







Barriers to Entering the African Condom Market

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Background

- Male and female condoms are the only devices for the prevention of HIV and other STIs and
- Donor funding for condom procurement has been declining in recent years.
- To date, few condom manufacturers have entered the African market.
- In 2015, several condom manufacturers joined donor agencies to form a coalition whose main goal is to provide 20 billion condoms to low- and middle-income countries by 2020 (20 x 20 Condom Initiative).
- AIDSFree, a U.S. President's Emergency Plan for AIDS Relief- and United States Agency for International Development (USAID)-supported project, in collaboration with the United Nations Population Fund (UNFPA), conducted a survey on barriers that prevent condom manufacturers from entering the African market.

Objectives

- To assess barriers to entry into the African condom market from commercial condom manufacturers' perspectives.
- To assess macroeconomic, sector-, market-, and company-specific factors that commercial condom manufacturers consider when entering a condom market.
- To gather manufacturers' recommendations on ways to mitigate, manage, or share risks associated with entering the African condom market.

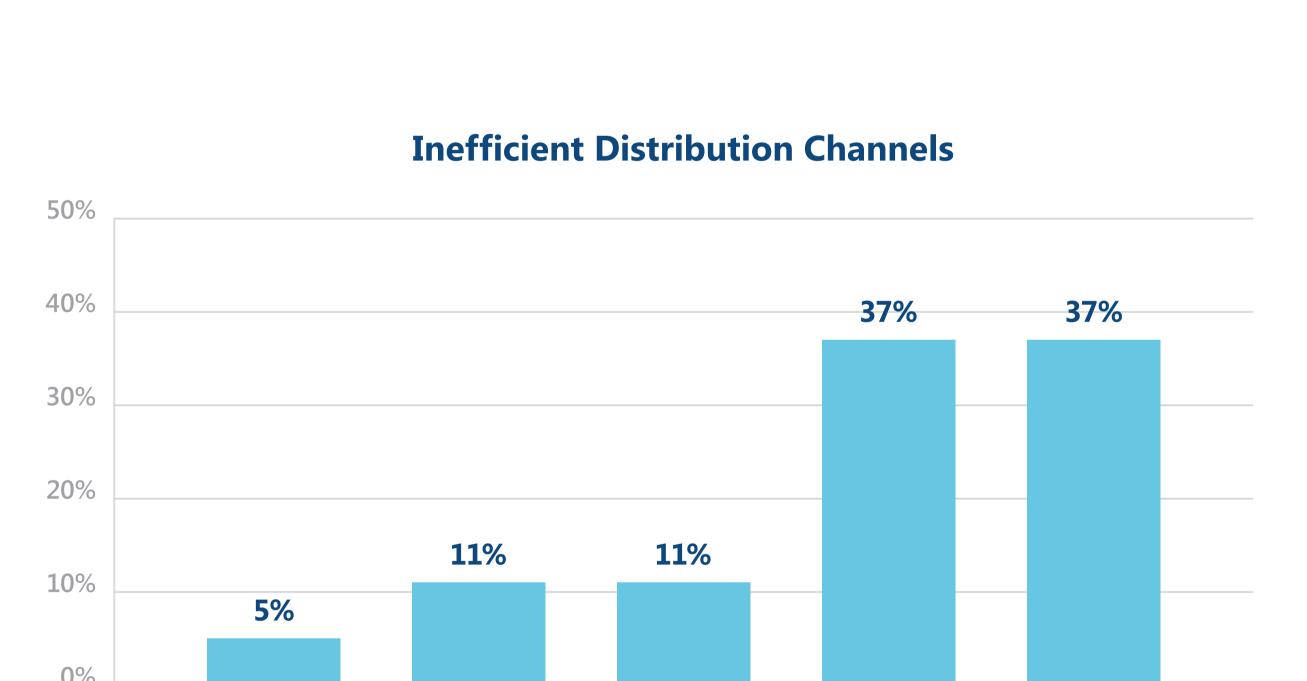
Materials and Methods

- Study population
- Condom and/or lubricant manufacturers who attended a 20 x 20 Condom Initiative meeting or who were reached by email/company website and willing to participate in the survey.
- Data collection
- Self-administered and semi-structured questionnaire.
- In-depth interviews with two African-based and one female condom manufacturers to discuss their experiences and major barriers when entering the African market.
- Data analysis
- Ranking of barriers to market entry from the self-administered questionnaire. - Identification of similar or new barriers to market entry from in-depth interviews.

