RBM Vector Control Working Group

Work Stream: Continuous Distribution

The Role of the Private Sector: Potential and Reality

Albert Kilian

9th Work Stream Meeting
20th February 2014
Geneva
Private Sector and nets & LLIN

- Sustained high net coverage from commercial markets alone is possible (The Gambia, Mali, Mekong Region)
- But where not yet established increases tend to be slow
- With shift to UC general agreement that campaigns needed for rapid scale-up
- Contribution of commercial LLIN market post scale-up small
- With potentially decreasing funds what can be the role and how do we realize it?
Market forces

Source: April Harding, World Bank Institute
Structuring Market Systems

Source: April Harding, World Bank Institute
Market Forces

1. **Operational Autonomy**
   - 0% to 100%

2. **Customer Competition**
   - 0% to 100%

3. **Price Influence**
   - Administered to Market

4. **Entry Barriers**
   - Very High to 0

5. **Subsidy Coverage**
   - 100% to 0

6. **Performance Tension for/under Contracts**
   - No contracts to No tension

Source: April Harding, World Bank Institute
Market Forces

<table>
<thead>
<tr>
<th>Campaign</th>
<th>Unstructured Market</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATIONAL AUTONOMY</strong></td>
<td>0%</td>
</tr>
<tr>
<td><strong>CUSTOMER COMPETITION</strong></td>
<td>0%</td>
</tr>
<tr>
<td><strong>PRICE INFLUENCE</strong></td>
<td>Administered</td>
</tr>
<tr>
<td><strong>ENTRY BARRIERS</strong></td>
<td>Very High</td>
</tr>
<tr>
<td><strong>SUBSIDY COVERAGE</strong></td>
<td>100%</td>
</tr>
<tr>
<td><strong>PERFORMANCE TENSION FOR/UNDER CONTRACTS</strong></td>
<td>No contracts</td>
</tr>
</tbody>
</table>

Source: April Harding, World Bank Institute
Market Forces

- **Operational Autonomy**: Administered (0%) to Market (100%)
- **Customer Competition**: Administered (0%) to Market (100%)
- **Price Influence**: Administered to Market
- **Entry Barriers**: Very High (0%) to Market
- **Subsidy Coverage**: 100% to 0%
- **Performance Tension for/under Contracts**: No contracts to No tension

Source: April Harding, World Bank Institute
Post-campaign demand & sustainability

- After campaign need begins to grow which can be turned into demand
- “Pull systems”, demand driven should increasingly dominate CD strategy
- Contribution of commercial sector will be country and time dependent

Market forces

![Graph showing post-campaign demand & sustainability](image-url)
How to structure markets to serve Public Health goals

Understand the market and market systems

Understand the role of the product in public health

... and how they may change over time
Creating a platform for public private dialogue absolutely essential

Varying subsidy levels and needs
Allow local tendering
Invest in local production where feasible

Marketing Campaigns
Support to distributors
Control counterfeit

Source: April Harding, World Bank Institute
Access to market by the poor

- Evidence shows that not only the wealthiest household buy nets from the commercial sector.
- Example: Senegal, data from 2010/11 DHS
  - Market support through NetMark Project, free mass campaign (except Dakar) and subsidy (1,000 CFA coupon).

Household ownership of nets from different sources

<table>
<thead>
<tr>
<th>Wealth Quintile</th>
<th>none</th>
<th>only full price</th>
<th>coupon + full</th>
<th>only coupon</th>
<th>free+coup+full</th>
<th>free + full price</th>
<th>free + coupon</th>
<th>free only</th>
</tr>
</thead>
<tbody>
<tr>
<td>poorest</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>poorer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>middle</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>richer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>richest</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Threats to Market Development

- **Leakage**
  - Does **NOT** occur at household level but rather warehouse/transport
  - Can be significant, undercutting prices

- **Counterfeit**
  - Exists but magnitude yet unclear
Outlook

- Private sector can contribute to sustaining UC in many countries
- But only if
  - LLIN are seen as a consumer good and the decision on need for more handed over to the families/people
  - Countries and donors commit to give CD channels a chance to develop and engage the private sector
    - Repeat campaigns only when or where absolutely necessary
  - Thorough country specific market analysis and development of interventions to influence market systems
    - Will need experimenting and time!!