

Differential Pricing

UNFPA's Experience With Contraceptives



UNFPA
United Nations
Population Fund

***Christian Saunders,
Chief, Procurement
Services***

Every Minute in the World

380

women become pregnant

190 of these women

did not plan or do not wish the
pregnancy

Every Minute in the World

110 women

experience a pregnancy-related complication

40 women

have an unsafe abortion

1 woman

dies from a pregnancy related cause

Every Minute in the World

650 people
are infected
with a curable STI

Every Minute in the World

10 people
are infected with HIV

ICPD +5

Governments should strive to ensure that by 2015 all primary health-care and family planning facilities are able to provide directly or through referral, the widest achievable range of safe and effective family planning and contraceptive methods; Essential obstetric care; Prevention and management of reproductive tract infections, including sexually transmitted diseases; And barrier methods, such as male and female condoms and microbicides if available, to prevent infection.

Paragraph 53, ICPD +5

The United Nations Population Fund (UNFPA)

Advancing universal access to reproductive health

- Family planning and safe motherhood
- Preventing sexually transmitted infections, including HIV/AIDS
- Care for consequences of unsafe abortion
- Eliminating harmful traditional practices

Advocating informed, responsible and free choices

- Women's rights to health, education and freedom from violence
- Sustainable development

Formulating population strategy & policy

- Partnerships with governments, NGOs, the private sector and UN agencies
- Research on population issues

Does Price matter?

*For every \$1 million shortfall in
contraceptive commodity assistance:*

- Increase in the number of unintended pregnancies: 360,000
- Additional induced abortions: 150,000
- Additional maternal deaths: 800
- Additional infant deaths: 11,000
- Additional deaths of children under 5: 14,000

Procurement

- UNFPA is the largest public sector purchaser of contraceptives. Also supplies commodities for social marketing programmes.
- Procurement undertaken by UNFPA is carried out through a fair & transparent process.
- UNFPA utilizes competitive bidding and direct negotiation in the case of proprietary products.
- Long term pricing agreements have been negotiated with many of the manufacturers.

UNFPA vs. MARKET PRICE

(US\$)	UNFPA	US MARKET
• Condom (piece)	0.025	0.50
• IUD (Unit)	0.430	350.00
• Injectable (dose)	0.675	65.00
• OCs (cycle)	0.175	30.00
• Spermicides (tablet)	0.060	1.20
• Implants (set)	23.000	393.00

