



**GLOBAL
HEALTH**
SUPPLY CHAIN SURBIT

**Promoting innovation, performance,
data use and self-evaluation through
introduction of a supply chain results-
based financing in Tanzania**

31 October 2016



Outline

- Background
- The RBF MSD design scheme
- The implementation and results
- Challenges
- Proposed design change



Goals of Tanzania's RBF

OVERALL GOALS

- Strengthen the health and supply chain system
- Accelerate Tanzania mainland's move to UHC
- Help focus government and donor attention on outputs and outcomes
- Re-orient mindset of health service providers and providers of related services like health commodities and supply chain services

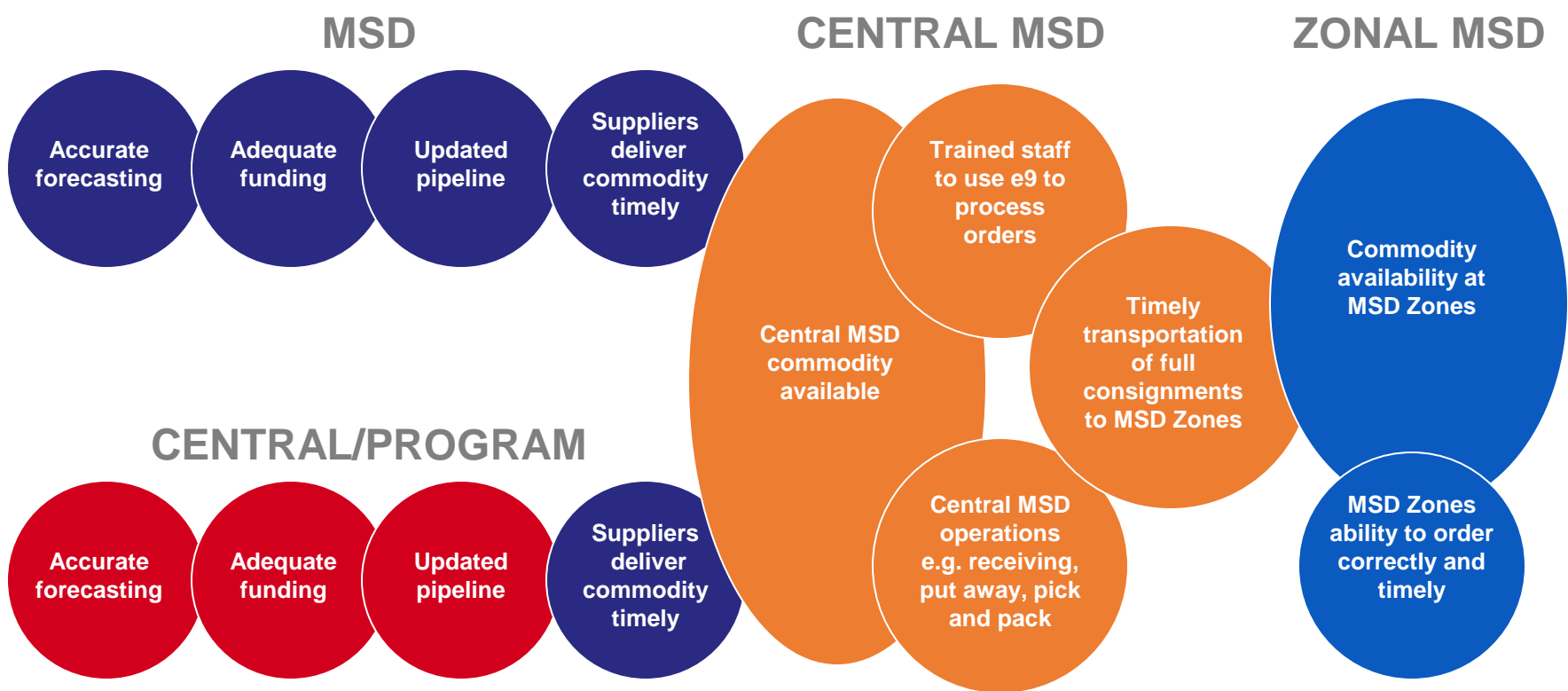
IMMEDIATE GOALS

- Increase utilization of specified services in health facilities
- Increase quality of service provision
- Incentivize more focused health workers and management teams and supply chain service providers



Background selection of areas of focus for MSD

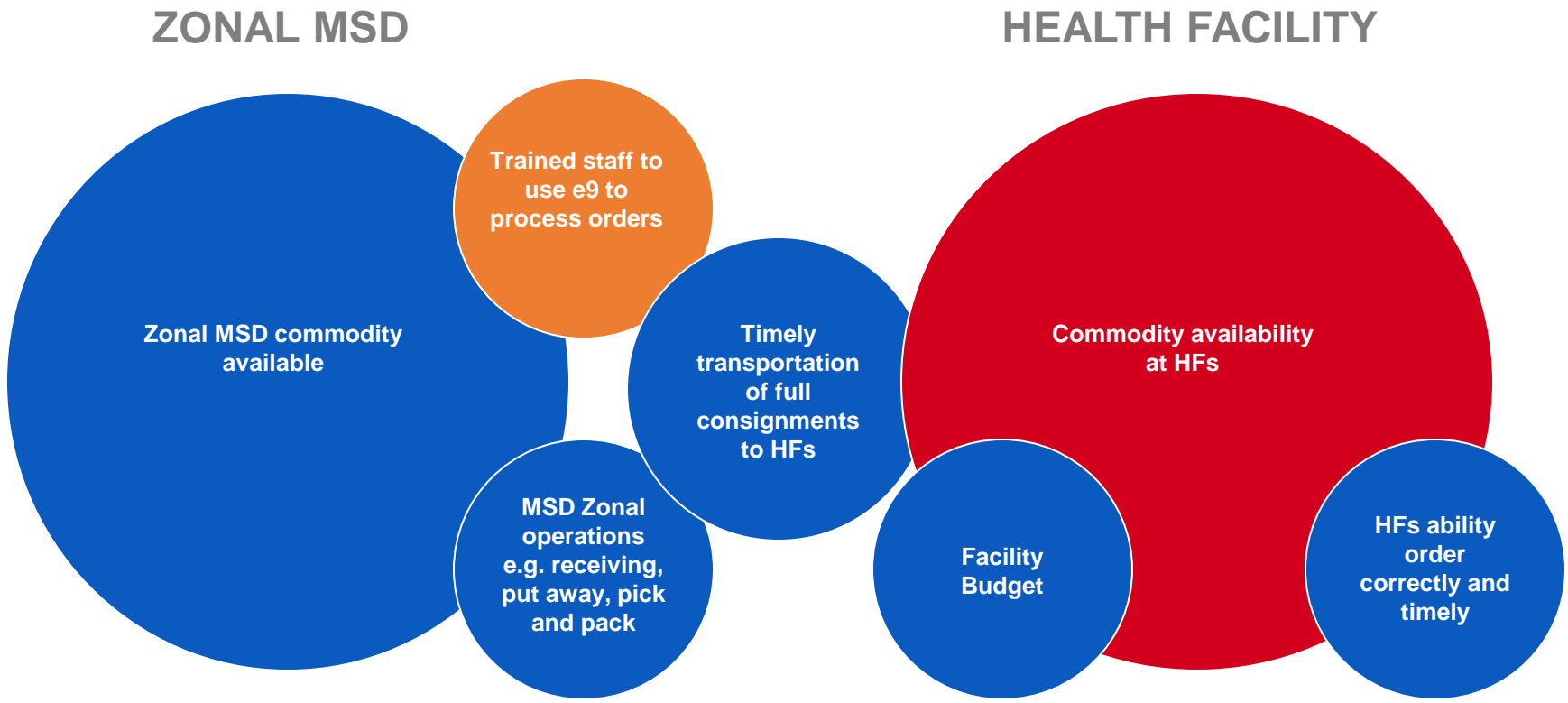
Interdependencies on commodity availability at MSD central & zones





