NATIONAL MEDICINES SUPPLY CHAIN MASTER PLAN FOR SOMALIA

March 2015

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ACCRONYMS

EM: Essential Medicines

EML: Essential Medicines List

EPHS: Essential Package of Health Service

HCF: Health Care Financing

HMIS: Health Management Information System

IT: Information Technology

LMIS: Logistics management Information System

M&E: Monitoring and Evaluation

MOH: Ministry of Health

MOU: Memorandum of Understanding

MRA: Medicines Regulatory Authority

NMSA: National Medicine Supply Agency

NMSCMP: National Medicine Supply Chain Master Plan

QA: Quality Assurance

RHO: Regional Health Office

RMF: Revolving Medicine Fund

SOP: Standard Operating Procedure

STG: Standard Treatment Guidelines

TA: Technical Assistance

TWG: Technical Working Group

VEN: Vital Essential, Non- Essential

ZMTC: Zonal Medicines-Therapeutic Committee

INTRODUCTION

Essential medicines and other critical supplies are becoming more accessible to the millions of people in Somalia. This has been in part due to the concerted effort of the international community, national governments, private sector, non-governmental organizations and others to improve the availability of medicines and supplies.

Experimental pilot programs are now being scaled-up to more comprehensive, national prevention, care and treatment programs. Many of these programs are now offering a full comprehensive continuum of care package of services that include prevention, treatment and care. In order to support these services, hundreds of medicines and medical commodities are required. The success of these nationwide programs will depend upon the ability to reliably and consistently supply medicines and supplies to health facilities at all levels of the health system.

The consequence of supply interruption can be dire, including antibiotic and anti-retroviral drug resistance, which could have a wider global impact on the availability of medicines for treatment.

Medicines supply chains are different because they usually have large, extended global pipelines, require high levels of product availability and have a high uncertainty in supply and demand.

The term supply chain describes the links and the interrelationships among many organizations, people, resources, and procedures involved in getting medicines and supplies to the customers (in this case, health care consumers). A typical supply chain would include partners from manufacturing, transportation, warehousing and, service delivery or health facility. Together, these organizations orchestrate the flow of products to the end-consumer, information for better planning and, finances to cover the transaction costs. A key ingredient of a successful supply chain is that partners are focused on improved coordination, information-sharing and, serving the end-customers.

It is therefore paramount that supply chain or logistics systems are treated as an important and critical function in getting the products to their destination. In fact, in order to sustain and expand the successful interventions experienced to date, the supply chains need to have a master plan in order to make it more robust, agile and flexible through better management and increased investment of resources to achieve supply chain optimization.

THE MEDICINE SUPPLY CHAIN MASTER PLAN VISION AND OBJECTIVE

VISION

To ensure that good quality medicines and medical supplies are available, accessible, and affordable to all people living in Somalia and anchored by a sustainable, reliable, responsive, efficient, and well-coordinated supply chain

MISSION

Provide a series of strategic interventions and activities for a medicine supply chain that fully supports the Ministry of Health's objectives for a stronger national health system for all.

GENERAL OBJECTIVE

To ensure that vital and essential medicines of approved quality will be readily available to public sector health facilities, for use in the prevention, diagnosis, and treatment of priority health problems, in adequate quantities and at the lowest possible cost.

SPECIFIC OBJECTIVES:

Component	Specific objectives / outputs
Policy & Legislation	Clear policies and supportive legislation are in place, and known and adhered to by the users, supporting an effective NMSCMP
Governance	The NMSCMP is effectively managed and implemented
Coordination & Harmonization	The NMSCMP is effectively integrated and harmonised among all stakeholders
Financing	Sufficient financial resources are available, accessible and effectively disbursed at all levels
Selection	Vital and essential medicines identified & prioritized, to address the basic health needs in Somalia
Quantification/ forecasting	The NMSCMP consistently determines the quantities of vital and essential medicines required at all levels, and anticipates future needs based on country's consumptions and achievements

Component	Specific objectives / outputs
LMIS	Stock levels, consumption and losses & adjustment data are provided quarterly by all levels to the next level, adequate for decision making and performance monitoring
Procurement	Medicines are identified, ordered, and made available at the right time, in adequate quantities, and at the lowest possible cost to the system.
Storage & inventory control	Medicines are stored at all levels according to documented good storage practices, and managed according to inventory control best practices, in suitable quantities, and with minimum wastage, expiry and losses.
Distribution / transport	Medicines are transported efficiently and effectively in suitable quantities between levels, while maintaining the quality of the products.
Rational Medicine Use	Essential medicines are prescribed, dispensed and used rationally at all levels
Human resources management	Sufficient numbers of trained, skilled, experienced and motivated professionals are available and retained at all levels to operate the NMSCMP efficiently and professionally.
Research & Development	Operational research contributes to improvement of NMSCMP
Monitoring & evaluation	Performance of the NMSCMP is monitored and evaluated at all levels so that corrective actions can be taken timely.

