

Differential Pricing

UNFPA's Experience With Contraceptives



UNFPA

**United Nations
Population Fund**

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

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

- HsoGe

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

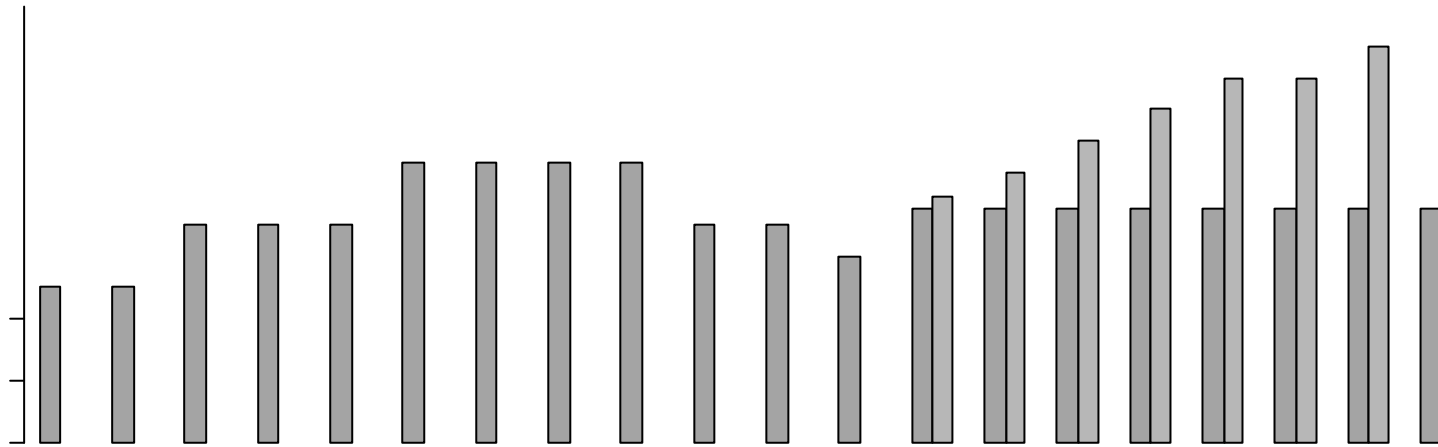
Procurement Volume



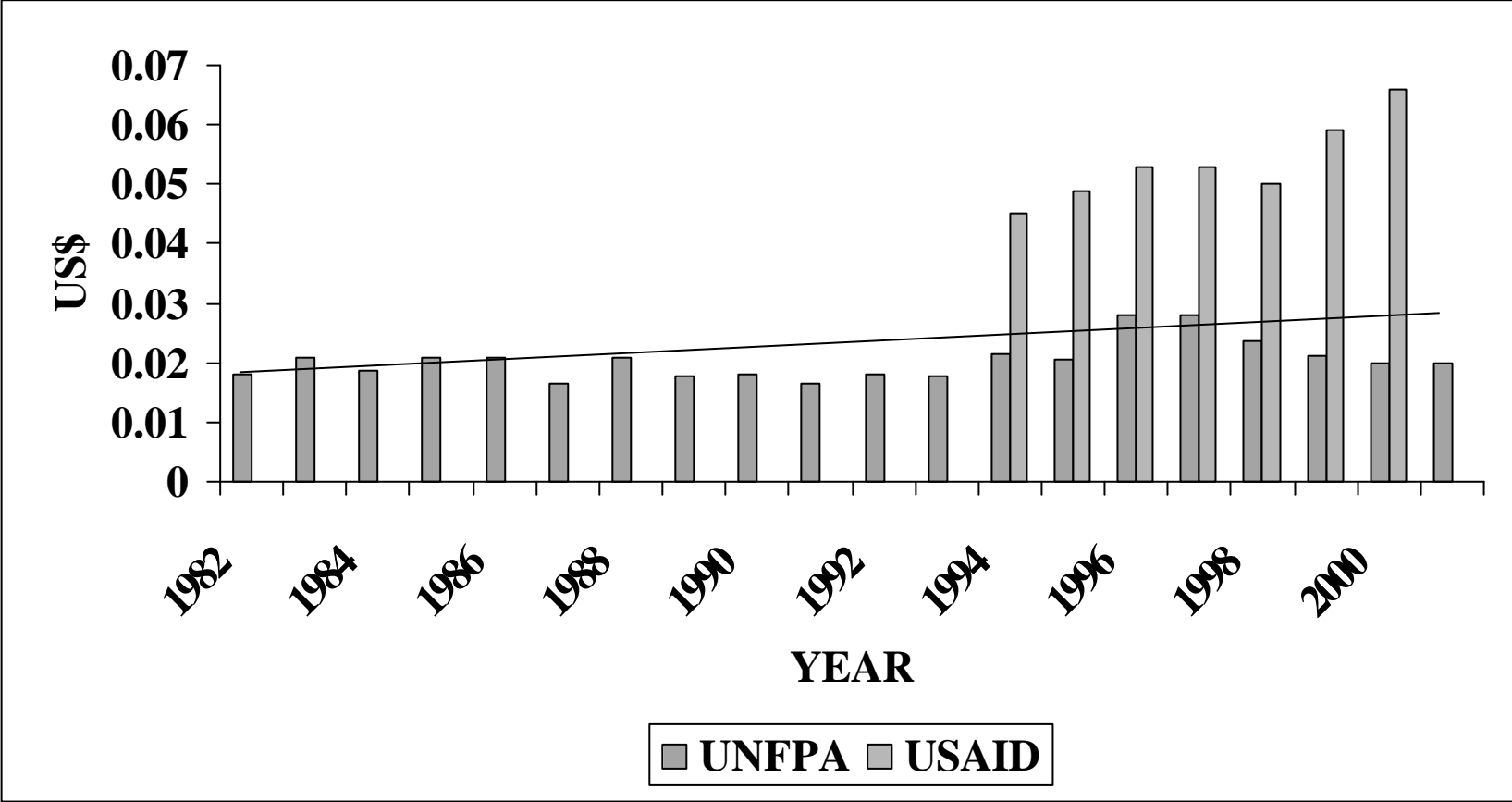
Procurement Process

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

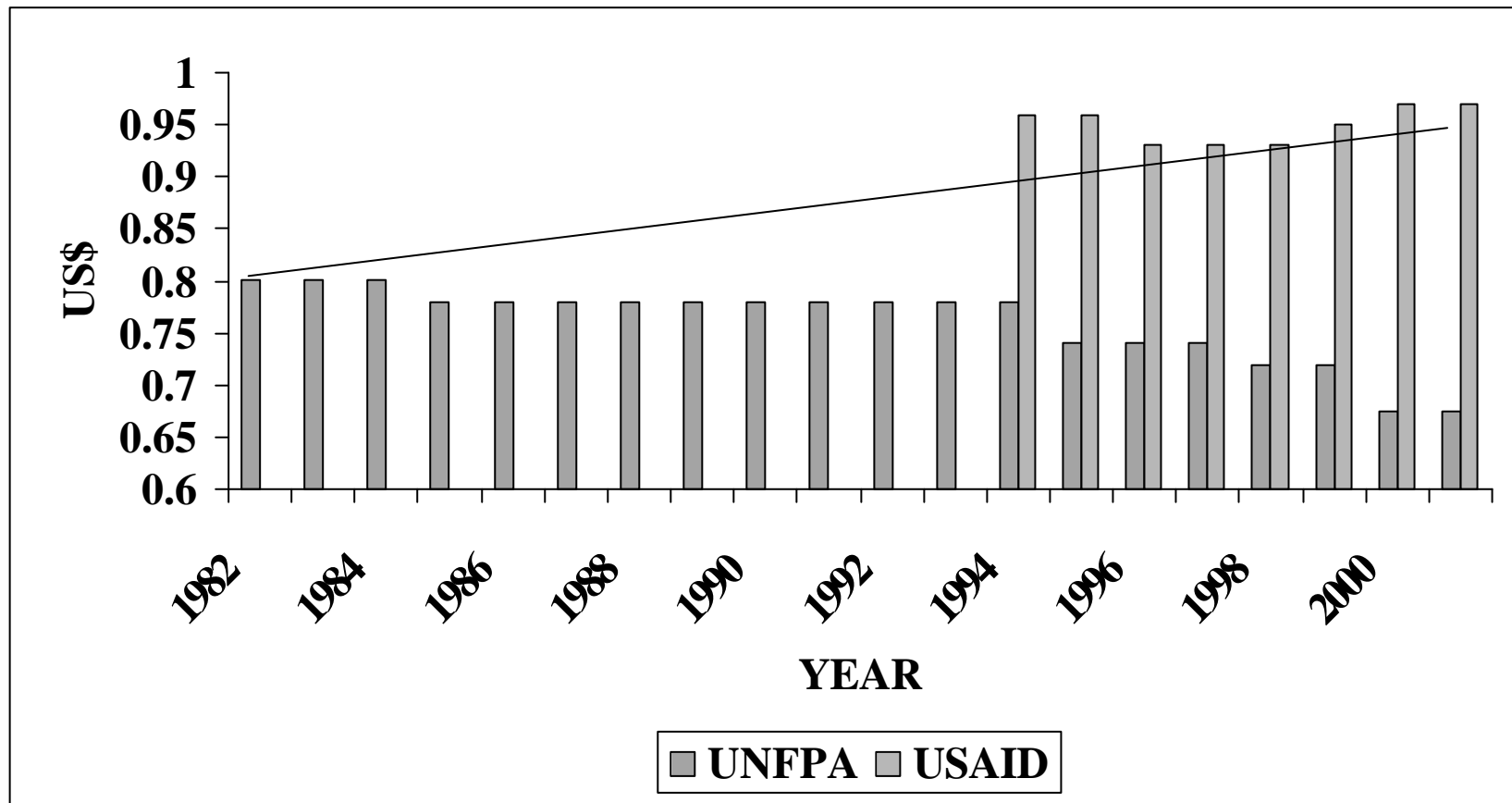
ORAL CONTRACEPTIVES - 'THE PILL'