Background selection of areas of focus for MSD

Interdependencies on commodity availability at MSD Zones & HFs



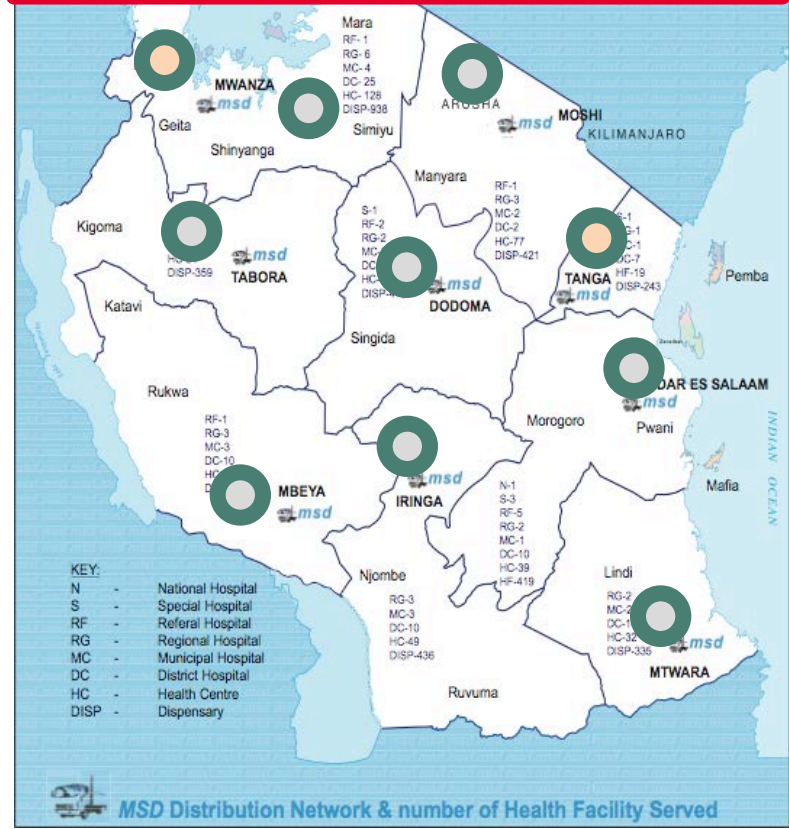


GLOBAL HEALTH
SUPPLY CHAIN SUMMIT

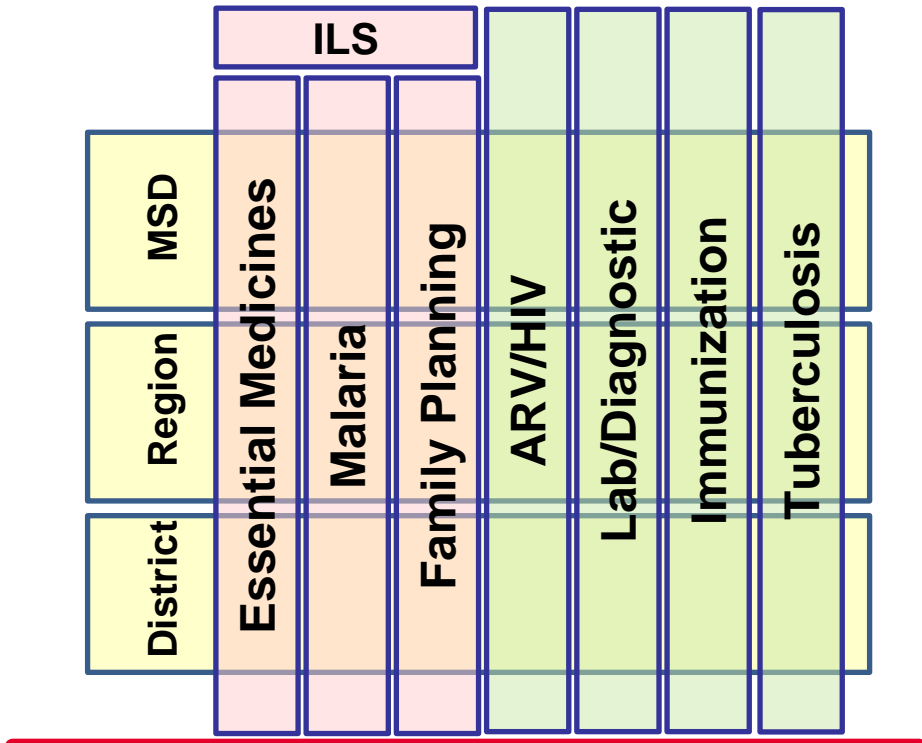
Overview of the Medical Stores Department