PRINCIPLES

National Health Objectives

The supply chain should support the achievement of national health objectives.

Efficiency and Sustainability

The supply chain should be efficient across all levels, maximizing sustainability and minimizing waste.

Accountability
The supply chain should be accountable for results and held to defined measures of performance.

Transparency/Visibility of Data and Information
The supply chain should be based on transparency, in terms of roles and responsibilities, procedures, and data, throughout all levels.

Human Resources
The supply chain needs to have an adequate number of appropriately skilled human resources (qualifications, experience, and attitude) to attain its vision and objectives.

Client-Oriented
The system should earn and maintain the trust of the end users through reliability and responsiveness.

Environmentally Friendly
The supply chain should be environmentally friendly by emphasizing safe waste disposal.

Non-Discriminatory
The supply chain should not discriminate among end users (clients).

Laws and Policies
The supply chain should operate in accordance with country's laws and policies.

Technology
The supply chain should use available technology, including information systems, to be efficient and facilitate the visibility of data up and down the supply chain. The supply chain should emphasize and use data for decision-making.

Coordination
The supply chain should coordinate inputs of all stakeholders.

ATTRIBUTES OF THE NMSCMP

Clarity of roles and responsibilities: Roles, responsibilities, and processes (such as reporting or resupply procedures) are established and publicized throughout the supply chain.

Agility: Logistics functions are performed quickly, accurately, and effectively so products, information, and decisions can move swiftly through the supply chain to respond promptly to customer needs.

Streamlined processes: Bureaucratic hurdles and processes that impede the flow of information and commodities are eliminated.

Visibility of information: Data are visible throughout the supply chain, usually through computerization, so stakeholders at different levels can see where products are and what the demand is, and use this information to better meet customers' needs.

Trust and collaboration: A collaborative environment exists that can help break down existing functional and organizational barriers to improve supply chain performance.

Alignment of objectives: Organizations and levels have a compatible vision, goals, and objectives to ensure consistency in direction within the supply chain.

CORE COMPONENTS OF NMSCMP

The strategies to address the core components of the NMSCMP are:

POLICY AND LEGISLATION

- Revitalisation of Ministry of Health's (MOH) mandate to consolidate essential activities in MOH and have autonomous agencies in the states/zones
- Approve proclamation and establish zonal/state agencies (which may be called "National Medicines Supply Agency: NMSA") that will be responsible for the overall management of medicine supply chain system for Somalia and its zones/states.

GOVERNANCE

- Create a state's/zone's 'Board' that is responsible for the management of the zonal/state 'new NMSA'
- Establish appropriate coordination mechanisms among all stakeholders
- Use appropriate and if possible existing governance systems to govern the NMSCMP implementation

- Involve the MOH, donor group and other stakeholders in the governance of NMSCMP
- Establish "Interim Management Group" for NMSCMP implementation in the MOH

COORDINATION & HARMONIZATION

- Develop a strategy for harmonization of different essential medicines supply chains currently carried out by donors and other organizations
- Coordinate phase-in harmonization and integration of vertical programs and parallel supply chain activities currently done by individual development partners.

FINANCING

In the context of the health care financing strategy:

- Mobilize increased resources for essential medicines at health facility level
- Establish capital fund and ensure financing for NMSCMP implementation; adjust targets if the financing is not available for the medicines and supplies or the supply chain functions.
- Ensure financing of the Revolving Medicine Fund (RMF) in "New NMSA" for non- programme medicines.
- Strengthen financial planning
- Start establishing a long-term plan for future financing including the medicines and supplies and for supply chain management.
- Lobby for general customs and duties exemption for essential medicines

SELECTION

- Establish zonal/state Medicines-Therapeutic Committees (ZMTC)
- Review, synchronize and implement Standard Treatment Guidelines (STGs) in line with Essential Package of Health Services' (EPHS) requirements
- Implement vital & essential medicines list (EML) per level, with VEN classification.
- Get feedbacks from users, review evidence and periodically update STGs and EML