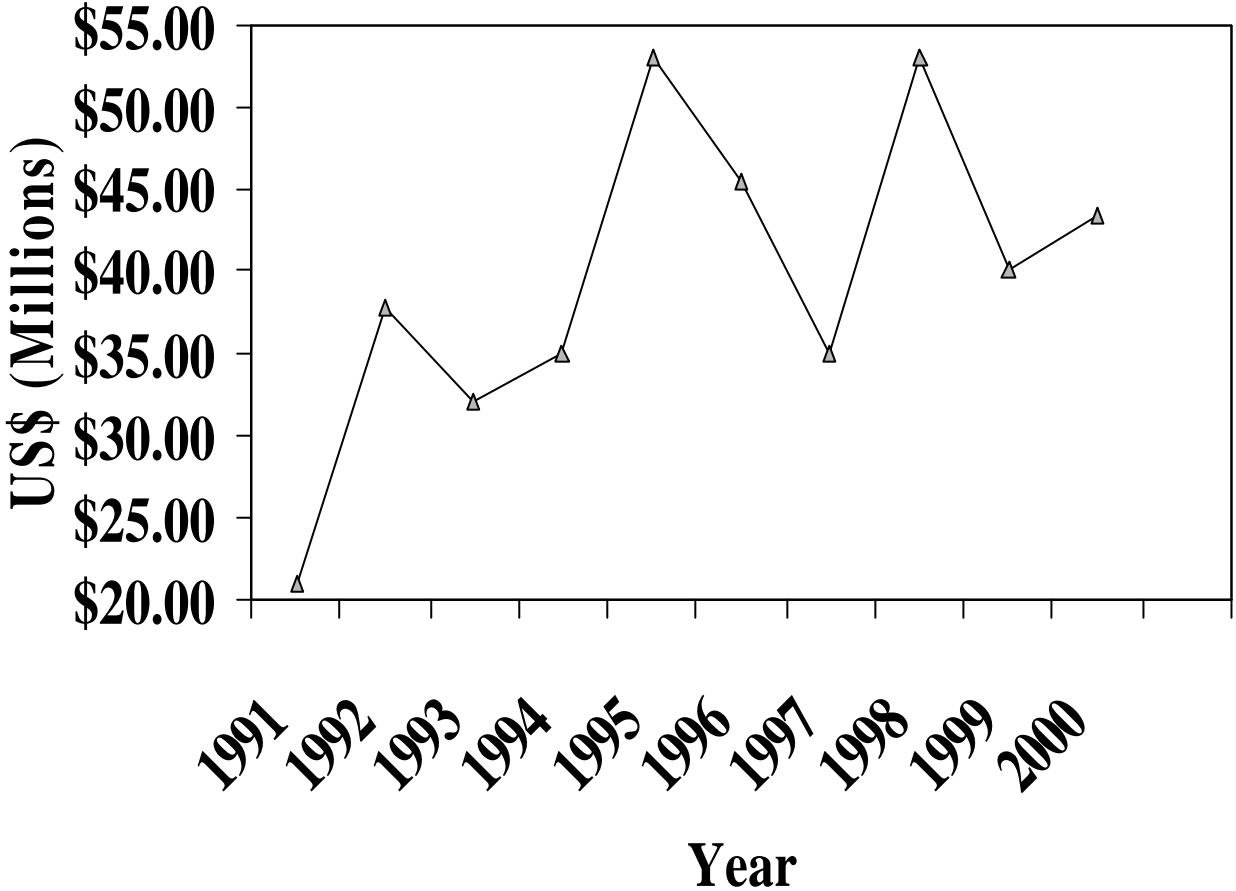
Cost per year of coverage

(US\$)	UNFPA	US MARKET
• Condom	3.75	75.00
• IUD	0.10	70.00
• Injectable	2.70	65.00
• OCs	2.10	360.00
• Spermicides	9.00	180.00
• Implants	4.60	79.00
• Surgical (female)	1.06	
• Surgical (male)	0.60	

Possible Factors Affecting Price!

