

Introduction to the supply chain cycle - Summary

- Efficient supply chain management can **improve availability and affordability of medicines.**
- The key supply chain activities are **product selection, forecasting and quantification, procurement, warehouse and distribution, and rational use.**
- As a vital component of health system, an **efficient, responsive and integrated supply chain system** can lead to **better quality of care.**



Forecasting and Quantification - Summary

- Forecasting and quantification follows the selection of medicines and is a **critical step in the medicines procurement**.
- The main quantification methods are the **consumption and morbidity method**.
- Forecasting and quantification is a **continuous process of reviewing, monitoring and updating the data** and assumptions, based on program requirements and available funds.



Selection of Essential Medicines - Summary

- Procurement and supply management based on a selected list of medicines helps to prioritize resources, to **improve the efficiency of supply chain management**, to standardize treatment and to **promote rational use of medicines**.
- The **WHO model list of essential medicines** can be used as a guide for countries to develop their own list based on local context and needs.
- Product selection prior to procurement is guided by two main criteria: **a clinical criteria** such as inclusion in the national EML and a **quality criteria**: relevant quality standards defined by the country or procurement entity

Basic principles of medicine procurement - Summary

- Medicines procurement should **ensure** that there is **availability of essential quality-assured medicines** at all times at an affordable price for the people.
- Key steps in procurement include **establishment of technical specifications and quantity required, invitation of bids, bid evaluation, bid selection and contract award and management.**
- Procurement functions must be executed through **proper planning, supported and organized through competent staff**, in accordance with policies and written procedures. Procurement staff must work in close collaboration with personnel from quality assurance, finance and others.

Inventory management - Summary

- Inventory management is essential to **provide desired customer service, achieve cost-efficient operations and minimize inventory costs.**
- Inventory management relies on the concept of understanding **what to order, when to order, how much to order and how much to stock.**
- The common inventory control techniques include **economic order quantity, ABC analysis, VEN analysis and maximum & minimum levels.**



Distribution - Summary

- Distribution models vary from one country to another and ideally take into consideration **coverage in the country, health systems structure**.
- The main challenges with distribution in developing countries are the **lack of adequate facilities and resources**.
- The WHO provides guidance on **good distribution practices outlining procedures for ensuring the safety, efficacy and quality of medicines throughout the distribution process**.



The supply planning process (1)

- **Forecasting** - Needs assessment; which products need to be procured?
- **Funding** - Needs and funding reconciliation; from which sources will the funds be derived?
- **Planning** - Lead time analysis needs to be carried out. What is the lead time of the procurement process. What is the lead time of the production and delivery process. What is the shipping lead time.



The supply planning process (2)

- **Procurement** - Which are the most appropriate procurement methods and suppliers?
- **Monitoring & Evaluation** - Measurement of the efficiency of the procurement plan. Are the correct products delivered at the right time? Was the funding in place in time? Were all internal goals met?



Different models of procurement systems

1. Procurement by Ministry of Health (or other Ministry)
2. Outsourced Services
3. Private Sector use of Group Purchasing Organization

Pro's and Con's for each procurement systems

- List 3 positives for each of the presented procurement systems
 - Procurement by Ministry of Health (or other Ministry)
 - Outsourced Services
 - Private Sector use of Group Purchasing Organization
- List 3 negatives for each of the presented procurement systems
 - Procurement by Ministry of Health (or other Ministry)
 - Outsourced Services
 - Private Sector use of Group Purchasing Organization