Tanzania's MSD delivers over 800 of products to over 5700 health facilities

8 Zonal Stores & 2 Sales Points

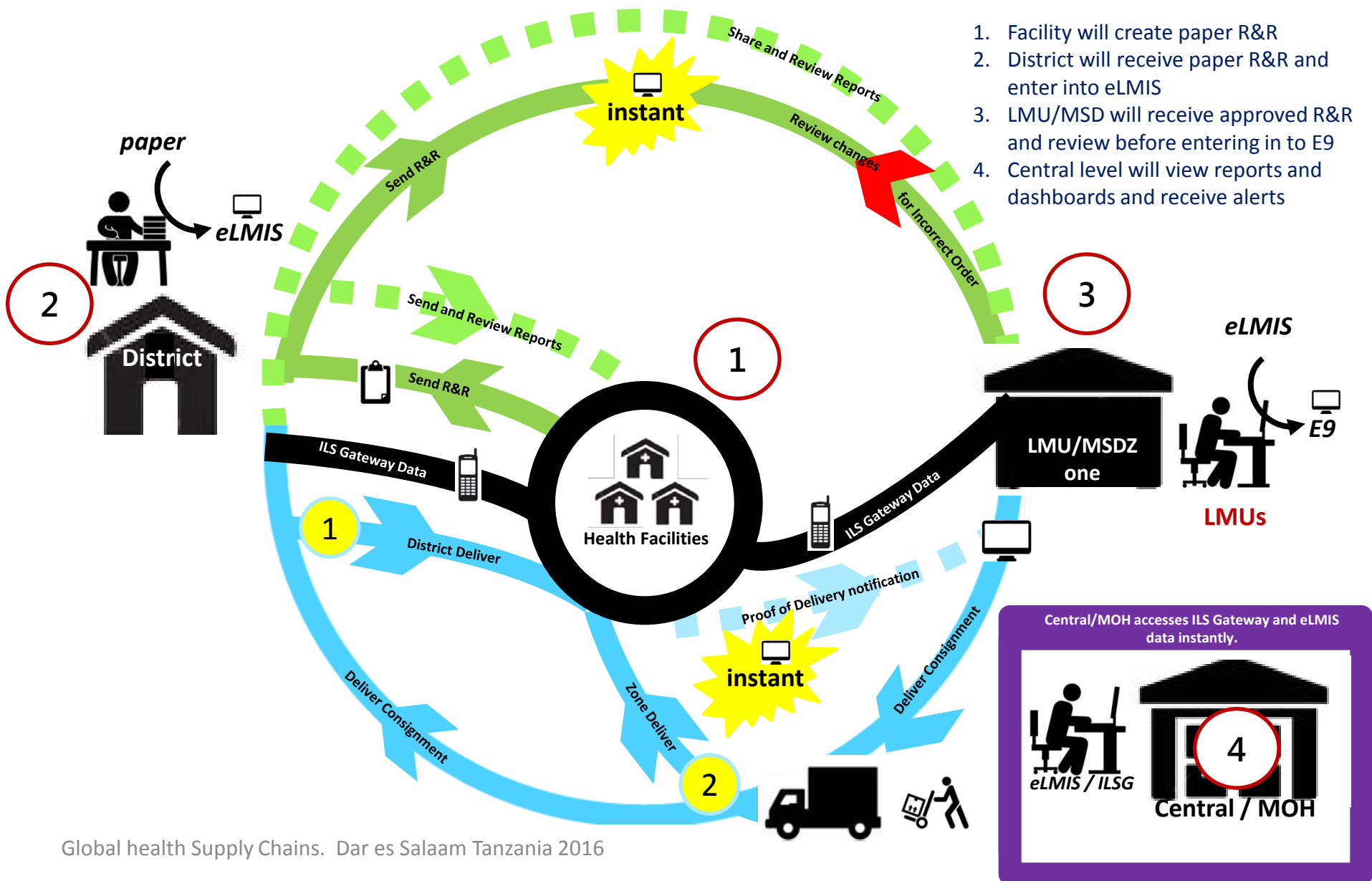


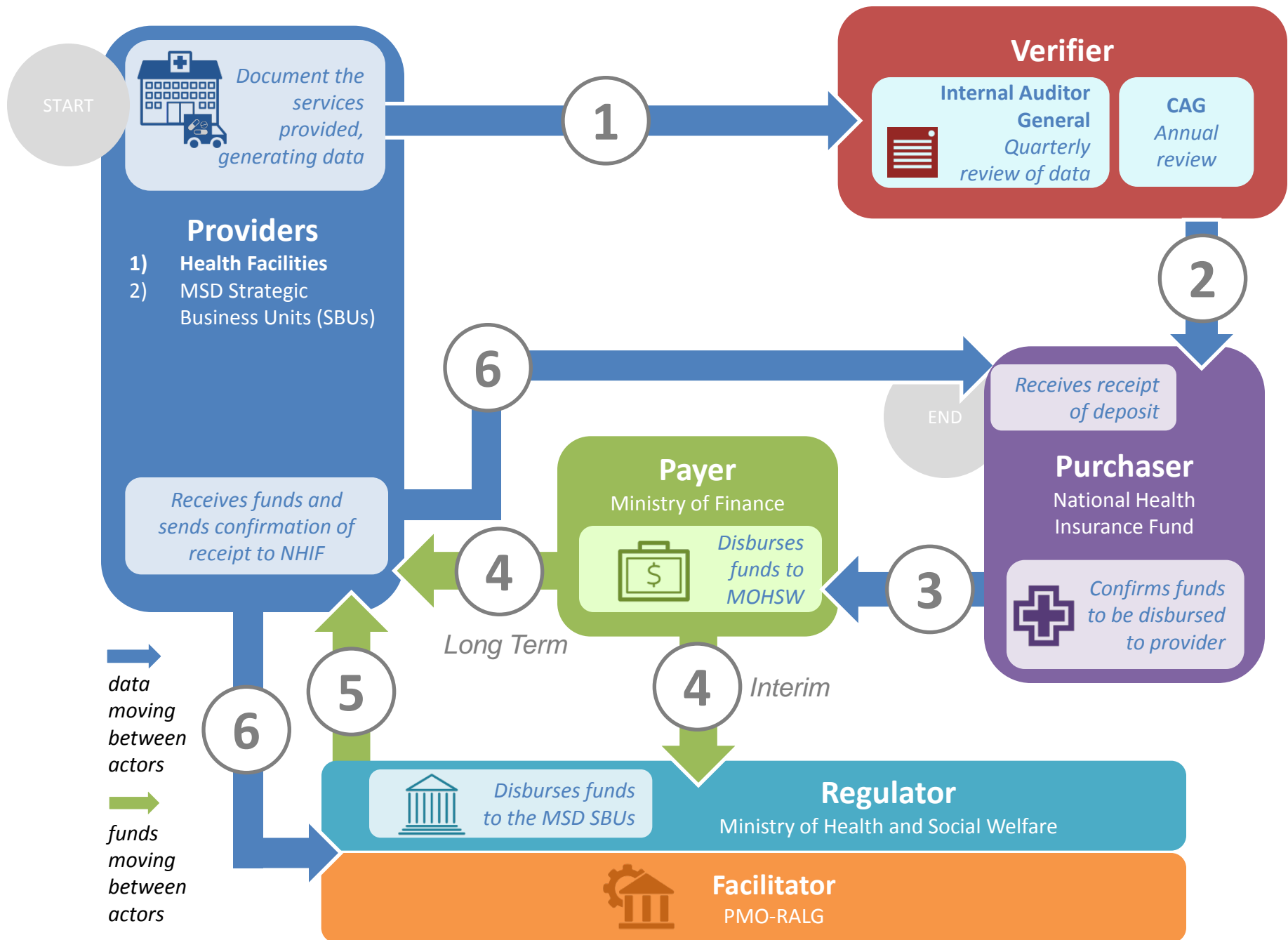
Combined Total of appx. 800 Products



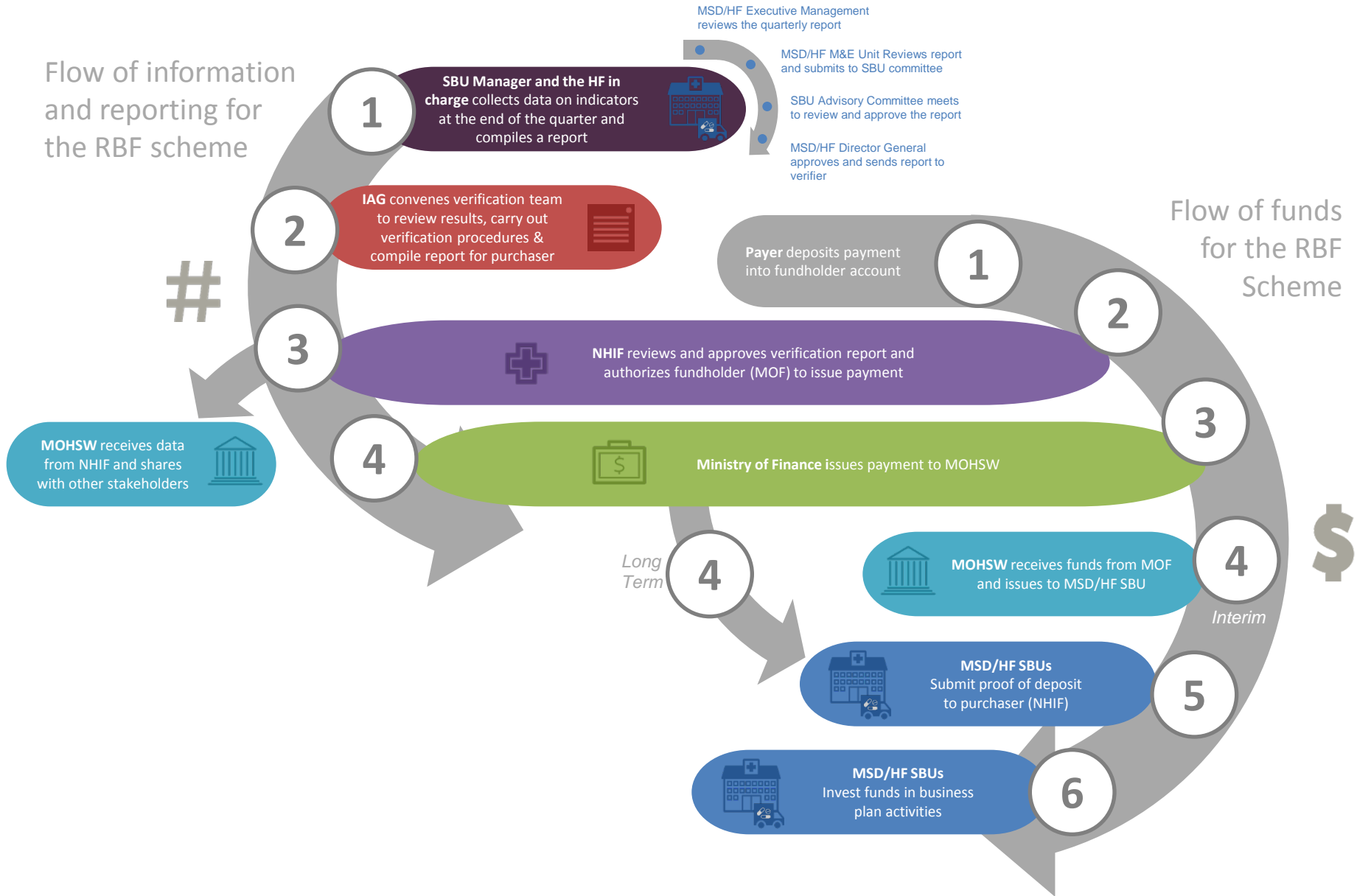
5700+ Health Centers & Dispensaries

Overview of the supply chain information and ordering process



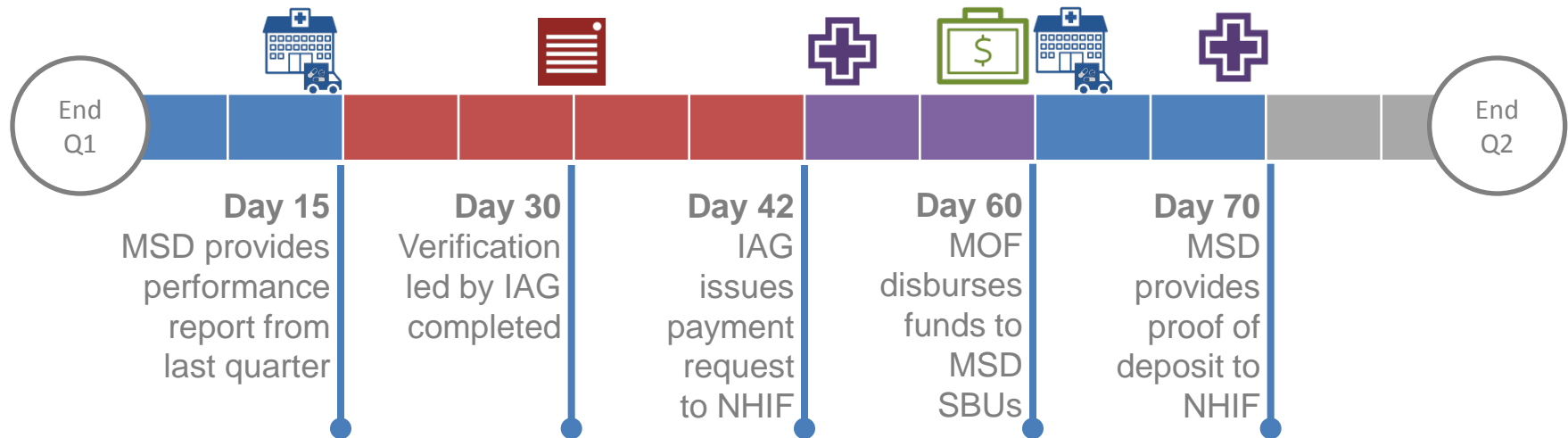


Flow of information and reporting for the RBF scheme