- Volume
- Procurement Process
- Market Share
- Image
- Philanthropy

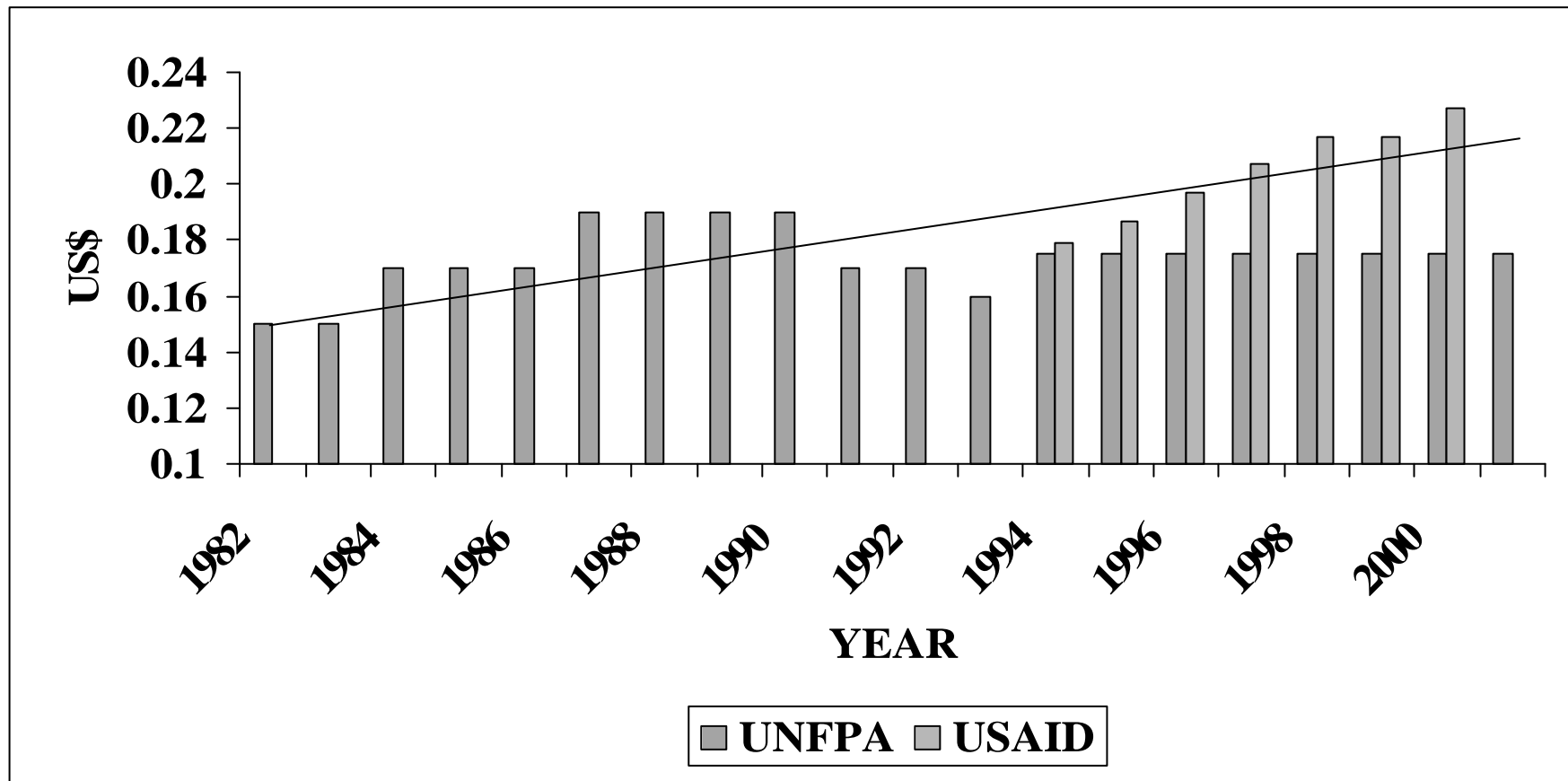
Procurement Volume



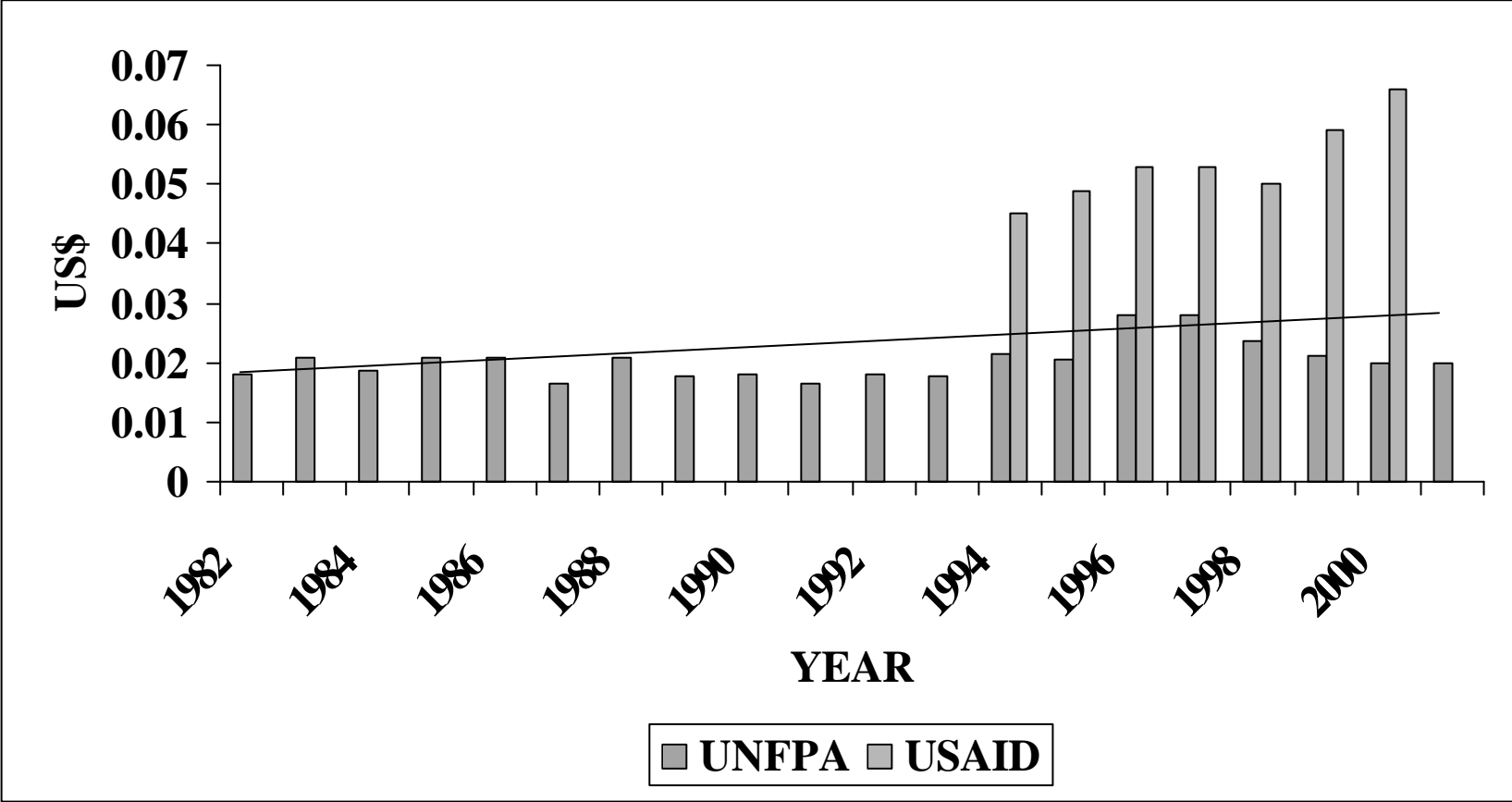
Procurement Process

- Competition
- Experience
- Professionalism
- Quality
- Single client
