Male Circumcision: Procurement and Supply Chain Considerations

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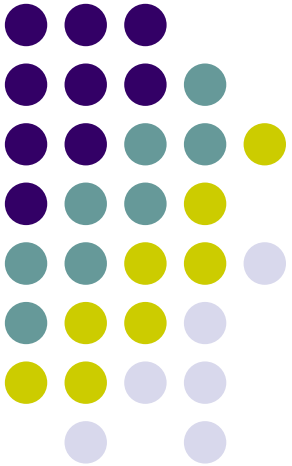
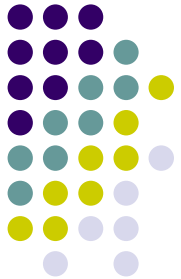


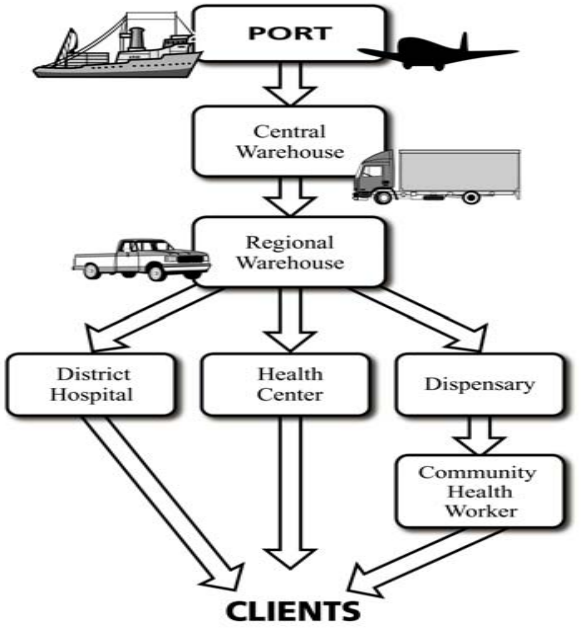
Supply Chain Outcomes



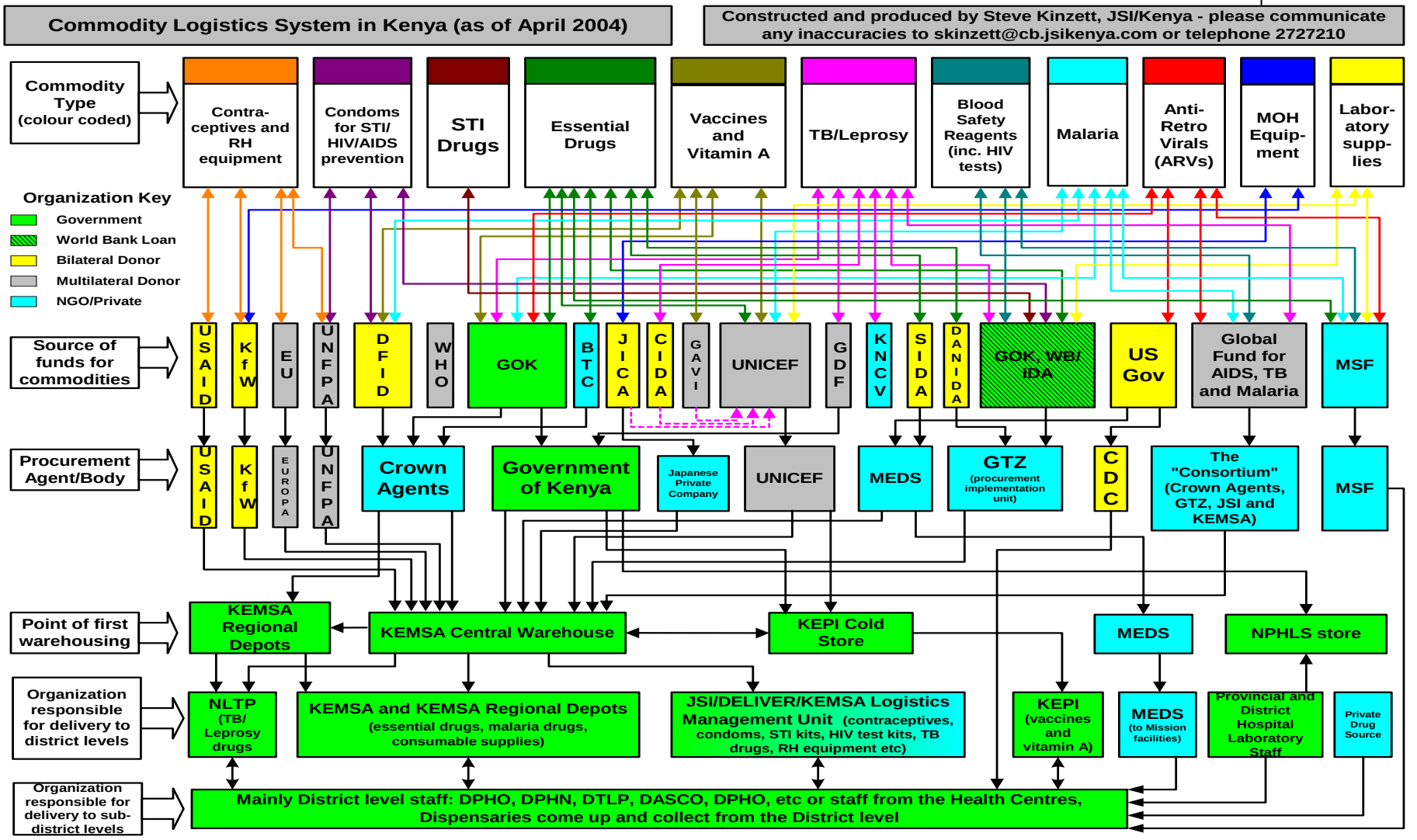
- Uninterrupted supplies of products reach intended recipients
- Secure supply chain with minimal waste/leakage
- Agile supply chains to accommodate unpredictable product use