QUANTIFICATION / FORECASTING

- Design comprehensive quantification tools for central and regional branches
- Conduct annual consumption analysis and provide forecast
- Introduce uniform IT system for consolidation and analysis of consumption data
- Prepare and distribute annual consumption and forecasting information at central/zonal level

LOGISTICS MANAGEMENT INFORMATION SYSTEM

- Design and implement Logistics Management Information System (LMIS) with simplified data collection and reporting tools/formats
- Integrate existing LMIS systems at Programme Levels
- Harmonize data collection and exchange with "new NMSA" & HMIS systems
- Ensure an adequate IT policy and IT management team at MOH and regions

PROCUREMENT

- Establish central tendering & contract strategies for essential medicines
- Design and perform regular quality assurance and performance monitoring during the full supply chain
- Improve transparency and accessibility to the system (for users & suppliers)
- Define list and procurement services for low-demand/special medicines which are not in the ELM for procurement by the 'new NMSA'

STORAGE AND INVENTORY CONTROL

- Establish required storage capacity based on efficiency principles
- Develop central and regional warehouse locations framework in consultation with MOH
- Plan and initiate upgrading/new site development
- Revise and implement Good Storage & Warehousing Practices Guidelines for each level including upgrading of health facility store rooms
- Simplify data collection format and develop inventory control system

TRANSPORT

- Establish appropriate fleet for "New NMSA" after carrying out distribution optimization study.
- Define and implement Good Transport Practices/ Standards
- Develop comprehensive Distribution Plan/Guidelines in consultation with MOH

RATIONAL MEDICINE USE

- Review, develop & implement Standard Treatment Guidelines and Essential Medicines List
- Define adequate strategy and develop interventions for addressing rational medicine use
- Building public confidence on quality of health services (including medicines) provided
- International cooperation and research to share information & experiences

HUMAN RESOURCES & SUPERVISION

- Define human resources needs and ensure adequate staffing for NMSCMP implementation
- Improve staff retention mechanisms, human resource development policies and performance assessment
- Build training capacity and curricula for NMSCMP needs
- Training and supervision in medicines supply management for primary health care workers
- Establish supervision policies and control system with adequate resources

RESEARCH & DEVELOPMENT

- Define operational research priorities
- Setup research fund for NMSCMP and carry out operational research on NMSCMP key elements

MONITORING & EVALUATION

- Establish a routine monitoring system for NMSCMP
- Establish a periodic evaluation system for NMSCMP