- Uncomplicated
- Transparent
- Long term partnership with strategic suppliers
- Standardization
- Forecasting allowing for planned production
- Flexibility
- Guaranteed Payment

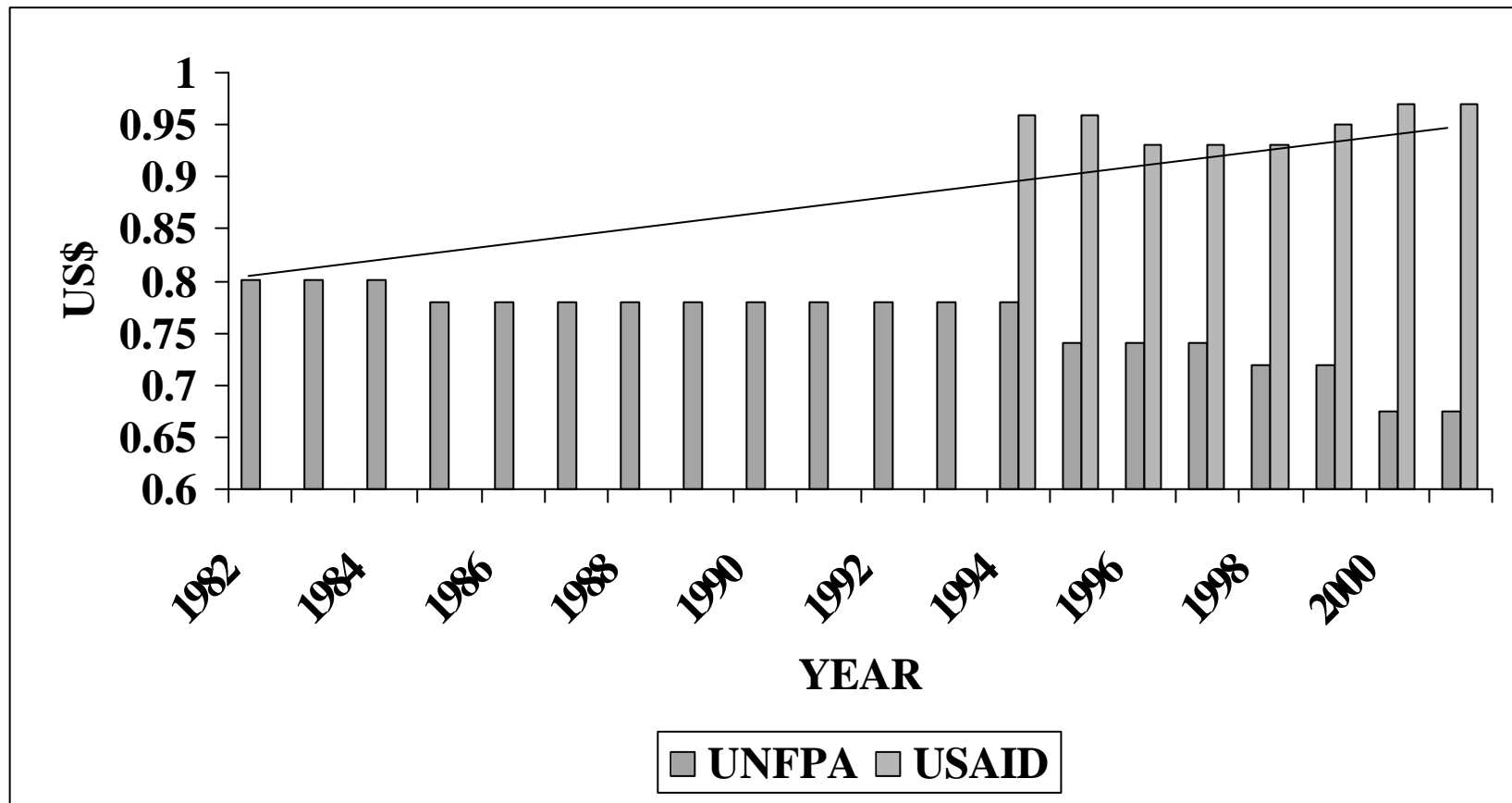
ORAL CONTRACEPTIVES - 'THE PILL'