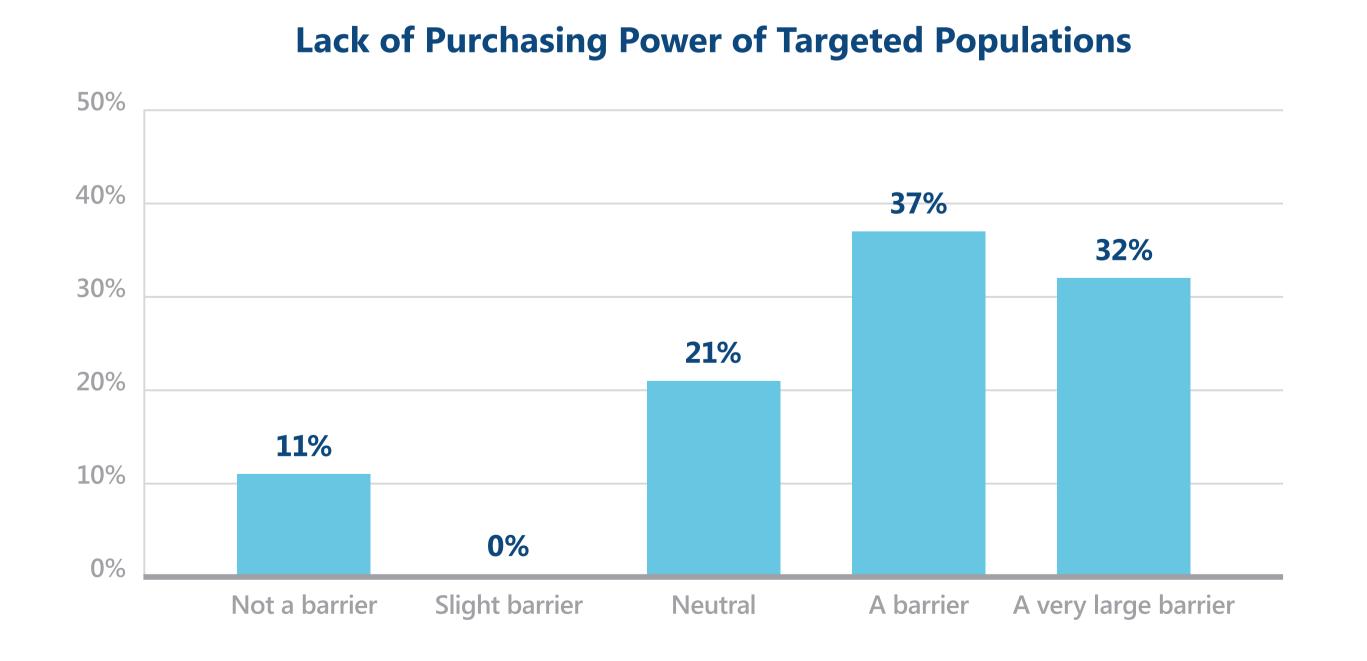
Results

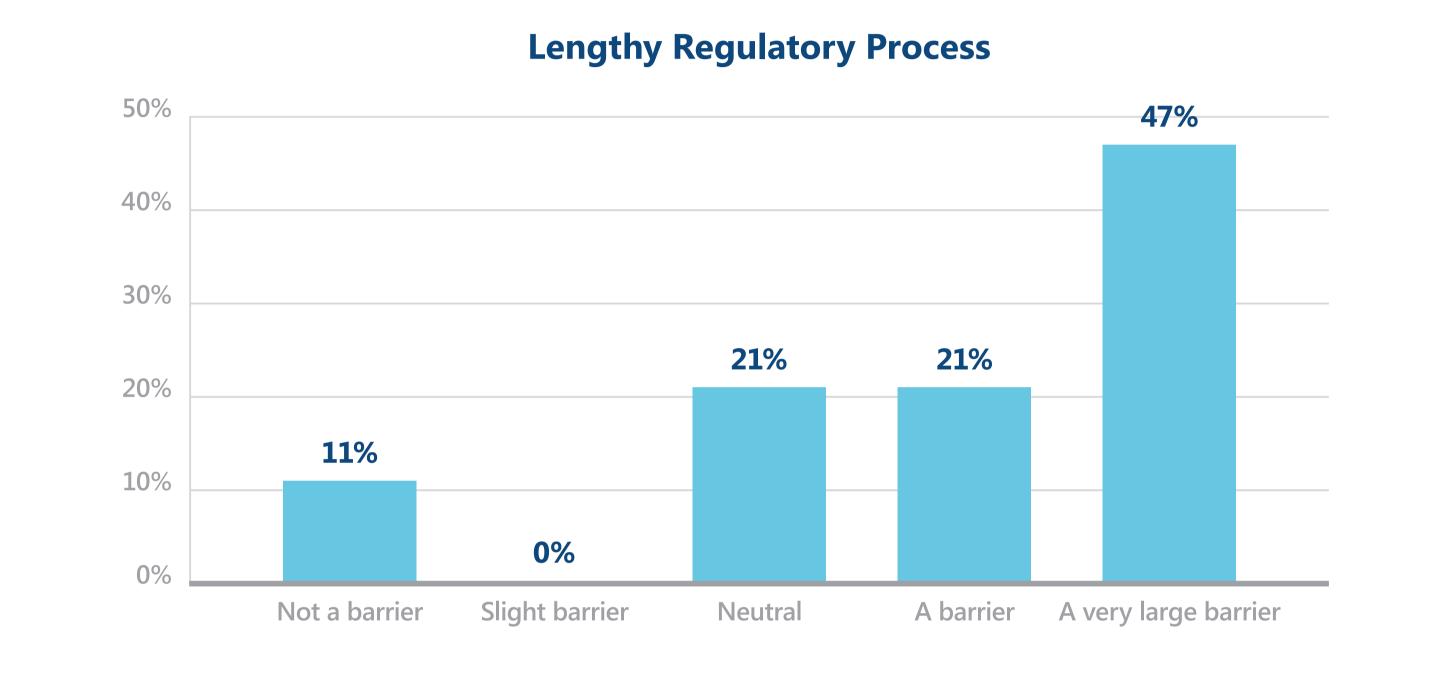
- Survey conducted from August 2017 to October 2017.
- 19 of the 52 condom manufacturers approached participated in the survey. • Participants were from 12 countries, with
- the vast majority (74%) located in Asia only two participants were from Africa.
- The majority of manufacturers (89%) produced male condoms—only 3 companies produced both male and female condoms.
- During the last 12 months, they produced between 1 million—600 million branded units.
- Manufacturers under procurement contracts produced between 8 million to 580 million units.
- Their annual condom production capacity ranged from 70 million to 5 billion units.

