

msd
medical stores department

HEALTH COMMODITIES AVAILABILITY IN THE COUNTRY

PRESENTED BY: **PASCAL PASTORY**
MEDICAL STORES DEPARTMENT

15th August, 2018

Presentation Road Map



1

Stock Status

- Stock Status
- Forecast Accuracy
- Procurement Process

2

Financial matters

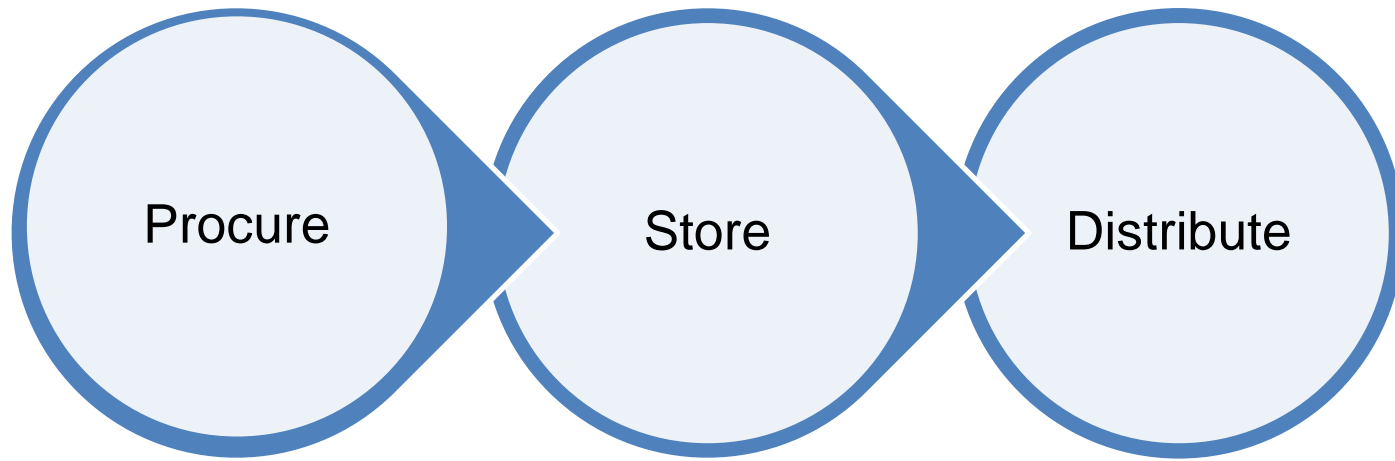
- Cash and Carry Policy
- Debt status and debt Management
- Fund disbursement trend

3

Special Procurement

- Challenges of Special Procurement
- Proposed interventions
- MSD Plans
- Key issues for Discussion

1. MSD Role



Medicines, medical supplies, medical equipment and
laboratory reagents
On behalf of Government of Tanzania

2. MSD Operations

We are guided by the Medium Term Strategic Plan (2017 - 2020)

Our key aspirations:

1. Financial sustainability,
2. Digital transformed
3. Stock availability

Our focus area:

1. Financial sustainability,
2. Supply chain management,
3. Use of Technology,
4. Human capital management
5. Governance and stakeholders management

3. Regulatory Framework

Being public entity we are regulated by the following

1. Public Procurement Regulatory Authority – procurement processes
2. Tanzania Food and Drug Authority (TFDA) – quality issues
3. Government Chemist Laboratory Agency (GCLA) – quality
4. Public Health Laboratory Board [PHLB] – Quality issues
5. Tanzania Bureau of Standards [TBS) – Quality issues
6. Controller and Auditor General- Compliance issues.