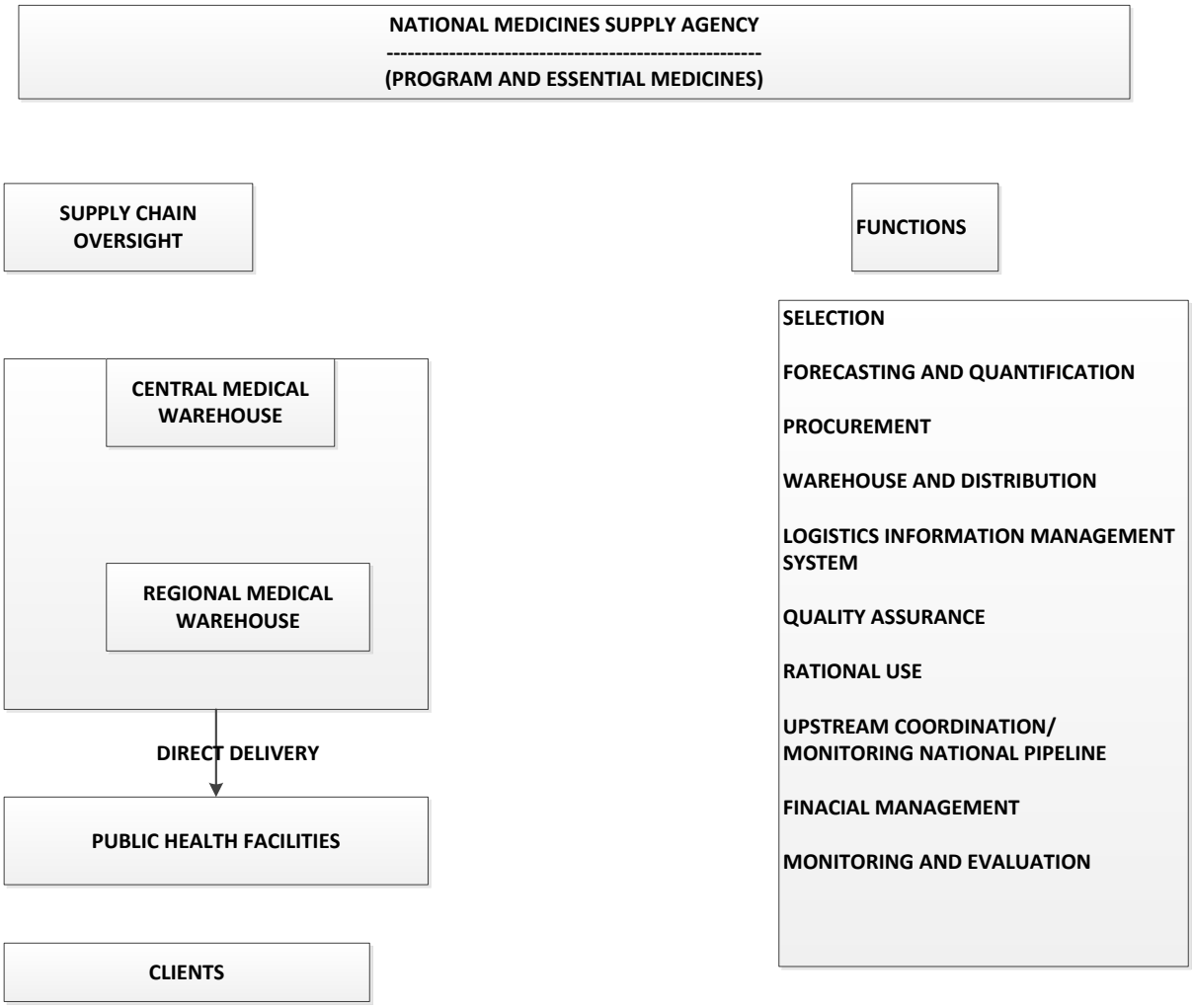
- Conduct operational research to identify new interventions

THE "NEW NMSA"

"New NMSA" is designed to focus its operations on ensuring that vital and essential medicines and medical supplies are available in public sector health facilities.

It will do this by providing efficient distribution from a series of central and regional branch warehouses, with suppliers delivering medicines to the central warehouses; by establishing multi-year competitive bid, framework contracts, operating a comprehensive LMIS, a "Revolving Medicine Fund" (for non-programme medicines) and by ensuring availability in Somalia of other essential medicines that are not provided through the private-for-profit sector.

It will provide these procurement, distribution, and information services to its customers for a reasonable service fee, which is to be incorporated into the product-selling price. But this scheme does not apply for program commodities which are supposed to be distributed to health facilities free of charge.



CORE FUNCTIONS

SELECTION AND QUANTIFICATION

The medicines and medical supplies that "New NMSA" procures and distributes will be from the approved Essential Medicines List (EML). This list is to be developed utilizing the Somalian Essential Package of Health Services and the Standard Treatment Guidelines, in order to match products to all levels of health services, focus resources on essential and vital products thus ensuring full access to these essential products for all Somalians.

"New NMSA" will develop state-of-the-art management information systems, which will include the Logistics Management Information System (LMIS) to be implemented in the public health sector. The data from this LMIS is the basis for forecasting / quantification results for the essential medicines of the public sector system. When the system is operational, facility-specific, consumption-based

forecasting for key products is possible. External technical assistance will also be required.

FINANCING

"New NMSA" will operate a Revolving Medicine Fund (RMF) for non-programme medicines that ensures 'full supply' of the essential medicines. It will be capitalized by Government/MOH and donor funds. A national "medicines basket fund" will be established where donors and government pool their financing, available for health facilities. Financing of the "New NMSA" through the RMF covers operational expenses; capital replacement; and expansion; while protecting against inflation, losses and expiries. External technical assistance will also be required.

PROCUREMENT

"New NMSA" will do all procurement activities of the MOH, using a 2 or 3-year rolling procurement plan, prepared in collaboration with MOH, programme departments, regions, and donors. Procurement will be made according to procurement legislation and procedures. All suppliers must be approved by the 'Medicines and Health Regulatory Authority' and products must be registered or have a specific exemption. It is advisable to use split contracts to avoid the impact of a supplier failing to deliver. This principle can also be used to stimulate participation of local manufacturers. External technical assistance will also be required.