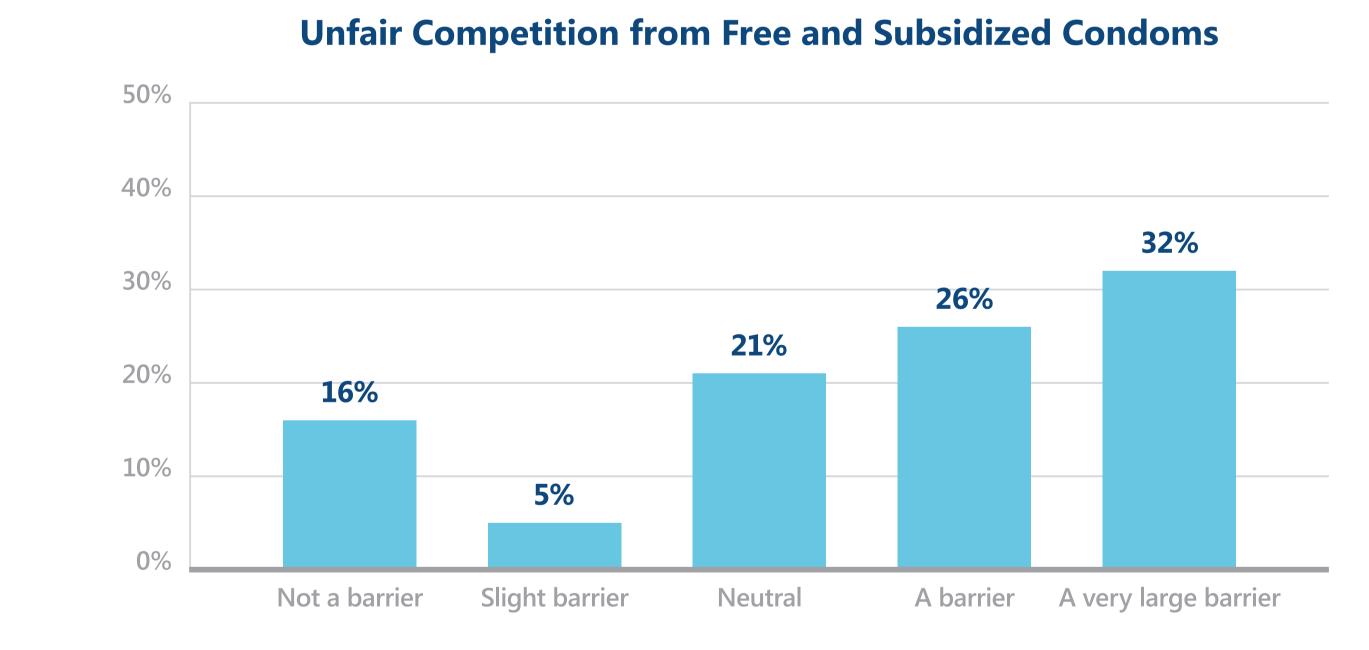
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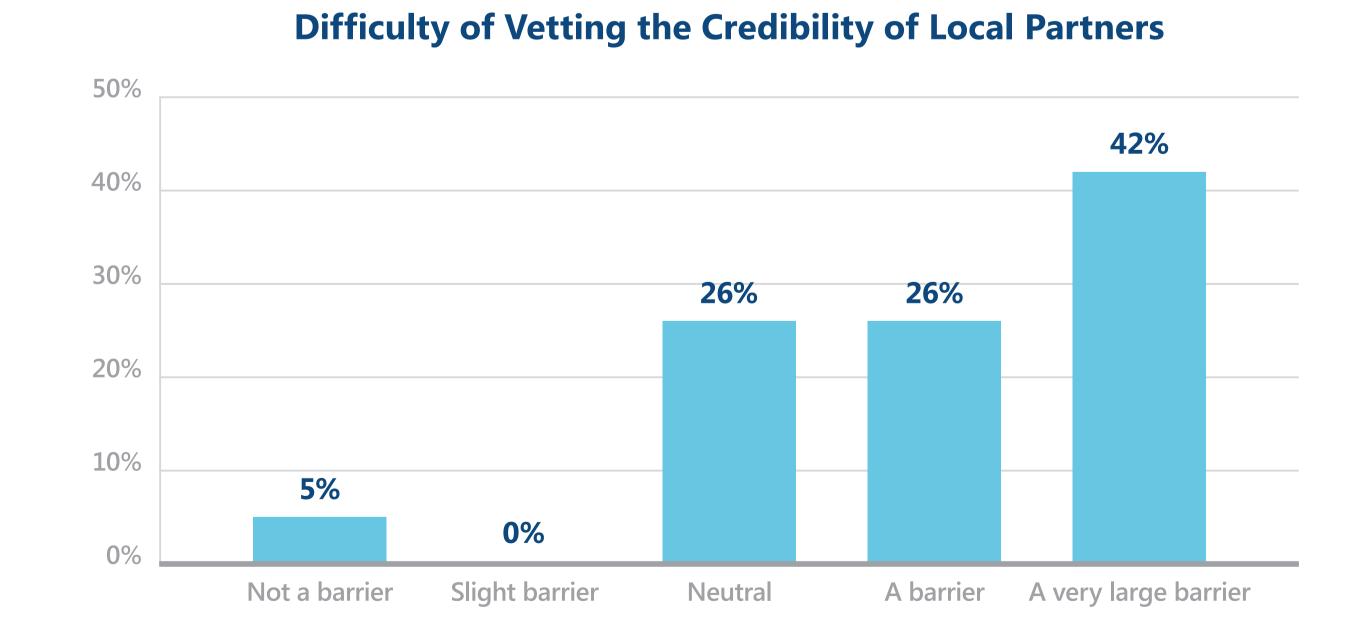