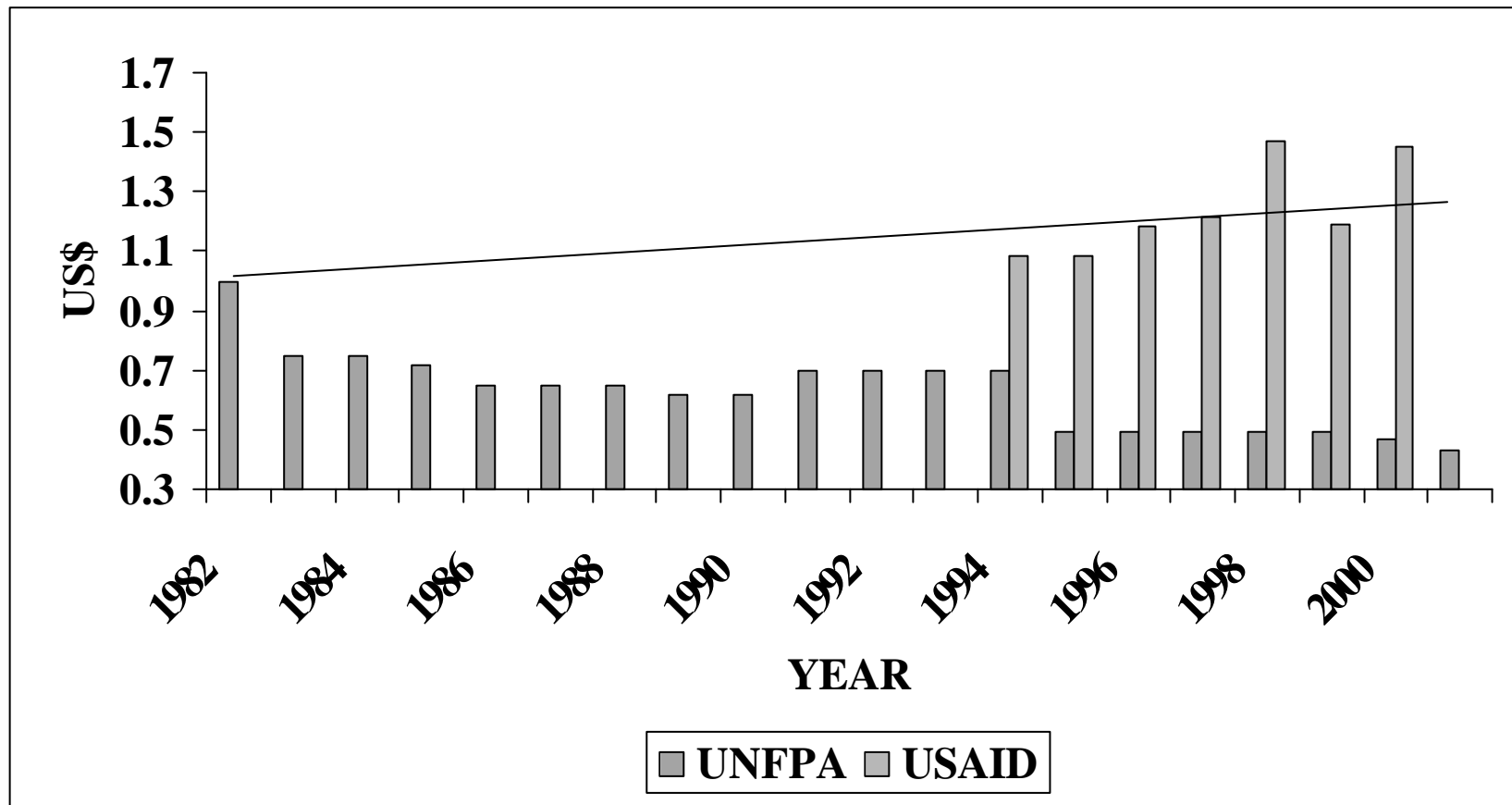
CONDOMS



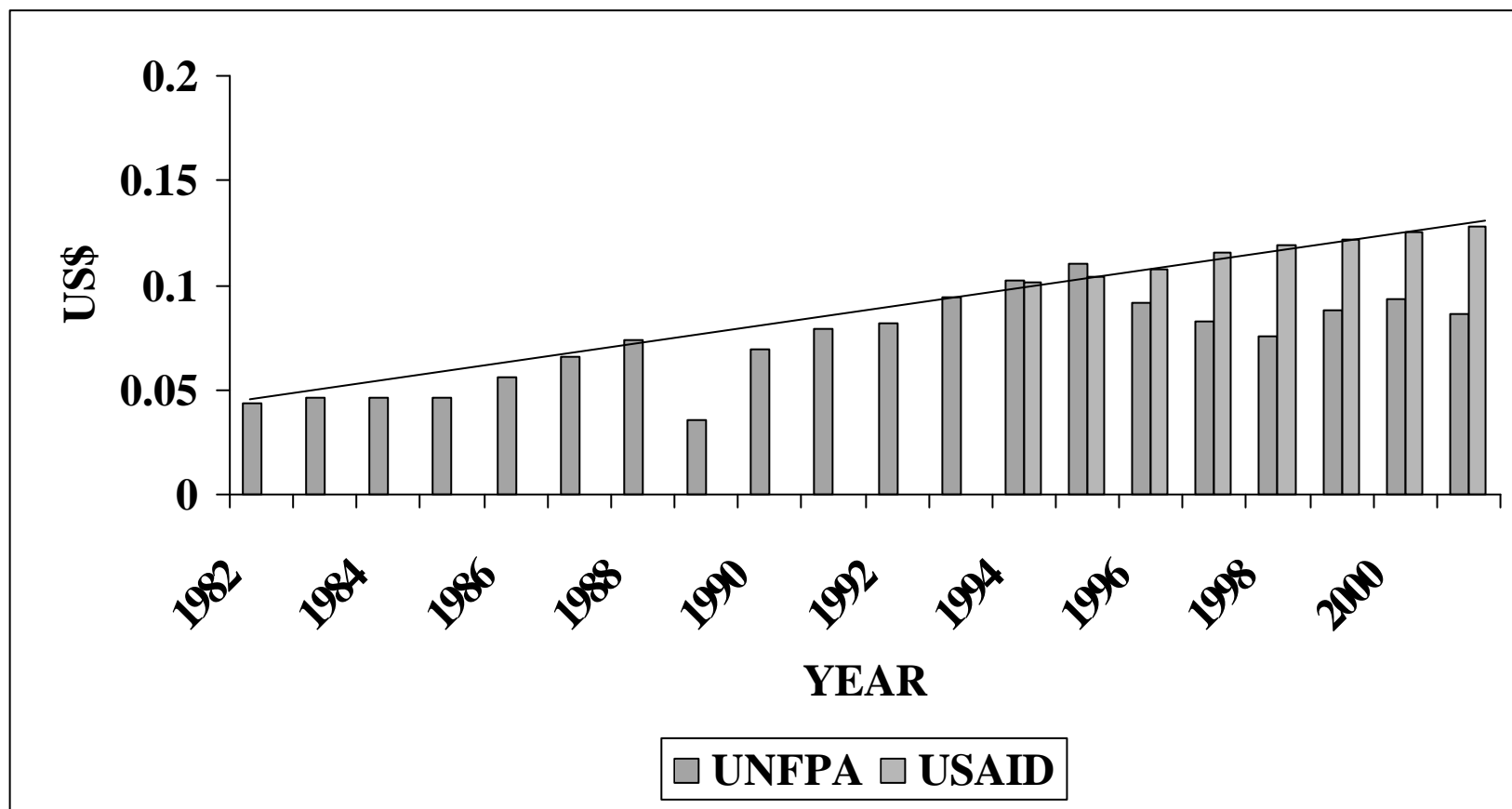
INJECTABLES