WAREHOUSE AND DISTRIBUTION (STORAGE AND TRANSPORT)

The "New NMSA" distribution design emphasizes logistics efficiency by utilizing a network of regional branch warehouses whose locations are based on population density, logistics efficiency; balances warehousing and transport costs, and concentrates logistics capacity in a relatively small number of regional warehouses after conducting distribution optimization study.

Regular orders from hospitals, health centres and posts are packaged (through kit packaging where needed) and delivered by the regional branch to the hospitals and health centres. Transport costs are averaged and included in the commodity sales price. Final location of regional warehouses will be decided after assessments and in consultation with MOH. External technical assistance will also be required.

INVENTORY MANAGEMENT

The central and regional warehouses of "New NMSA" will have automated inventory control tools to quickly process orders, manage stock according to best practices, provide security, and limit wastage and expiry. These warehouses will be physically organized following a standard model so that inventory management practices are

enhanced (at minimum, through separate receiving, quarantine, storage, and dispatch areas). External technical assistance will also be required.

QUALITY ASSURANCE

"New NMSA" shall have a random sampling system at the point of entry for quality control, with access to a quality control laboratory, quarantine areas, and operational disposal/ separation systems for expired or recalled products. Regional branches will get access to "mini-labs" which can do basic tests (esp. identification of active ingredient) to ensure the identity of deliveries in random sampling.

LOGISTICS MANAGEMENT INFORMATION SYSTEM

"New NMSA" will as part of their Management Information System collect and process the same data items as the MOH LMIS. The "New NMSA" will have controlled access to the National MOH LMIS. The data will be used for forecasting and quantification for future periods. Hospitals, health centres and posts will maintain stock-on-hand, consumption/ dispensed-to-user, losses/adjustments data and submit this information along with their orders. They will submit this data to regions at the same time. Initially paper based, as systems are developed, orders and other logistics data will be transmitted through automated systems. External technical assistance will also be required.

MONITORING AND EVALUATION

The Board will have the primary responsibility for monitoring the progress of the implementation of the "New NMSA". "New NMSA" will need to develop its own monitoring, supervision, and evaluation systems and procedures in order to ensure that they are performing well. Regional warehouses can have regularly planned meetings at the region's MOH to review performances and address problems and concerns. External technical assistance will also be required.

HUMAN RESOURCES

"New NMSA" is expected to be a medium sized organization. For procurement, capacity-building requires that some staff be hired (or reassigned) in order to learn new skills and test/initiate new procurement methodologies. Staffing for stock management and distribution is based on the regional branches' warehouse plan.

The organization needs to develop an active and ongoing training program to ensure that skills are adequate for the logistics challenges that they are expected to face. External technical assistance will also be required.

ORGANIZATION AND MANAGEMENT

- Managed by a "Director General" appointed by the " Board", and assisted by a management team.
- Organized into various internal departments, based on an annual work plan, drafted by the Director General, and approved by the Board.
- Supported by technical assistance, provided by donors (secondment of staff or hiring consultants). A regular performance review process will be implemented to ensure that the "NMSA" is responsive to the needs of the MOH and its clients.

LEGAL FRAMEWORK AND POLICY

"New NMSA" is proposed to be an autonomous not-for-profit organization overseen by a 'Governing Board' consisting of both MOH and Zonal Health Offices as members and other stakeholders, established by a Proclamation.

REGIONAL IMPLEMENTATION OF NMSCMP

REGIONAL HEALTH OFFICE'S ROLES AND RESPONSIBILITIES

Selection and quantification – RHOs will be represented by various health personnel, including physicians, pharmacists and nurses, in the STGs/EML development and play a major role in the implementation process. RHOs have an active role in data management for the logistics system as well as the preparation of regular forecasts for quantification. LMIS reports from hospitals, health centres and posts are transferred to RHOs. On a regular cycle, RHOs will prepare LMIS summary reports and forecasted needs.

Financing –The active support of the RHOs is required to advocate for more resources for sufficient supply of medicines. Resource needs will include funds for an ongoing sufficient supply of essential medicines; funds to operate pharmaceutical departments; vehicles to provide supervisory services to hospitals and health centers/posts; and budget funds for the purchase of medicines from the new system once it is established. The decisions made at the annual budget allocation of zonal governments/states and RHOs will help define the success of the Master Plan. At the same time, MOH and partners/donors will need to expedite implementation of health financing policies and strategies to ensure that additional resources will be available.