Common Challenges: Public Health Supply Chains

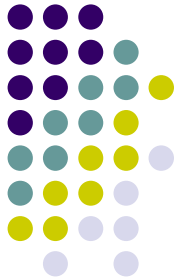
- Poor storage facilities
- Weak transportation systems
- Problematic customs processes
- Diversion of products
- Inadequate training
- Lack of information systems
- Inaccurate quantification and forecasting



A Country's View

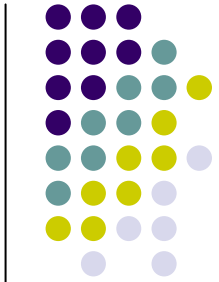


Policy Considerations & Challenges



- Use of kits/modules or individual items?
- Standardization
  - Equipment, devices, instruments
  - Kit contents
- Which supply chain to use?
  - Integrate supply with existing laboratory SC or set up vertical SC
- How critical is a stockout?
  - Plan for other uses of consumables

Challenges: Forecasting & Quantification

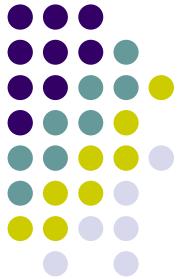


- Ad hoc and short-term quantification when funds available
- Very limited consumption, service statistics data
- Forecasting quantities of kits less complicated, but doesn’t resolve stock imbalances

Challenges: Inventory Management

- Use of consumables/supplies for multiple purposes
- Limited storage space (increasing volumes, bulky items)
- Kits associated with stock imbalances
  - How do sites order critical items that are stocked out?

Challenges: Logistics MIS

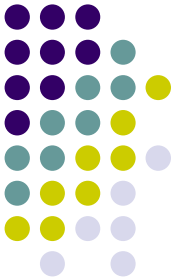


- Collecting data on individual products from a kit
- Tracking usage data on products used for multiple purposes
- Multiple reporting systems, same facilities
- Few logistics MIS from facilities to central level
  - need to collect essential logistics data

Procurement sourcing and strategy should be led by programming decisions and local conditions

- A decision to use MC kits will demand very different strategies and much longer planning horizons
- Kit contents are unexceptional, but using kits will add time and cost
- Adding volume to existing quantities of routine items is likely to be the most cost effective approach
- A non-kitting approach could lead to program delays if a single key item becomes stocked out

Procurement strategy matrix

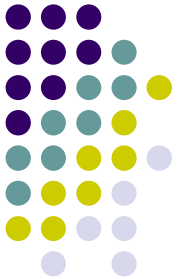


Importance		
High	**Leverage items** Higher cost but available Competitive market Buyer can exert leverage	**Strategic items** Mission critical Probably high cost Long lead times Few suppliers
Low	**Non-critical items** Low cost and abundant Many suppliers Probably local supply	**Bottleneck items** Lower cost, but scarce Mission critical Probably imported High supplier dependence

Low — Complexity of supply market — High

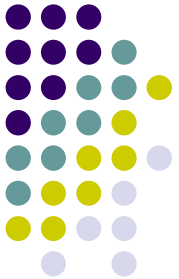
Based on Purchasing must become Supply Management – Peter Kraljic, Harvard Business Review, 1983

Applying the procurement matrix to the products required will enable programs to manage supplies effectively



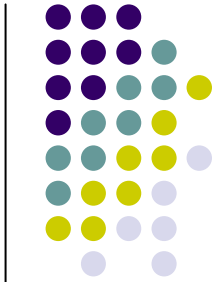
- Kit Contents
- Dependent on the local supply conditions the consumable items required for MC are probably either non-critical or bottleneck items.
- Non-critical items can be bought readily on the local market from several suppliers to maintain stocks, but
- Bottleneck items will require a close relationship with the best suppliers, and the holding of higher stocks to protect against supply delays
- In both cases long-term contracts may be advisable

Applying the procurement matrix to equipment and instruments may lead to different approaches



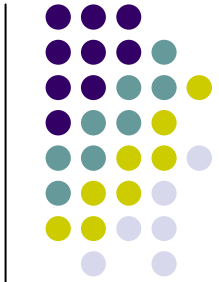
- Module Contents – Equipment
- Equipment and some instruments may not be readily available locally, and need a strategic sourcing approach to avoid delays
- Other items will be readily available, but may require importing or special orders.
- The buyer can apply leverage, but both these approaches will need longer planning time
- Other items will be non-critical and can be purchased from a range of local suppliers as with the kit contents

Considerations for Moving Forward



- New distribution paradigms
  - Untangle (create, for MOH) in-country distribution channels
  - Frequent, small shipments (monthly, weekly, daily)
  - Consider public-private partnerships for distribution
- Streamline in-country supply chains
  - Strengthen, perhaps consolidate, storage facilities
  - Consider eliminating some intermediate levels
  - Consider consolidating some distribution channels
  - Consider fewer supply chains that serve multiple partners

Considerations for Moving Forward



- Partner coordination within sectors
  - LMIS data sharing
  - Regular coordination/collaboration mechanisms
- Harmonize LMIS across funders, supply chains
  - data, forms, reports, procedures
  - share logistics and supply related data across funders
- Develop longer term procurement contracts that support scaling up programs

Thank You

- Resources
  - www.deliver.jsi.com
  - www.scms.pfscm.org
  - http://harvardbusinessonline.hbsp.harvard.edu

    (Reprint No. 83509 Purchasing Must Become Supply Management by Peter Kraljic, 1983)
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