We are ISO certified organization. (ISO 9001:2015)

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- Developed New priority list
- Forecast Accuracy

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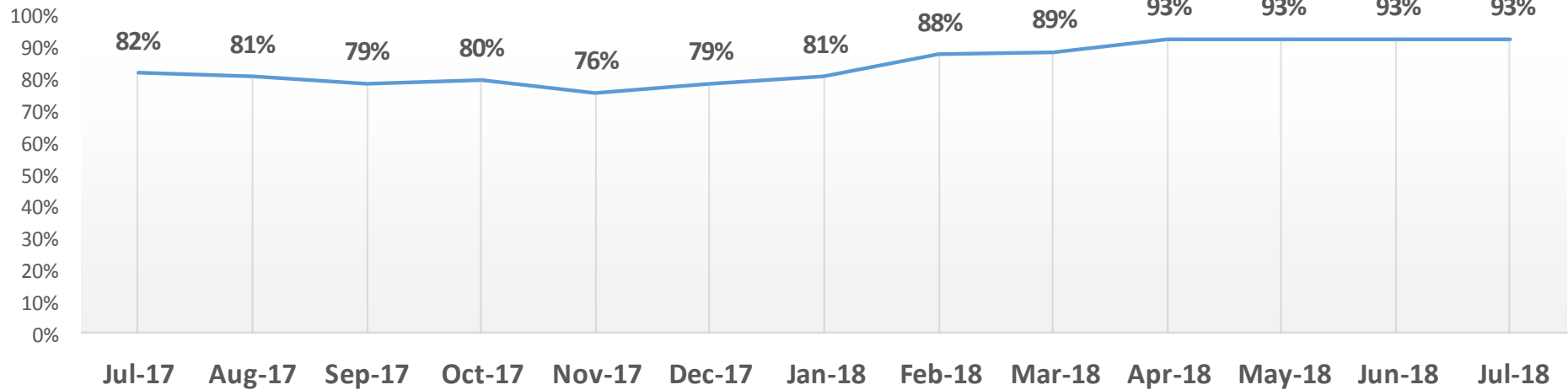
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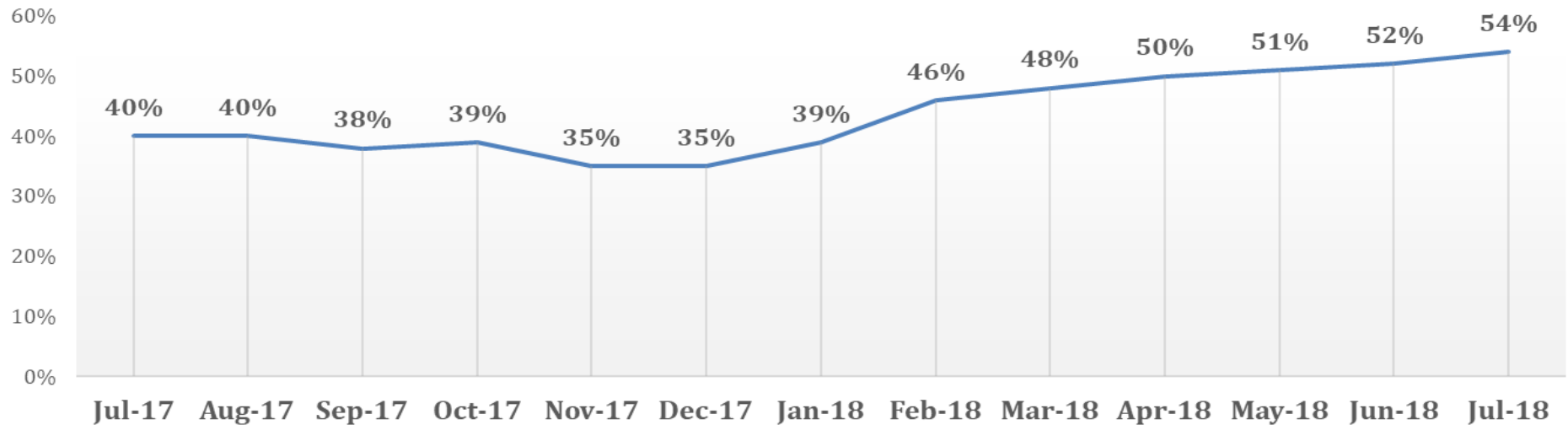
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4. Stock Status

Stock Status trend for 135 items



Stock Status trend for 171 items



5. New priority product list

The MOHCDGEC has developed new priority product list of 312 items that caters demands of all health care levels (Hospitals, Health centres and Dispensary).