Procurement –"New NMSA" will take over the procurement of the essential medicines defined in the EML. It will provide procurement services for specialized medicines too. Other medicines will remain the responsibility of the regions and their facilities. Pharmaceutical staff from the RHOs can participate in the national procurement committee.

Distribution and Inventory Management –RHOs will regularly communicate with the regional warehouses in their regions, as per agreements and SOPs to be established (options include MOUs and zonal oversight Boards). The central and hub warehouse managers will work to ensure that health facilities are providing adequate data and that "New NMSA" is providing quality services.

Quality Assurance, Monitoring and Evaluation –RHOs have the lead role in QA, M&E, and supervision of the health services and implementation of the NMSCMP in their regions. Key areas of focus will include the LMIS, rational medicine use, quality management, and system performance in RHOs.

Logistics Management Information Systems –RHOs have important supervision and control responsibilities. Key tasks are reviewing logistics reports and orders, developing stock summaries, providing feedback to facilities and reviewing commodity needs with available funds and budgets.

Human resources –RHOs will expand their pharmacy (and logistics) department with pharmacists and logistics officers to ensure all tasks in the NMSCMP are carried out in their regions. RHOs play an important role in capacity-building and training. Technical assistance will be available to help regions build the required capacities.

Organization and Management –The NMSCMP's Interim Management Group visits each of the region during the implementation to make specific local plans, review key strategies, the regional warehouses, responsibilities, human resource requirements, finances, technical assistances and others. Each region will develop a local Medicine- Therapeutic Committee for guiding rational use initiatives, input to STGs and the EML and problem-solving at the local level.

Legal framework and policy –RHOs will have active regional representation in the "New NMSA"; Board to ensure that regional interests are safeguarded and customer service orientation is maintained. RHOs will also be expected to implement regional activities according to the National Medicine Policy Implementation Plan.

HOSPITAL AND HEALTH CENTRE ROLES AND RESPONSIBILITIES

The focus of hospitals and health centres will be recording and reporting of consumption data, stock levels, losses, transfers and regular essential health commodity orders to be done collectively by pharmacy and logistics/store unit. Regular reports are sent to the regional warehouses as per SOP's. Additional NMSCMP duties include:

- Pharmacy/Logistics technician receive, check, and store medicines on arrival.
- Pharmacy/Logistics technician manages stock according to inventory control procedures
- Hospital medicines- therapeutics committee monitors budget.

- Hospital pharmacists may supervise the supply chain at nearby health facilities (such as health centers and health posts).

Hospitals/health centers with RHOs and "New NMSA" need to determine how to procure medicines that are not included in the EML. Note that success in the collection of accurate logistics information in hospitals and health centres is likely to define the ultimate success of the new NMSCMP.

HEALTH POST ROLES AND RESPONSIBILITIES

Community Health Workers:

- Receive a starter kit of supplies and equipment
- Maintain a minimum stock of 1 month, maximum stock of 3 months average consumption.
- Refill to health posts will be quarterly
- A health post stock report is prepared by the RHOs

ROLE AND RESPONSIBILITIES OF KEY STAKEHOLDERS

MINISTRY OF HEALTH

The Ministry of Health is responsible for sourcing of funds, (part) financing, NMSCMP implementation and policy and coordination. MOH needs to agree with the donor community on suitable support for supply chain through the envisaged Interim Management Group.

Additional responsibilities of MOH include:

- Through the described procedures, facilitate timely selection of candidates for the Interim Management Group using the "Technical Assistance Pooling system" or other agreed recruitment procedures.
- Implement existing Health Care Financing (HCF) strategies and possibly additional measures to increase the health commodity budget for health facilities.
- Develop STGs and essential medicines list, quantification standards, advocacy and coordination.
- Assess feasibility of the NMSCMP & integration with the NMSCMP

DONORS

Donors and MOH should agree how to support health programs and monitor progress and evaluate impact through Joint Annual Review Meetings. The MOH -

Donor group meeting will be informed about the NMSCMP progress. As the NMSCMP is a multi-year project, it is recommended that a long-term agreement is signed between MOH and donor community.

Donors will be expected to support the NMSCMP by:

- Providing technical assistance and support for NMSCMP project development
- Provide seed capital for the Revolving Medicine Fund and support NMSCMP implementation costs
- Help increase the medicine budget to increase access to vital and essential medicines.
- Through the MOH 'Interim Management Group' participate in the governance of the Project

MEDICINE REGULATORY AUTHORITY (MRA)

The main objective is to ensure the safety, efficacy, quality and proper use of medicines.