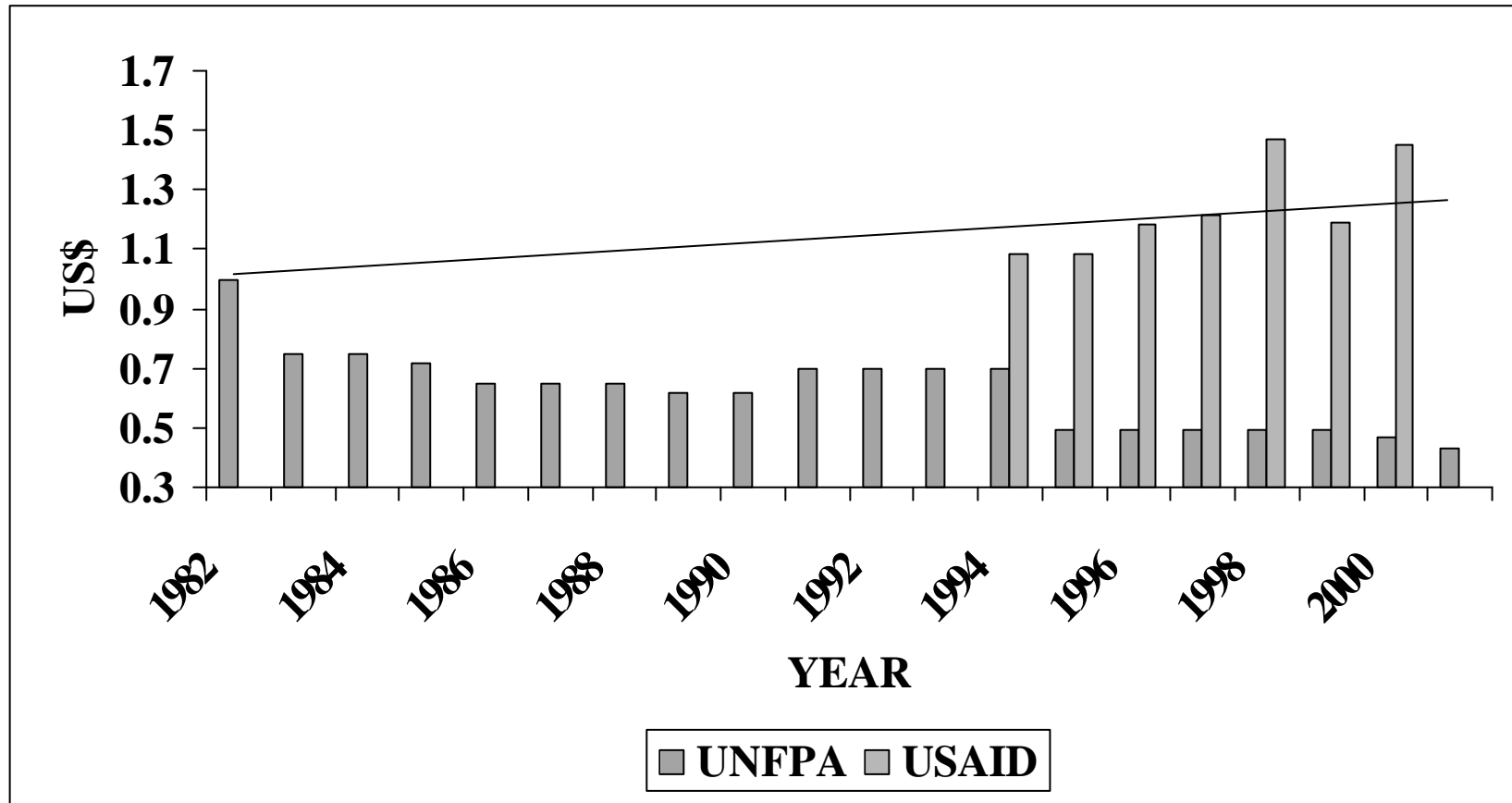
CONDOMS



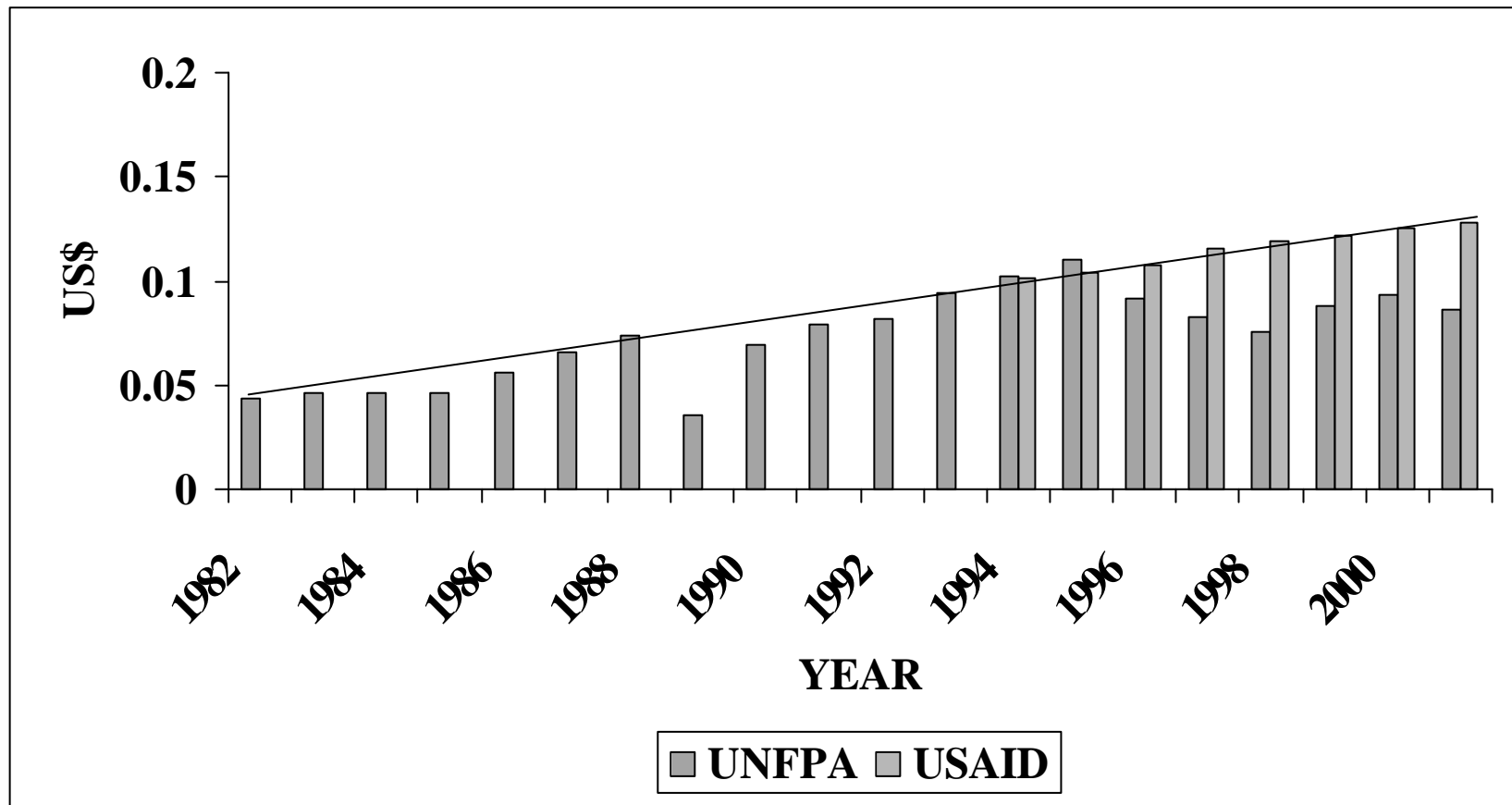
INJECTABLES



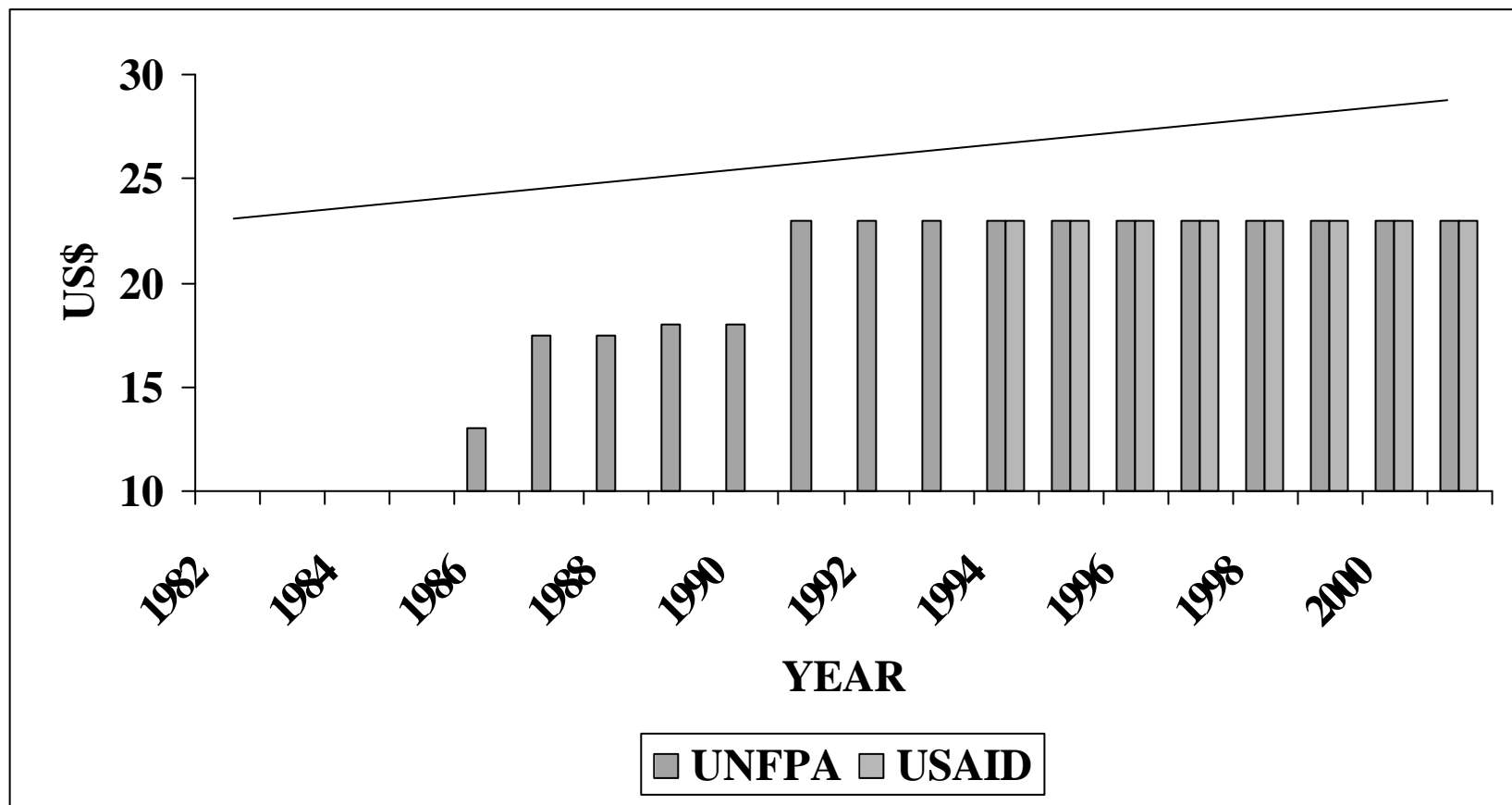
IUDs



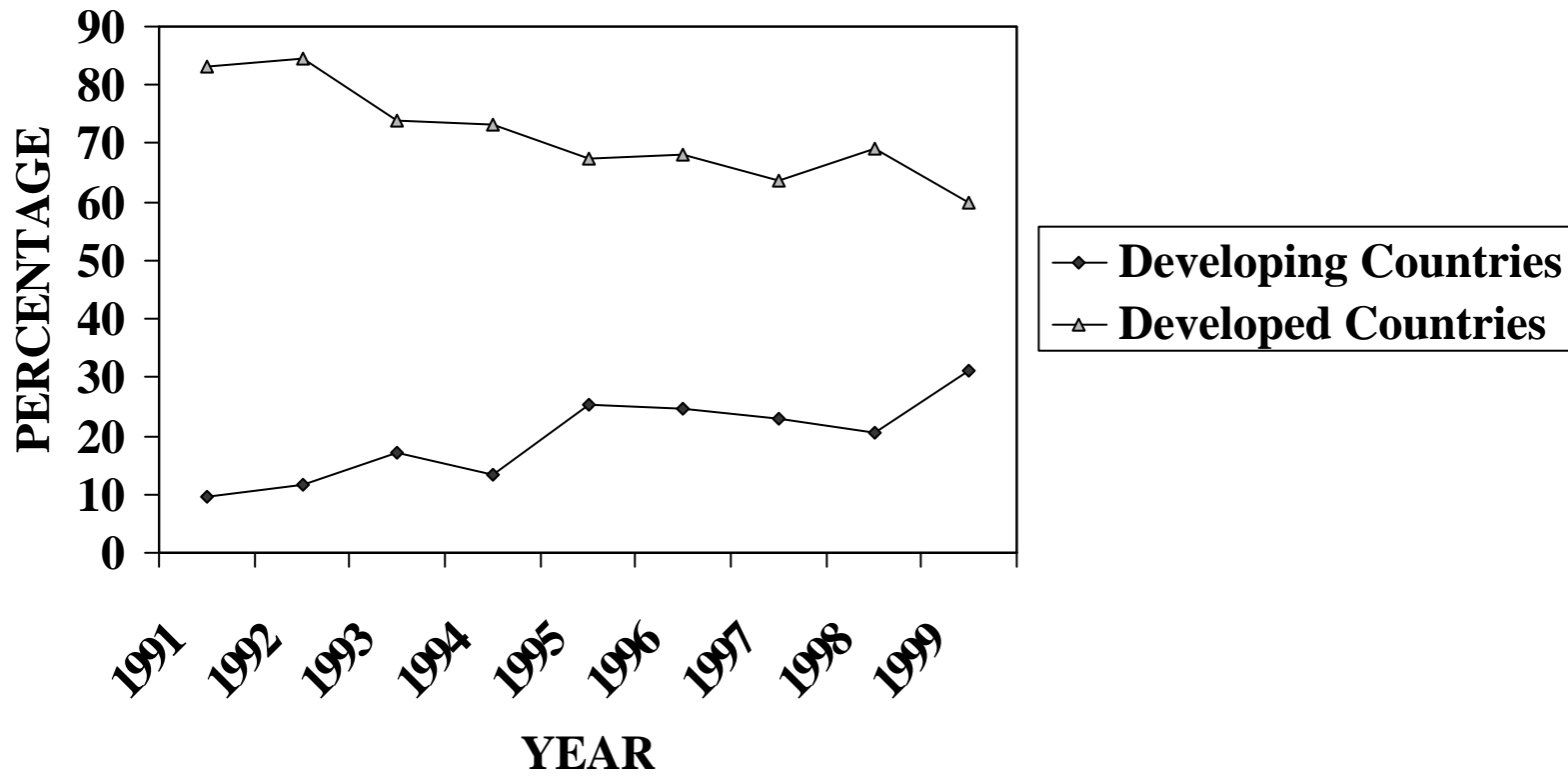
SPERMICIDES



Sub dermal Implants



Source Of Procurement



Differential Pricing
PROPRIETARY PRODUCTS

Example

Product 'X'

(Oral Contraceptive Under Patent)

UNFPA's price US\$ 0.364/cycle

US Market price : US\$ 34.00/cycle

UNFPA - Future Action

“Rapid population growth and high fertility hold back development and help to perpetuate poverty.”

179 countries adopted the ICPD Programme of action in Cairo in 1994.

Five years later, a review identified key areas for urgent action. .

- Contraceptives for couples wishing to space or limit families.
- Condoms, voluntary testing and counseling to reduce the spread of HIV/AIDS among young people.
- Availability of a wide range of safe and effective family planning methods.
- Births assisted by skilled attendants.
- Literacy for women and girls.

The Future

- E-commerce
- Competition
- Group buying
- Standardization
- choice vs. security