staff capacity	Limited business planning and supply chain management skills among last mile actors	<ul style="list-style-type: none"> Inadequate capacity Business operations may not be key stakeholders' expertise 	<ul style="list-style-type: none"> Often, at small and medium sized pharmacies, owners are first-and-foremost trained as pharmacists and not business owners; this leads to business inefficiencies 	<ul style="list-style-type: none"> Independent private providers Private clinics Pharmacies Other accredited retail outlets

Outside of business-specific challenges, private stakeholders face additional external barriers; combined effort from stakeholders across the sector will be needed to address these challenges

Business Challenge		Systemic Root Cause	Ghana specific example	Relevant businesses
Ineffective public-private relationships	Commercial for-profit businesses not included in decision-making approaches	<ul style="list-style-type: none"> Lack of mutual trust (between public and private sector) Poor coordination Low level of engagement from both parties 	<ul style="list-style-type: none"> There are currently no commercial sector members of the Inter-Agency Coordinating Committee on Commodity Security (ICC/CS), but for a truly comprehensive approach, the ICC/CS should include private sector stakeholders 	All businesses
	Misaligned incentives between parties	<ul style="list-style-type: none"> Commercial entities are motivated by profit whereas the public sector and private NGOs are socially driven 	<ul style="list-style-type: none"> There are currently no commercial sector members of the Inter-Agency Coordinating Committee on Commodity Security (ICC/CS) 	
	Poor information exchange	<ul style="list-style-type: none"> Lack of data from private sector Lack of mutual trust; confidentiality and protecting business from competitors 	<ul style="list-style-type: none"> National contraceptives quantification and forecasting does not include data from private commercial sector 	
Regulatory Barriers	Regulatory limitations on scope of contraceptive services delivered	<ul style="list-style-type: none"> Training and certification required for the delivery of certain services (e.g., LARCs) 	<ul style="list-style-type: none"> While DMPA-SC has been registered by the FDA as self-injectable, which should increase access to users, pharmacists are still not permitted to administer or sell it due to regulations prohibiting them from administering injections 	
	High barriers to entry and sustainability; high importation costs and risk	<ul style="list-style-type: none"> Clearance charges, taxes and regulatory costs not often waived for private sector Often long and unpredictable regulatory approval timelines 	<ul style="list-style-type: none"> The FDA usually fast track testing of condoms imported by Development partners, but not for the commercial private sector 	

Notes: The identified challenges suggest that more formalized sector engagement by private sector actors, including towards the broader system (i.e., public sector), could raise awareness of the private sector's constraints and needs, ensuring it receives the necessary long-term focus and support for sustained growth. We outline a potential private sector engagement roadmap in a separate document, *Supporting the private contraceptive market in Ghana*.

Working capital issues, lack of prioritizing contraceptives, and constrained staff capacity are three key barriers preventing businesses from improving delivering services and products

Local Business Challenges		Root Causes	Relevant Businesses
Working capital issues	Businesses struggle with short-term working capital and cash constraints	<p>High perceived risk of default leads to limited credit provided by wholesalers to businesses - upfront payment for commodities often demanded</p> <p>Businesses encounter payment delays and uncertain timelines from insurance companies, which leads to short-term cashflow issues</p> <p>Lack of demand forecasting capability reduces ability to procure effectively leading to insufficient stock</p>	<ul style="list-style-type: none"> Clinical service delivery points Non-clinical retail outlets Start-ups Business-to-business
Lack of prioritization of contraceptives	Contraceptives are not a significant revenue stream for businesses, limiting their range of products/services	<p>Low margin on contraceptive products reduces profitability of contraceptive sales</p> <p>Difficulty guarantying and forecasting demand for contraceptives</p>	<ul style="list-style-type: none"> Non-clinical retail outlets Private hospitals and clinics
Constrained staff capacity	Limited business planning and supply chain management skills among last mile actors	<p>Level of demand for products and services is not known and may not always be predictable – this increases uncertainty for businesses looking to bring in new products or services</p> <p>Many businesses operating in the contraceptive value chain are SMEs with limited technical capabilities around stock management and demand forecasting and so are unable to efficiently purchase and manage stock</p>	<ul style="list-style-type: none"> Independent private providers Private clinics Pharmacies Other accredited retail outlets