The main responsibilities of the MRA's are:

- Focus on its core competences (Medicine Regulation and Technical Standard-setting)
- Capacity for developing STGs and medicine formularies is built in a Zonal Medicines-Therapeutic Committee.

PRIVATE SECTOR

Promotion of the local pharmaceutical industry is critical. Proactive policies could be adopted, such as abolish or reduce import duties incentive scheme for export, create duty-free zones, attract foreign investments, and increase the domestic preference (15-20%).

The NMSCMP includes several new opportunities for manufacturers and wholesalers such as access to the private sector market, separation of the vital and essential medicines list from the non-essential list, and opportunities to take part in supply through:

- Framework contracts: bid on large contracts because delivery is spread over a period of time.
- Split contracts: take part in large contracts by covering a percentage of the contract.

- Domestic preference as per procurement laws.
- As alternative supplier for hospitals and health facilities (especially for non-essential medicines).

Private commercial hospitals and clinics will normally not have access to the 'new NMSA', except:

- if they carry out certain tasks in the public's interest (e.g., vaccinations, emergency services)
- for medicines that they cannot access in the private sector

Non-profit health institutions may be granted access to the NMSCMP through an MOU with MOH if they carry out services in the public's interest.

CRITICAL ASSUMPTIONS & RISK MANAGEMENT

Critical assumptions and related risks for successful implementation of NMSCMP are listed below, with suggestions for risk minimisation:

Critical Assumptions	Risks and suggestions
Government and donors make funds available for starting RMF	Risk 1 (high, maybe): insufficient fund limits "New NMSA" to run RMF effectively Risk 2 (moderate, likely): receiving RMF capitalisation in-kind (i.e. products instead of money) bares the risk of distorting RDF value and product prices. Suggestion: MOH requests donors provide cash or request a soft loan from World Bank
Zones/states collaborate fully with NMSCMP implementation	Risk (medium, maybe): Zones/states may not buy-in to NMSCMP concepts Suggestion: explanation of technical details and individual briefings of states'/zones' MOH
Health providers spend a big part of their procurement budget on "New NMSA"	Risk (medium, maybe): Health facilities procure medicines from private companies Suggestions: Zones/states to recommend "new NMSA"; "new NMSA" to make zone/state specific support plans; "NMSA" to promote their new (lower) prices and service to

Critical Assumptions	Risks and suggestions
	all clients.
Private sector accepts need for centralised procurement	Risk (medium, likely): private sector will mobilise politicians against NMSCMP concept Suggestions: support measures to promote private sector; remove taxes, duty free zones, incentives, international donor support, encouraging the private sector to participate in the bids floated by the 'new NMSA'
Sufficient human resources are trained, hired & retained	Risk (high, likely): insufficient people available in the zones/states for the NMSCMP's implementation Suggestions: MOH accepts higher levels of TA and staff paid by donors ; more trainings through scholarship and short term courses

NMSCMP is further based on the following assumptions:

Component	Assumption
Running and Start-up Costs	Donors are willing to fund a large part(90-95%) of start-up costs and running costs are met from normal budget funds and donations.
Cooperation of Stakeholders	Stakeholders (Zones/states, MOHs, RHOs, donors, MRA, etc.) are willing to cooperate and take a long-term view in favour of short term considerations.
Leadership	Strong and active champions/advocates at MOH, and regional level
Legal changes	Several proposals assume changes to legal instruments, critical to long-term success

Component	Assumption
Policy	Proposed changes are confirmed by the National Medicine Policy review process
Financial systems	Ministry of Finance cooperates to enable all levels of MOH to pay "NMSA" timely and efficient
Essential medicines	Stakeholders focus in the initial phase on providing the essential package to ensure "full supply", with zonal variations taken into account.