A total of new 42 items have been added in the list.

	Status of new list of 312 items			
	Pharm	Med	Lab	Total
# of products available	121	59	22	202
# of out of stock	54	52	4	110
# of products Required	175	111	26	312
Status	69%	53%	85%	65%

6. Stock Status of VP products

The availability of 65 Vertical Programs items at MSD warehouses is as follows:

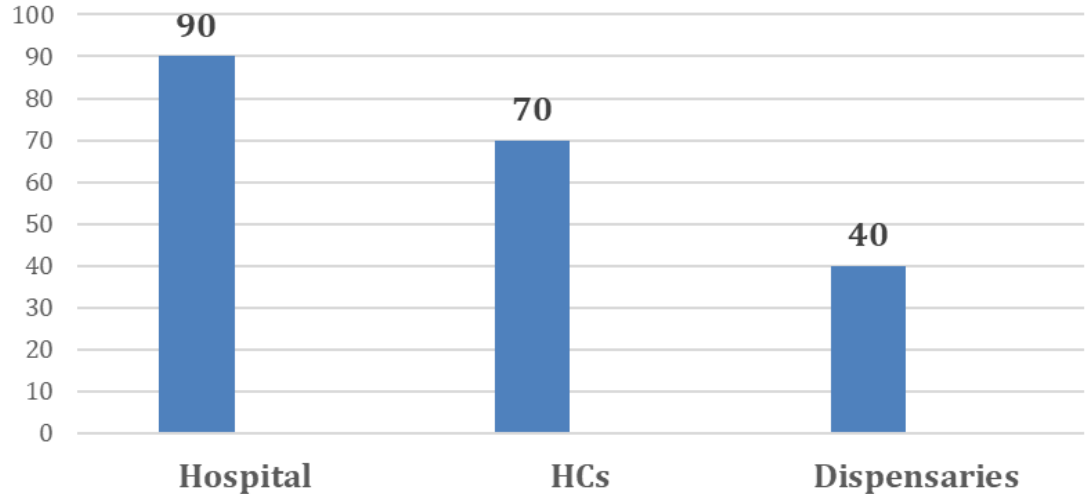
	Status of 65 VP items			
	ARVs	Anti-Malaria	RCH	TB & LEPROSY
# of products available	17	7	10	13
# of out of stock	2	0	5	11
# of products Required	19	7	15	24
Status	89%	100%	67%	54%

7. Forecast Accuracy

FDDF Data (2017/2018)