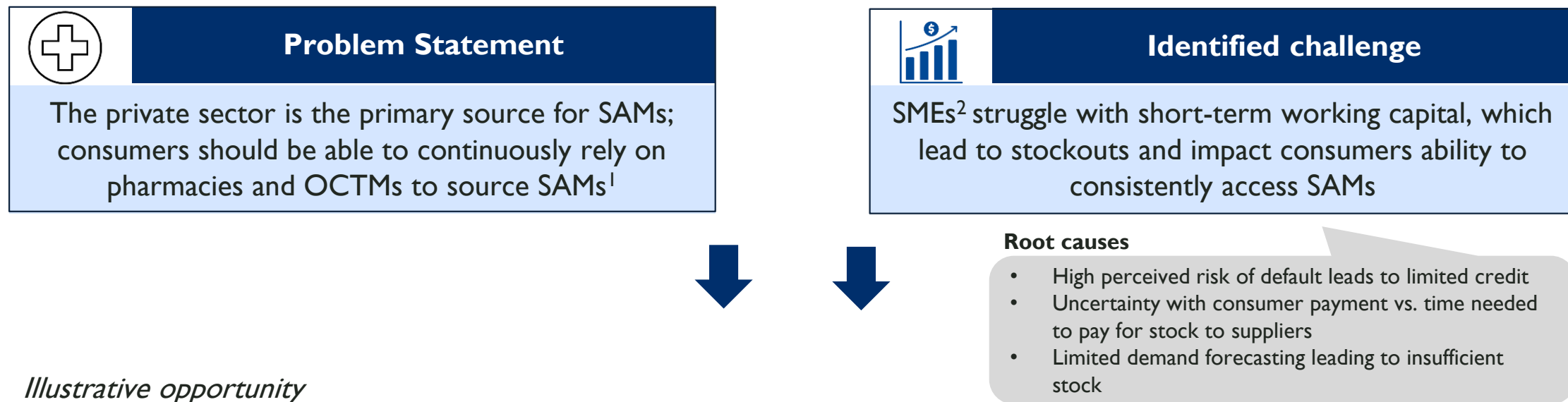
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For a detailed application of the three-step approach, we identified an illustrative challenge and consequent business opportunity from our market assessment

As a first step, define the problem statement and specific business challenge through the market assessment. Then, identify an opportunity for enhancing the capacity of private businesses to better address this challenge:

Illustrative approach



Illustrative opportunity

Ensure consumers can consistently access SAMs through the private market through improved access to short-term capital to reduce stockouts

Notes: (1) In the market assessment, we also identified that there is a wider system-level barrier that many pharmacies and OCTMs are currently restricted from providing LARCs; However, training of private clinics to deliver LARCs has started and the Ghana government has begun assessing regulations. This is a potential growth area in the future which can be capitalized on if business financial stability improves (2) SMEs are not the only business type that faces this problem, but in order to find a relevant solution, it was important to narrow the business focus.

We identified key factors that refined our problem statement to better screen relevant financial and technical tools

Using the financial tool profile from the Approach document, further refine the problem statement and potential opportunities for impact

Guide on using the financial tool profile

Blended/Impact Debt Fund

What is it?

A fund set up to provide debt loans to health businesses to support access to working or growth capital. Through blending with grants, loans can be offered on more favorable terms, such as lower interest rates and/or longer repayment timelines. Repayments could be recycled back into the fund to provide health loans to additional businesses in the future.

How would it solve the problem?

A debt fund would enable easier access to affordable working capital for businesses. By operating at a fund level rather than individual transactions, this will enable greater scale and diversification of risk for the lender.