IMPLEMENTATTION PLAN

Refer the attached Excel sheet for details (Annex I)

GLOSSARY

- **Adjustment**: Changes recorded when quantities of a product are issued to or received from other facilities at the same level of pipeline (also called transfer). Also used to explain administrative corrections-e.g., a physical stock count that is different from the quantity listed on stock-keeping records.
- **Clients**: People or organizations that receive medicines and other medical supplies. Used interchangeably with customers, users or patients
- **Consumption record**: Records kept on products consumed by clients.
- **Customers**: People or organizations that receive medicines or supplies. Used interchangeably with customers or users
- **Feedback report**: A report that either (i) informs lower levels about their performance, in some cases providing additional information about reporting from other facilities or (ii) informs managers at higher levels about how the system is functioning
- **Forecasting**: It is the process of estimating the expected consumption of commodities based on historical consumption, service statistics, morbidity and/or demographic data or assumptions when data are unavailable, to calculate the quantities of commodities needed to meet demand during a particular time frame.

- **Framework contract**: A multi- year procurement contract where the contract terms specify the contracted items, prices and estimated quantities but allow for flexibility regarding delivery times(staggered deliveries) and quantities per shipment

- **Full supply**: A commodity is considered "full supply" when the supply of that product is adequate to meet the needs expressed by all of the health facilities within the network.

- **Governing Board (Board):** Group of individuals designated with the formal authority and responsibilities for the operation and financial management of an organization or entity.

- **Regional warehouses**: Intermediate warehouses whose locations are determined by geographic, climate, demography, and capacity/infrastructure criteria and distribution optimization study, in order to ensure the most effective and efficient distribution of products to clients

- **Logistics report**: A summary report that lists the name of the facility, reporting period, beginning stock on hand , receipts, quantities issued or dispensed, loss and adjustments and ending stock on hand for each product

- **Logistics system**: The structure through which a quantity of supplies is moved to different levels according to a schedule. Information about the quantities issued or dispensed to clients at each level is gathered to determine the quantity and schedule of future deliveries.

- **Losses**: The quantities of stock removed from or taken out of, the pipelines for any reason other than consumption by clients(e.g., theft, expiration, and damage)

- **Maximum-minimum inventory control system**: A system to control supplies so that quantities in stock generally fall within as established range.

- **Maximum month of stock**: The number of months of stock above which the stock level for a given product in a given facility should not rise

- **Minimum stock level**: This level of stock at which actions to replenish inventory should occur under normal circumstances at a given storage facility. The minimum stock level is the total sum of safety level and lead time stock level.

- **Monitoring**: Checking on a regular basis to ensure that assigned logistics activities are carried out.

- **Months of stock**: A measurement of stock quantity that indicates the number of months a medicine and other medical supply item will be

available for distribution or use based on the present average consumption rate

- **Medicines Regulatory Authority**: An independent government organization responsible for enforcing legislation to ensure that medicines and biological products marketed in the country are safe, effective, and complying with quality standards, and handled appropriately in the distribution chain.

- **Quantification**: It is the process of estimating the quantities and costs of the products required for a specific health program (or service), and determining when the products should be delivered to ensure an uninterrupted supply for the program. It takes into account the expected demand for commodities, unit costs, existing stocks, stock already on order, expiries, freight, logistics and other costs, lead times, and buffer stocks. Using this information, the total commodity requirements and costs are calculated and compared with the available financial resources to determine the final quantities to procure.

- **Revolving Medicines Fund (RMF):** A fund for which initial capital is provided by government appropriation and/or contribution by donors but is then intended to be self- sustaining, with all expenditures being replaced from monies collected for the fund. At facility level: a medicine sales program in which revenues from medicine sales to patients are used to replenish medical supplies

- **Service-oriented**: An organization system or process which emphasizes meeting client needs, whether these clients are individuals, organizations or entities.

- **Split contract**: During the award phase of product procurement, giving partial contracts to best two bidders, often by offering the second lowest (price) bidder a contract if they accept the price of the lowest bidder.

- **Stakeholders**: Development partners and others with an interest in improving the health, family welfare or other sector

- **Standard Operating Procedures (SOPs):** A series of guidelines and procedures that are developed to define how tasks and activities are to be performed to ensure the safe, effective, efficient and consistent operation of an organization or entity.

- **Standard Treatment Guidelines(STGs):** A series of disease-specific evidence based clinical treatment drug management and referral protocols whose primary purpose is to improve the quality and cost-effectiveness of medical care services through harmonized knowledge and practices

- **Stock**: Used interchangeably with commodities, goods ,products, supplies, and other terms to refer to all the items that flow through a logistics system

- **Stock-keeping records**: Records kept on products in storage.
- **Supply Planning**: The final output of quantification, supply planning details the quantities required to fill the supply pipeline, costs, lead times, and arrival dates of shipments to ensure optimal procurement and delivery schedules.