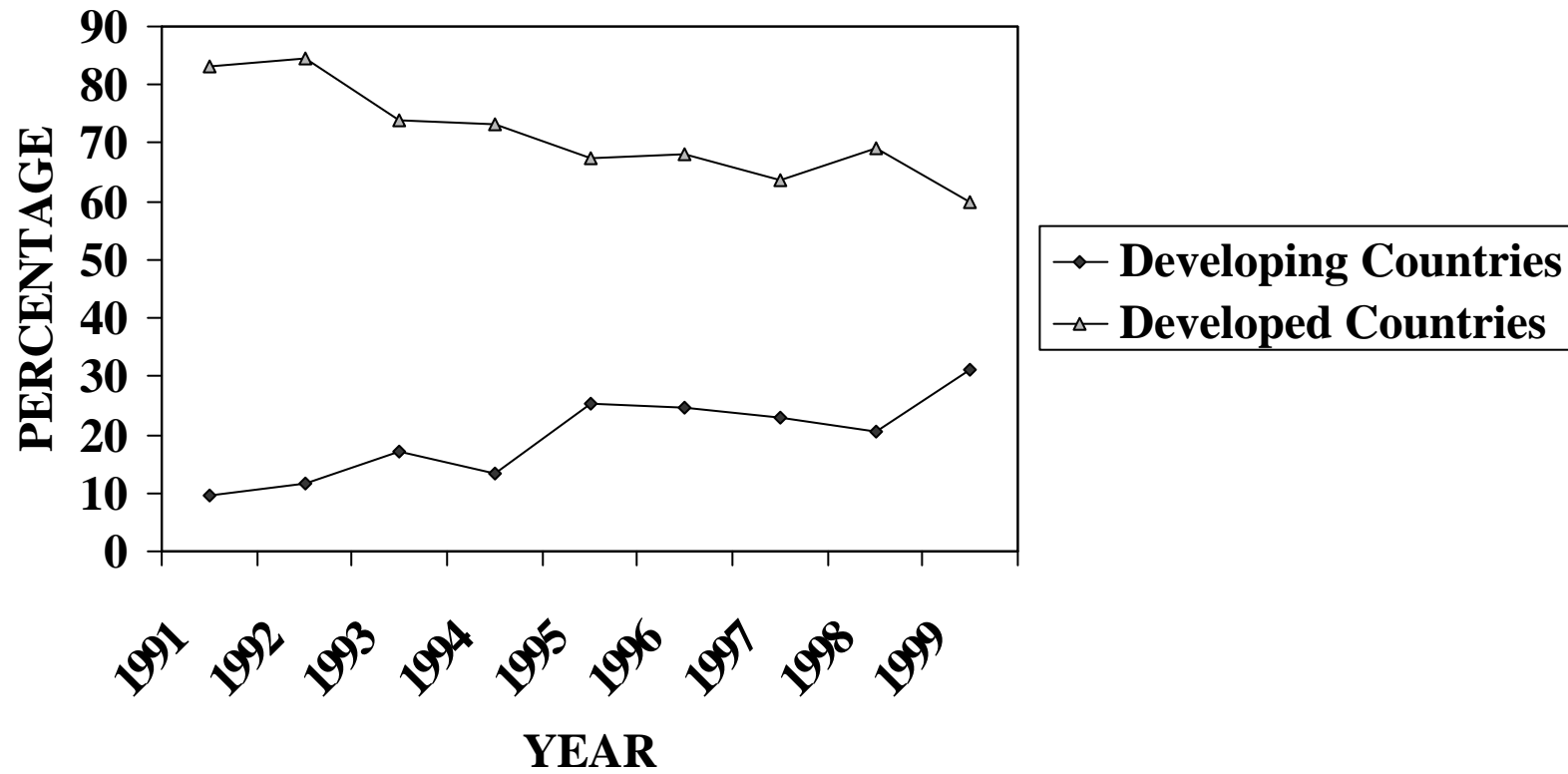
IUDs



SPERMICIDES



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

“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

The Future

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