Question

Illustrative answer

<p>1</p> <p>What type of capital/financing does the businesses need?</p>	<p>Increases access to finance and reduce risk</p>
<p>1</p> <p>What is the technical skill gap we are hoping to close?</p>	<p>A range of skills could help, but business/supply chain management skills paired with a franchising model could be key</p>
<p>2</p> <p>What section of the value-chain and business archetype can help to address the problem?</p>	<p>Direct Sales & Service: Independent pharmacies and other accredited retail outlets</p>

Refined problem statement and opportunity

Support **independent pharmacies and other accredited retail outlets** provide more **consistent stock** of SAMs (particularly oral contraceptives) by **alleviating working capital constraints**

To further identify possible solutions, we assessed the range of tools in relation to business motivations and the root cause of market challenges

The solution should...



Be aligned with the objectives of the target business



Respond to the root causes of the most relevant business challenge

Could this tool provide the...

type of capital/financing the businesses need

type of capital/financing the businesses can sustainably accept

range and depth of skills the businesses need

technical support the businesses need in the right modality

...to overcome their business challenges?

A combination of financial and technical support might best address the challenges faced by local businesses and deliver the greatest impact

Guided by the problem statement and challenge’s root causes, we assessed a range of financial tools on their ability to support local private businesses

Yes, definitely Somewhat

Illustrative priority intervention: Support independent pharmacies and other accredited retail outlets to provide more consistent stock of SAMs (particularly OCs) by alleviating working capital constraints	Improve access to capital					Reduce risk			Incentivize Impact
	Working Capital		Growth Capital		Seed/Growth Capital				
	Blended/ Impact Debt Fund	Supply Chain Finance	Revenue Finance Fund	Blended/ Impact Equity Fund	Tiered Catalytic Fund	Loan guarantee	Volume Guarantee	Pooled procurement mechanism	Impact linked finance models
Does this tool provide the right type of capital for this business’s needs?	X	X				X		X	(X)
Does this tool provide capital that this business can sustainably carry?	X	X				X		X	(X)
Does this tool provide the range and depth of skills the businesses need?	<i>If paired with the appropriate technical assistance</i>								
Does this tool provide technical support the businesses need, in the right modality?	<i>If paired with the appropriate technical assistance</i>								

The **business archetype** and **financial tool summaries** included in the approach can be used to aid this assessment

Selecting the right tool requires alignment with business motivations and market challenges, which requires an assessment of technical tools

Yes, definitely Somewhat

Illustrative priority intervention: Support independent pharmacies and other accredited retail outlets to provide more consistent stock of SAMs (particularly OCs) by alleviating working capital constraints	Address technical capacity gaps										
	Technical skill						Delivery Modality				
	Clinical	Business Management	Finance	Supply Chain Management	Marketing	Entrepreneurship	Mentorship	Peer-to-peer learning	On the job training	Franchising	Incubator/ Accelerator
Does this solution provide the right type of capital for the businesses needs?	<i>If paired with the appropriate financial assistance</i>										
Does this solution provide capital that this business can sustainably accept?	<i>If paired with the appropriate financial assistance</i>										
Does this solution provide the range and depth of skills the businesses need?		X	X	X	X						
Does this solution provide technical support the businesses need in the right modality?								X	X	X	

The **business archetype** and **technical tool summaries** included in the approach can be used to aid this assessment

From this assessment of tools, we defined a shortlist of three potential solutions to be considered for design and implementation feasibility