Chronology of events between quarters

Data review & verification | Funds issuance



RBF quantity indicators by MSD level and weighting

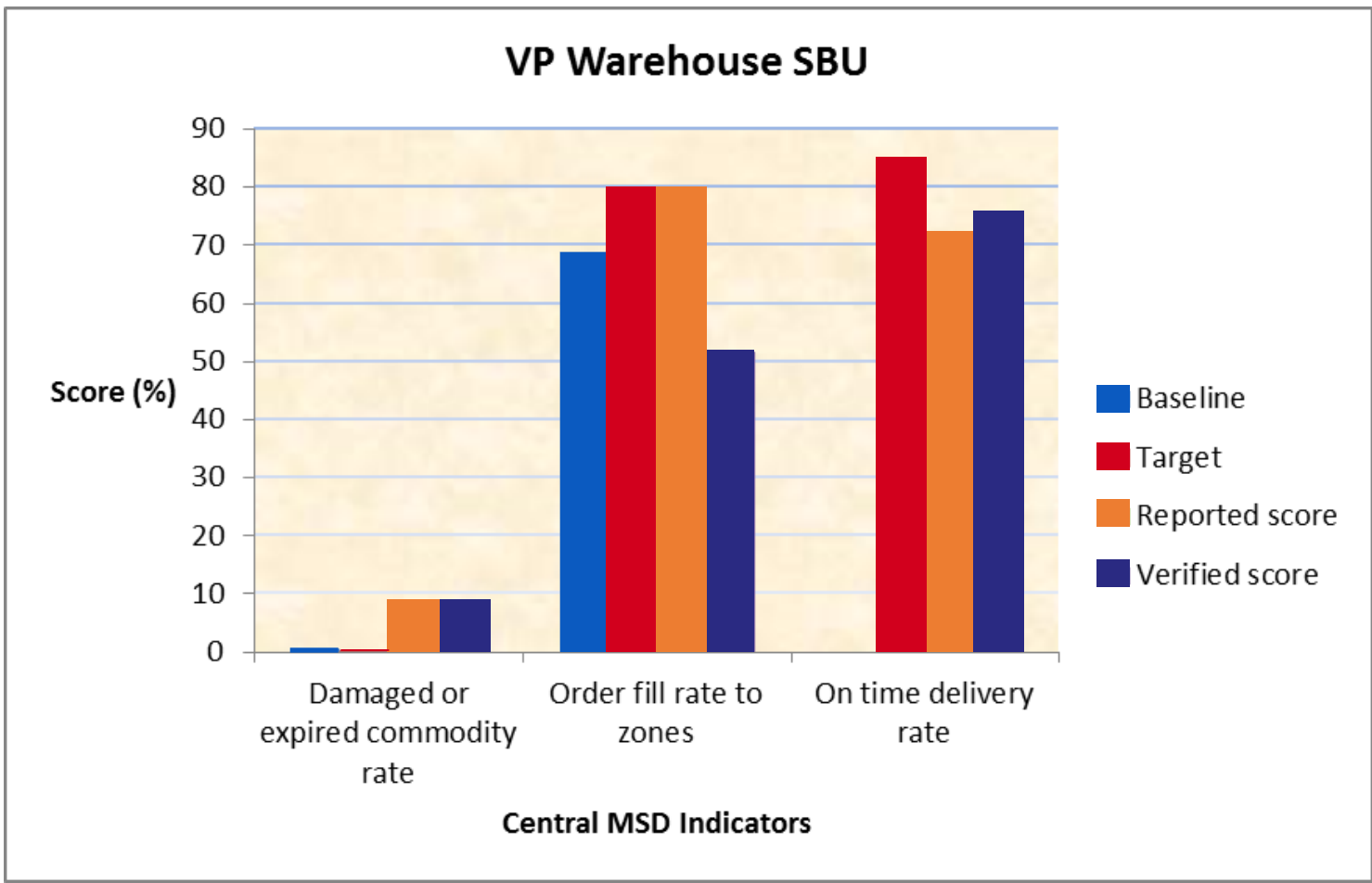
LEVEL	INDICATOR	ORIENTATION	WEIGHT
Zone	Order fill rate for district approved orders	External, customer-oriented	5
Zone	On time delivery rate	External, customer-oriented	5
Zone	Put away accuracy	Internal, process-oriented	1
Zone	Inventory accuracy	Internal, process-oriented	1
Zone	Order lead time	External, customer-oriented	2
Zone	Damaged or expired commodity rate	External, customer-oriented	1
		Total per quarter	15
Central	Damaged or expired commodity rate	External, customer-oriented	2
Central	Order fill rate to zones	External, customer-oriented	5
Central	Fleet Utilization	Internal, process-oriented	3
Central	On time delivery rate	External, customer-oriented	5
		Total per quarter	15