Country Requirement	Ability To Pay (FDDF data)	%
555 billion	200 billion	36%

Distribution of 200 billion in TZS Billion



Hospitals

Forecast Accuracy is **65%**

Health centers

Forecast accuracy is **60%**

Dispensaries

Forecast Accuracy is **50%**

On average Forecast Accuracy is **58%**

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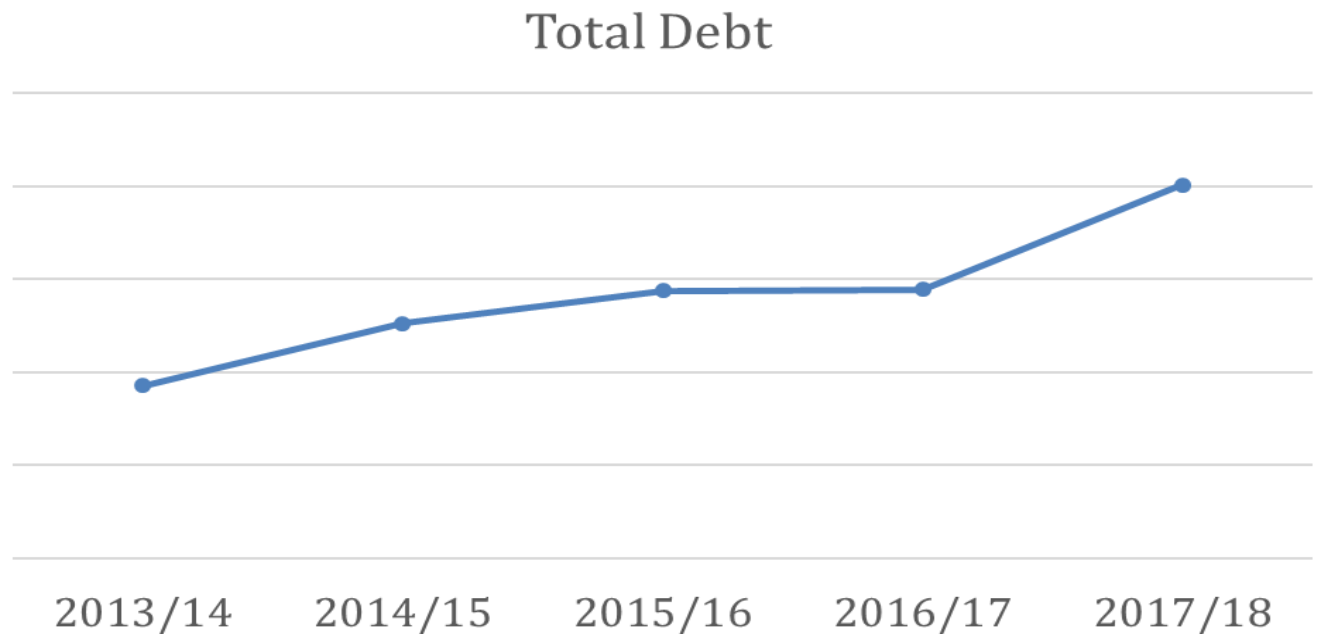
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8. Cash and Carry Policy

- MSD Act No. 13 of 1993 stipulates that MSD should operate under Cash and Carry Policy.
- The policy support provision of funds for purchasing products including opening up LCs.
- The debt growth to the tune of **TZS. 200 billion** has eroded MSD Working Capital to support procurement without Cash and carry.
- Delays in disbursement of funds from the Treasury, most of facilities have ended up taking goods from MSD on credit.

9. Debt Growth –Fundamental Challenge

- Growth of Debt at MSD has been a challenging problem for sustainable supply of health commodities in the country
- The Government is addressing the growth of debt by improvising the budget for debt repayment
- The debt status as at 30th June, 2018 was **TZS. 200 bn** with the facilities debt at **TZS. 31 bn**



10. Fund disbursement – Fundamental Challenge

- Issue of Funds disbursement to health facilities has been a challenging problem to MSD maximum provision of service
- Delays and erratic in disbursement of funds from Treasury.
- While we appreciate the Government to increase the budget for health commodities from TZS. 29.25bn in 2015/2016 to TZS. 260bn in 2017/2018, implementation is still a challenge.
- Health Facilities to compliment government disbursement using other sources funds from their coffers (eg.NHIF funds)

10. Fund disbursement ...

Budget Item	2017/18 Budget (TZS - Billion)	Total (Billion)	Deficiency
Clearing and Forwarding	10	0.5	10
MSD debt	70		70
Special medical equipment	5.4	2.5	3
Specialized medical supplies (ARVs)	10		10
Specialized medical supplies (MNCH Lifesaving commodities)	7	2	5
Specialized medical supplies (Family Planning Commodities)	14	4	10
Specialized medical supplies (Sulphadoxine + Pyrimethamine, SP Tablets)	1.5	0.5	1
ORCI	7	2	5
NBTS	10	2	8
EPI-Vaccines	24		24
Medicines & Medical Supplies	98.1	54.684	43
ILS – DD Distr. Cost	3	1.92	1
Grand Total	260	70.104	190

11. Order Fill rate 2017/2018

Average Order fill rate stands at 54%

- Challenges in Quantification and Forecasting
- MSD financing challenges
- Orders are not only based on 306 priority items but rather MSD catalogue list of 800+ items
- Some of HC and Dispensaries not using their other sources of funds including NHIF
- Last minutes ordering of DHFF allocations

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12. Challenges of Special Procurement

Special items *these are Pharmaceuticals, Medical equipment, Medical supplies and Reagents that are not stocked at MSD.* We still have a challenge of procurement delays for special items.