Potential intervention	Potential Solution/Intervention	
<p>1 Blended/Impact Debt Fund for product procurement paired with supply chain management training</p>	<p>A fund set up to provide debt loans to health businesses to support access to working capital. Through blending of capital, loans are offered with more favorable terms such as lower interest rates and/or longer repayment timelines. Repayments are recycled back into the fund to provide health loans to additional businesses in the future.</p>	<pre> graph TD A[Primary lender(s)] -- "Seed capital" --> B[Reproductive Health Blended/Impact Debt Fund] B --> C[Health facility/clinic/local business] C --> B </pre>
<p>2 Pooled procurement model that facilitates access to lower cost commodities with paired assistance</p>	<p>Pooling mechanisms aim to aggregate businesses together to achieve economies of scale and gain the efficiencies that come with scale. This includes instruments like buyer clubs or pooled procurement models, where groups of smaller businesses can pool their demand such that the volumes are large enough to achieve cost efficiencies.</p>	<pre> graph TD R[Retailers] -- "Aggregated demand (1)" --> CB[Coordinating body] CB -- "Lower negotiated price (2)" --> UWS[Upstream wholesaler/seller] UWS -- "Direct provision of products (3)" --> R </pre>
<p>3 Pharmacy franchising model that integrates supply chain management systems and a pooled procurement function</p>	<p>Expanding pharmacies through a franchising model will allow independent entrepreneurs or new/existing pharmacies to operate under an established pharmacy brand, system, and standards in exchange for a fee or a share of the profits. This model combines the benefits of scale, including wider reach with the support and reputation of an established brand without reduced risk.</p>	

Slides 61-92 in the Approach detail out these solutions, among others

Once a range of solutions have been identified, feasibility and implementation considerations will influence decision-making and next steps

Three areas of consideration are outlined below to aid effective assessment of potential options

Ecosystem readiness

The solution should consider how ready the system is able to support an intervention and leverage the benefits more broadly

- Does the broader ecosystem have sustainable and formal approaches in place to support this intervention and target businesses?
- Will the solution have any perverse implications within the market and broader health system?
- Are stakeholders in the ecosystem able and willing to engage?

Cost-benefit of implementation

The risks and costs of implementation should be justifiable for the business impact it will deliver

- How complex is set-up and operationalization?
- What are the funding and timeline constraints to implementation?
- Are there USAID structures in place to facilitate this solution?
- Are there significant risks to delivery?
- Has USAID participated in this structure before?

The role and expertise USAID could play/leverage

The solution should leverage USAID's expertise effectively and consider the role it can play within existing structures

- What roles has USAID played previously in similar models?
- Are there structural barriers that limit USAID's role?
- Does USAID need to deploy capital for the success of any of these solutions and/or leverage their non-financial expertise and networks?

To further determine feasibility, solutions need to be assessed against the cost/benefit of implementation, role of USAID, and ecosystem readiness