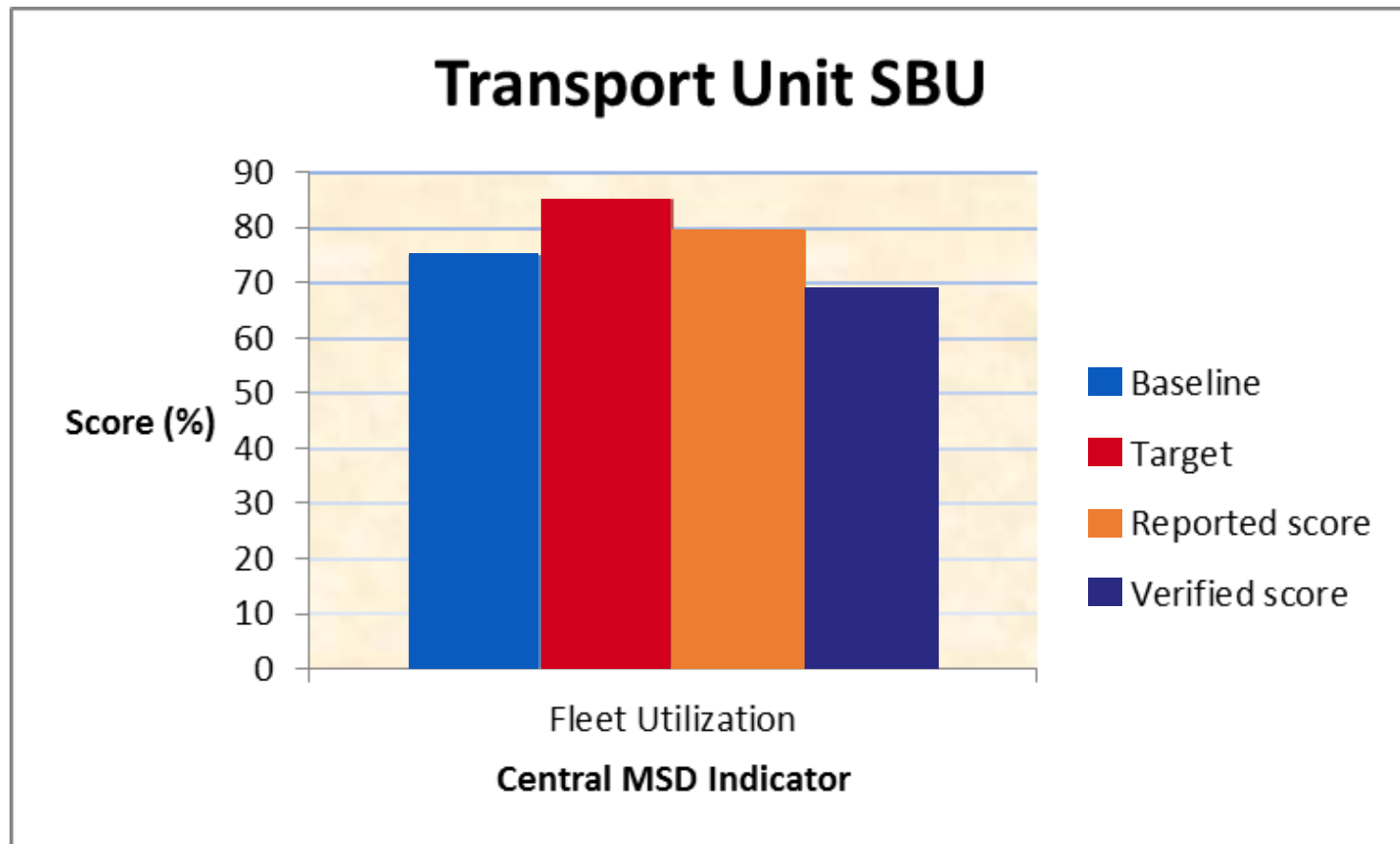
The implementation

- Three SBUs are implementing have been trained since April 2016
 - ✓ Vertical Program (VP) Warehouse (MSD headquarters)
 - ✓ Transport unit (MSD headquarters)
 - ✓ Mwanza zone (Includes Muleba Sales point)
- Trainings
 - ✓ Implementers ??
 - ✓ 24 internal verifiers and 40 external verifiers
- One verification exercise has been conducted