1.

Non standardized medical equipment and differentiated specification of the same equipment contribute

2.

Uncoordinated orders. Small ordered quantities (e.g dental items) which forces MSD to wait for orders from other facilities for consolidation before ordering

3.

Delays in confirmation of Specifications and prices for some health facilities.

4.

Procurement regulations. MSD is obliged to comply to these regulations and definitely contribute in procurement delays

5.

Lack of products registration by TFDA eg. Anticancers

6.

Late submission of requirements by HF's Contrary to Clause 141 (1) of Public procurement regulations of 2013

13. Procurement Cycle-Special items

S/N	Procurement Process - Activity	Estimated duration (days)
1	Receipt of the order from Customer (letter)	1
2	Development of specifications by MSD QA section	3
3	Communication of the specifications to the Customer	1
4	Acceptance of the specifications by Customer	Variable
5	Advertisement of Tender	21
6	Opening and Evaluation	10
7	Award of contracts	2
8	Intention to award notification	7
9	Communication of the tender prices to the Customer	1
10	Acceptance/Rejection of the Price by Customer	Variable
11	Notifications	7
12	Framework contract preparation	3
13	Vetting by AG Chamber	14
14	Signing of Framework contract	7
15	Issuing of call off orders	3
16	Signing of call off orders	7
17	Receiving proforma invoice from Manufacturer for LC preparation	2
18	Approval from TFDA&PHLB	3
19	Mobilization of goods for Manufacturers	60
20	Shipping and Delivery	30
21	Clearing port/ Airport	5
22	Offloading	1
23	QA inspection	1
24	GRN and Costing	1
	Total Duration (approx.)	6 months

14. Strategy to improve Special Procurement



Establishment of SP items display shops for standardized and frequently requested equipment (95 equipment)

Harmonized and consolidated SP order submission by facilities

MSD will open this display shop in Dar Es Salaam this FY and will be rolled out in all MSD zones

RMOs and DMOs to support and enforce

15. Procurement status for CEMONC commodities

S/NO	Delivery Status	CEMONC (TAMISEMI FUNDED) 44	CEMONC (WB FUNDED) 100
1	delivered items	3	1
2	August 2018	4	23
3	September 2018	0	1
4	October 2018	0	2
5	November 2018	13	12
6	December 2018	24	15
7	January 2019	7	36
	TOTAL	51	90

16. Initiatives on Progress

SADC pooled
procurement
agent

Partnership
with private
sector (PPP) for
Local
Manufacturing
of health
commodities

Last Mile
Delivery
system (ILS
ordering
cycles) from
four times to
six times a
year

Construction
of new
warehouses
in Kagera,
Iringa,
Mtwara and
Songea

**MSD Manufacturers / Suppliers
ANNUAL GENERAL MEETING
JNICC, DSM - Tanzania
16th July 2018**

ISO 9001:2015 Certified



"Dedicated To So





**Waziri wa Afya(MB) Mhe.Umyy Mwalimu Kwenye Picha ya Pamoja na Wawekezaji
Kutoka China Pamoja na Watendaji Wakuu wa Wizara ya Afya na Taasisi Zake**

Summarized issues for discussion

Issues:

1 Unrealistic demand forecast data

2 Inadequate MSD Financing

3 Inadequate inventory levels

Proposed Intervention:

- Training
- Tools & Systems
- Enforcement

- Adherence to Budget allocations
- Debt repayment (Atleast 25% per year)
- Supplementary Funding from HFs (eg.50% of NHIF)

- Timely and steady disbursement of funds
- Timely submission of requirements (January)
- Harmonization of MSD/NHIF catalogue

Thank You For Listening