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Ways to Mitigate, Manage, or Share Risks of African Market Entry

- Easier access to information on trade policies and regulatory standards.
- Harmonization of regulatory requirements.
- Reduction of regulatory fees and processing time.
- Provision of import tax exemptions.
- Reduction or elimination of free and subsidized condor

Additional Factors Considered for Market Entry

- Presence of other commercial condom manufacturers. Company's production capacity.
- International and regional marketing experience.
- Quality of products compared to existing products, packaging, and standards.
- Flexibility in terms of production (ability to produce small and large quantities).
- Market size.
- Brand credibility (UNFPA pre-certification).

Study Limitations

Financial resources and support.

Potential for job creation.

Product differentiation.

- Limited number of participants considering the great number of original equipment manufacturers in the latex industry, but their core business is not condoms. Participants in our study include major condom providers to USAID and UNFPA, including the largest condom manufacturer in the world.
- Participants did not give detailed answers to questions potentially related to their company's market entry strategies.

Conclusions

The condom manufacturer survey identified several critical barriers to entry into the African

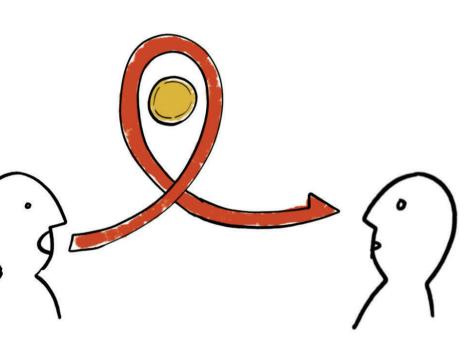
- High risk of insufficient return on investments.
- Lack of adequate product registration policy and regulations.
- Inefficient distribution channels.
- Availability of free and heavily subsidized condoms.
- Macroeconomic and market-specific challenges related to government and currency stability and trade policies.

Recommendations to Facilitate Market Entry

- Harmonization of regulatory standards for condom registration.
- Capacity building through training or technical assistance for condom-related regulatory processes, including support to ministries of health for strong condom program stewardship.
- Creation of an enabling environment for market entry through easier access to policy and regulatory information, exemptions and incentives, and reduced processing time and fees. • Better allocation (to the right populations) of free and subsidized condoms by local
- government and donor agencies. • Facilitation for adequate financing of local distributors or condom manufacturers.
- Establishment of a public-private partnership for condom program to enable a healthy condom market.
- Establishment of partnerships with local companies with wide distribution networks (e.g., the beverage industry) to extend access to remote areas.
- Better collection and sharing of condom market analytics by local government and donor agencies.
- Sustained demand generation and promotion activities by local governments and/or donors
- (sociobehavioral change communication) to grow the condom market.

Access the Full Report

To see the full condom manufacturer survey report, please visit the AIDSFree website at https://aidsfree.usaid.gov/collections/ <u>condom-programming</u>.





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