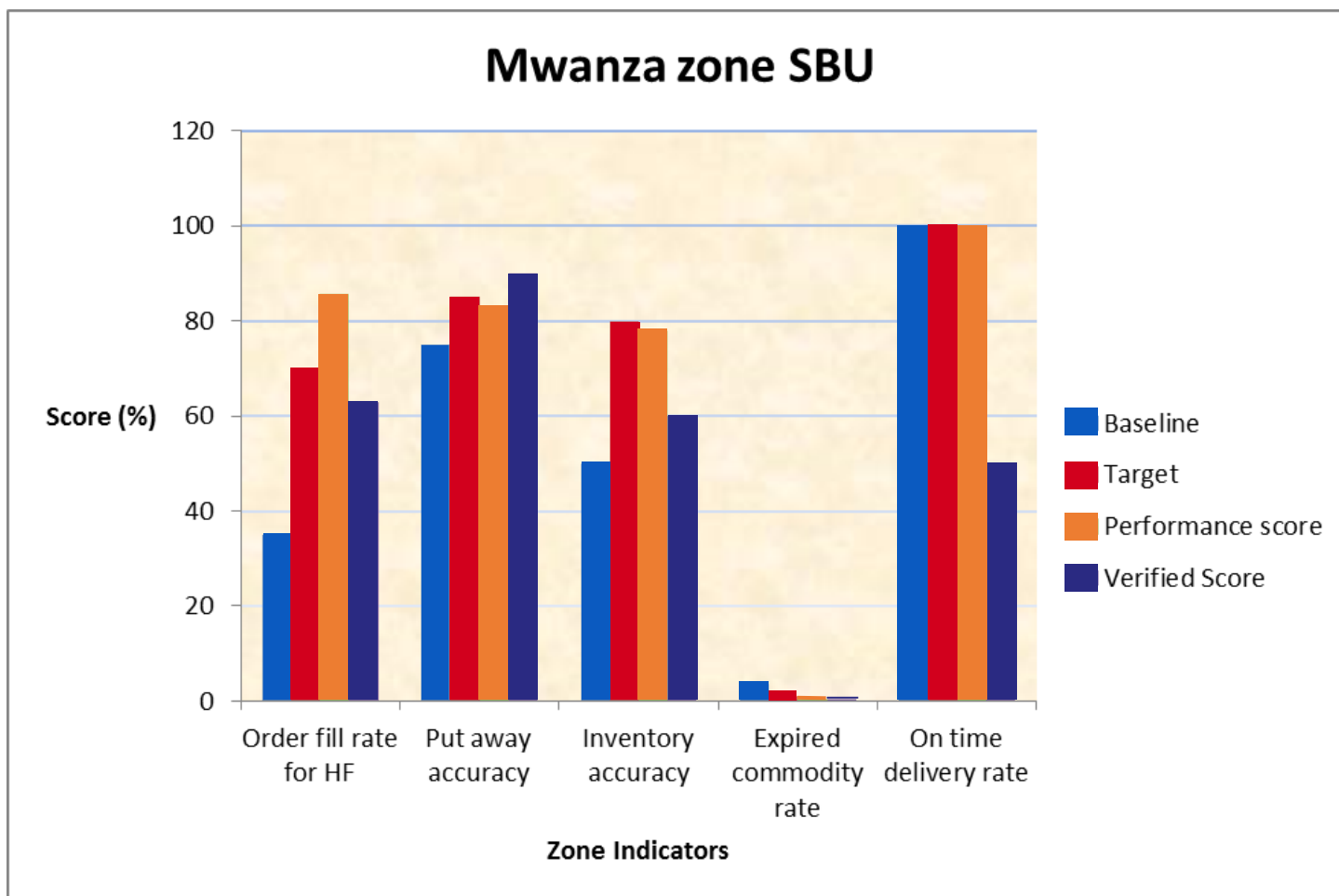
The implementation – Results Q1



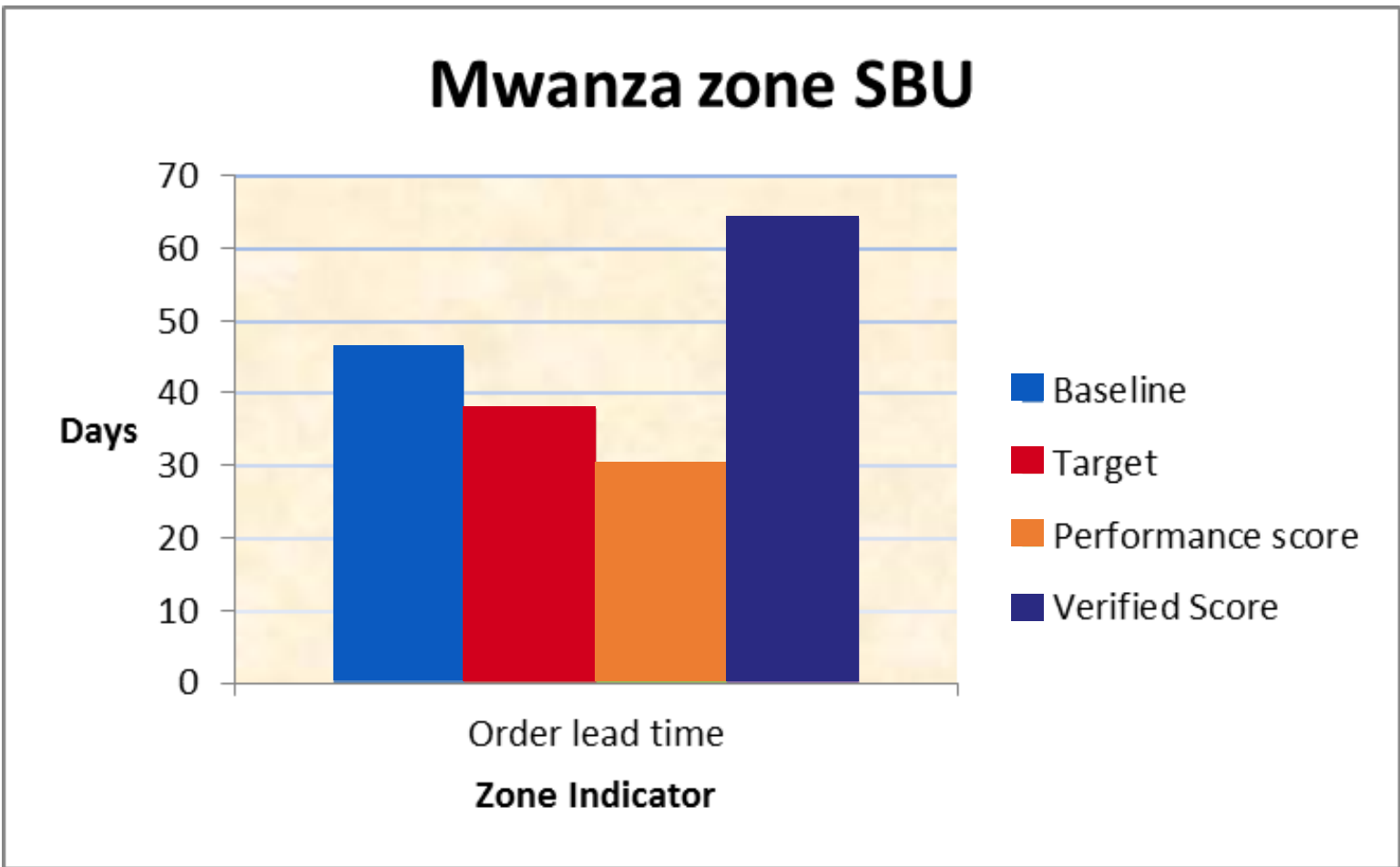
The implementation – Results Q1



The implementation – Results Q1



The implementation – Results Q1



The implementation - Invoices

Indicator		B	T	R	V	Error rate	Unit Cost (\$)	Amount earned	Final incentives
Order fill rate	C	69%	80%	80%	52%	28%	32,000	0	0
	Z	35%	70%	78%	42%	36%	9,000	1,821	1,639
On time delivery	C	0%	100%	72%	0%	72%	32,000	0	0
	Z	100%	100%	100%	51%	49%	7,200	0	0
Expired commodity	C	0.5%	0.25%	8.9%	9.0%	0.1%	12,800	0	0
	Z	3.5%	1%	2.1%	3.2%	1.1%	3,600	432	432

The implementation - Invoices

Indicator	B	T	R	V	Error rate	Unit Cost (\$)	Amount earned	Final incentives
Central								
Fleet utilization	75%	85%	79%	69%	10%	19,200	0	0
Zonal								
Put away accuracy	75%	85%	89%	80%	9%	1,800	900	900
Inventory accuracy	50%	80%	79%	60%	19%	1800	600	540
Order lead time	46	38	40	59	19%	0	0	0