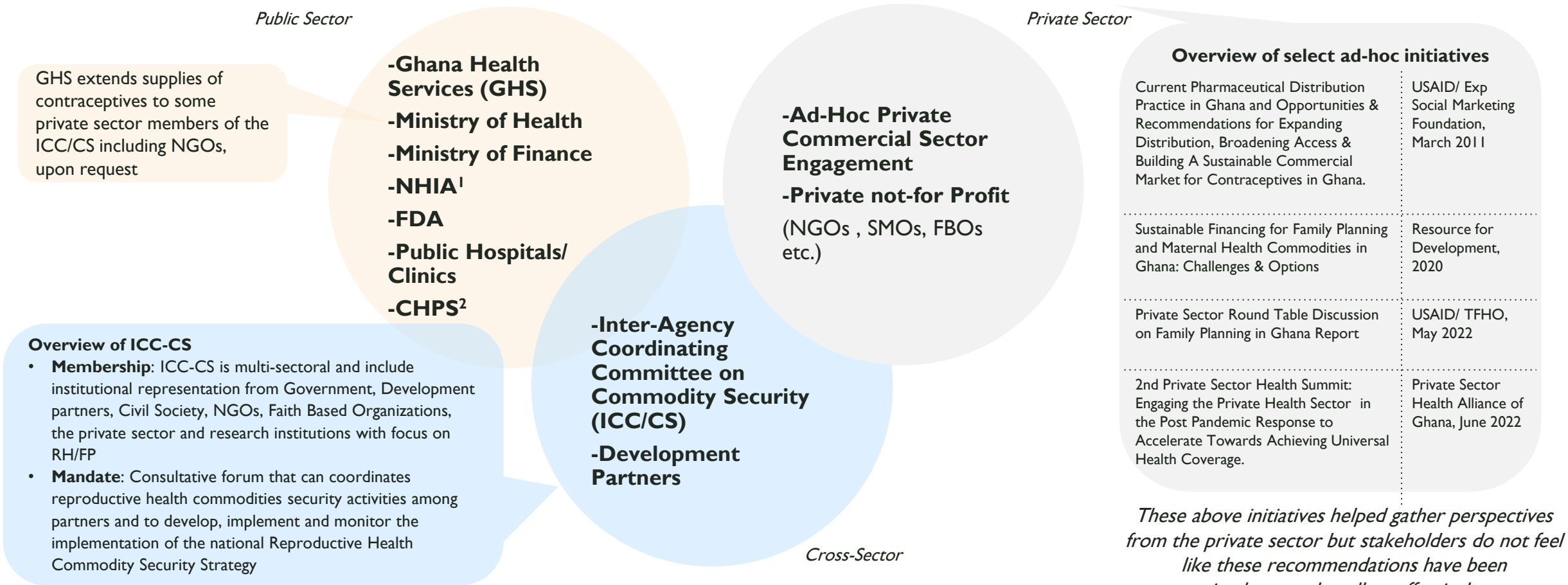
Detailed feasibility analysis and an assessment of next steps will need to be conducted to take forward initiatives:

	Blended/Impact Debt Fund for product procurement paired with supply chain management training	Pooled procurement model that facilitates access to lower cost commodities with paired assistance	Pharmacy franchising model that integrates supply chain management systems and a pooled procurement function
Ecosystem readiness	As identified in the market assessment, better coordination between the commercial private sector and public sector around contraceptives in Ghana is necessary to ensure engagement and the development of sustainable solutions. Putting in place the right conditions to build public private coordination will aid effectiveness of implementation and improve likelihood of achieving the desired impact. This step is essential to assess interest, priorities, and feasibility before moving specific interventions forward. ¹		
Potential role of USAID	<ul style="list-style-type: none"> Bring financial institutions together (e.g. test interest among local banks) Provide effective deployment of capital through business and finance skills training Lead supply chain training Active Performance Management² 	<ul style="list-style-type: none"> Negotiation support to downstream buyers Business planning support Active Performance Management² 	<ul style="list-style-type: none"> Conduct data analysis to determine key hubs for expansion Lead supply chain training Active Performance Management²
Cost-benefit of implementation	<ul style="list-style-type: none"> Likely to be existing structures USAID could leverage Designing and operationalizing from scratch could be higher cost. It would require business model assessment and affordability tests Viability of buy-in from commercial banks is uncertain 	<ul style="list-style-type: none"> Significant stakeholder coordination and more advanced financial approaches to support the structure is required More complex design and operationalize requirements 	Franchising model: <ul style="list-style-type: none"> Cost and risk/reward less certain as dependent on pharmacy engagement Pooled procurement function – <ul style="list-style-type: none"> Significant stakeholder coordination and financial approaches to support the structure required

Notes: (1) See *Supporting the private contraceptive market in Ghana* document for a suggested approach to improve coordination within Ghana (2) Active Performance Management is an ongoing approach to track progress, identify problems, and rapidly address project challenges (3) Commercial local bank engagement is not strictly necessary if the perceived risk to them is too high – but their engagement and support is more likely to lead to a successful outcome and minimize potential for market distortions

Appendix

Detailed overview of the current Public/Private market coordination for RH/FP stakeholders



Notes: (1) National Health Insurance Authority (2) CHPS: National Community Health Planning and Services