The implementation - Summary

Indicator		Unit cost	Amount earned	% unit cost	Error rate	Final incentive	Error losses
Order fill rate	C	32,000	0	0%	28%	0	NA
	Z	9,000	1,821	20%	36%	1,639	10%
On time delivery	C	32,000	0	0%	72%	0	NA
	Z	7,200	0	0%	49%	0	NA
Expired commodity	C	12,800	0	0%	0.1%	0	NA
	Z	3,600	432	12%	1.1%	432	0%

The implementation - Summary

Indicator	Unit cost	Amount earned	% unit cost	Error rate	Final incentive	Error losses
Central SBU						
Fleet utilization	19,200	0	0%	10%	0	NA
Mwanza SBU						
Put away accuracy	1,800	900	50%	9%	900	0%
Inventory accuracy	1,800	600	33%	19%	540	10%
Order lead time	3,600	0	0%	19%	0	NA



The invoice - summary

	Allocation(US\$) /Quarter	Earnings	Percentage
MSD Central SBUs	96,000	0.00	0%
Mwanza zone SBU	27,000	14,314	53%
TOTAL	123,000	14,3134	12%



Challenges

DESIGN CHALLENGES

- Are the targets achievable?
- Is the baseline data reliable?

These two have implications on the amount earned before error penalties

- Inconsistency in the error deductions with the HF RBF component
- Are the indicators right? Is there a need for supervision indicators for central to zonal MSD?



Challenges

TRAININGS

Implementers – ?MSD staff

Verifiers – Focus on MSD existing systems

- *More of practical E9 and eLMIS sessions*
- *Car tracking systems*

VERIFICATION

Lead verifier – IAG ? Sitting region, all regions, central

Does the lead verifier capacitated enough?

MSD RBF INTERFACE

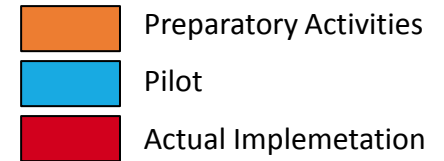
For reported and verified data entry and invoice generation



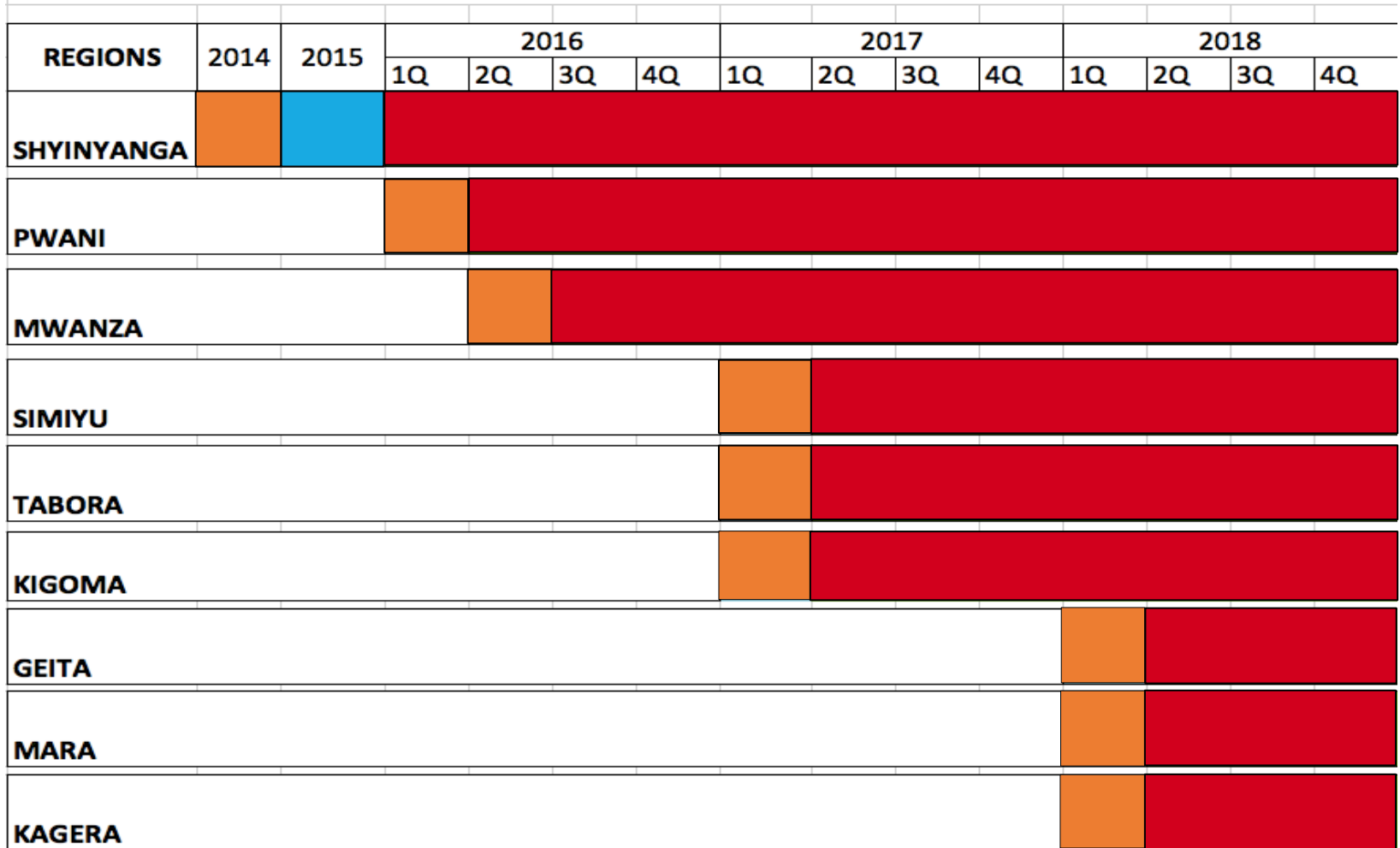
Proposed Design Changes

- With the introduction of bar coding – Put away accuracy have become redundant
- Measuring the same things - Order lead time and on time delivery
- Categorization of the verification criteria to be responsive to levels of efforts exerted
- Out of stock notification indicator – Incentives for efforts to make commodities available at HF in light of current stock outs at the Central MSD

Timeline



RBF IMPLEMENTATION TIMELINE





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