



*Press Release, 25 September 2016*

## **Decentralize medicines procurement and supply system to stop the chronic shortages.**

The government through MoHCDGEC has talked about and to a certain extent developed and implemented various initiatives and strategies with the aim of improving stock availability of essential medicines in the country. The previous Health Sector Strategic Plan (HSSP) III and the current HSSP IV, both acknowledged the challenges of availability of medicines in the country. The challenges at MSD such as eroded working capital, late and partial disbursement contributing to low stock levels and order fulfillment rate for health commodities have been identified and documented within the HSSP IV. Within it the “Big Results Now” – BRN Health has activities aimed at strengthening the management of the MSD’s working capital and complementing MSD in the procurement and distribution of medicines through engagement with the private sector. It has been almost two years now since BRN health initiative started and yet we have not seen any substantial changes at MSD in terms of improved availability of essential health commodities/ medicines.

In addition to the big policy initiatives mentioned, during 2016/17 budget presentation at the parliament, minister of MoHCDGEC, Hon. Umy Mwalimu emphasized importance of strengthening MSD zonal offices to ensure that the stock availability of medicines increase at the public health facilities. One of the plans presented by the minister was to ensure MSD procures directly from the manufacturer and not local wholesalers to avoid additional costs from the suppliers who are essentially acting as middlemen. Three months are almost over and the situation at the MSD central and zonal warehouses is alarming. The question is why we do not see the changes at MSD all these years? Are these plans and initiatives being translated into the actions? Is it the right time that MSD operates independently and compete in the market with others?



We are asking ourselves all these questions and many more, as we do not see MSD picking up. Sikika has been monitoring availability of health commodities on the MSD website for sometimes now. For instance, since March to September 2016 the situation is devastating. Trend of availability of key medicines is fluctuating between zero and not more than 22,000 units (ref table 1). For example having 170 Tins of Paracetamol in stock is equivalent to stock out since the quantities are not enough even for a single hospital.

This situation is found in many other fast moving medical commodities such as antibiotics, antihypertensive, antidiarrheal as well as oxytocin injection and delivery kit that are needed during labor.

**Table 1: Trend of availability of sampled medicines and medical supplies.**

ITEM	UNIT	QUANTITY			
		March	May	July	Sept
PARACETAMOL TABLETS 500 MG	1000TB	13,380	1,113	10	170
AMOXICILLIN CAPSULES 250MG	1000CP	170	2,991	390	21,536
ATENOLOL 50MG TABLTES	28TB/1TB	654	115	0	0
DIARRHOEA TREATMENT KIT (ORS+ZINC 20MG)	1KT	0	0	0	0
AMOXICILLIN GRANULES 125MG/5ML 100MLS	24BT	800	85	0	0
OXYTOCIN 1ML INJ 5IU/ML	10AMP	50	12	0	0
DELIVERY KIT (MIDWIFE KIT)	1KT	1,122	1,070	952	0
CO-TRIMOXAZOLE TABLETS 400 MG/80 MG	1000TB	3,860	8,470	212	1

In addition, a large percent of items were found to have zero stock (ref table 2), for example 47.32% ( 521) of 1101 items are out of stock in September 2016.

**Table 2: Summary of stocked out items at MSD zonal stores in 2016**

DURATION	NO. OF ITEMS	PERCENT
March	444	38.41%
May	499	43.77%
July	502	43.31%
Sept	521	47.32%



### **Budget allocated for essential medicines and medical supplies:**

The budget allocated for essential medicines and medicals supplies has not been matching with the demand, In addition the MSD audit report indicated that growing government receivables have forced MSD to finance its operations through capital, which has significantly contributed to working capital erosion. The low budget allocation and eroded capital have led MSD to procure less than the country needs. This can be observed to the stock out situation that currently exists.

This year 2016/17, the budget allocated for essential medicines and supplies was much higher than the previous years, i.e. 250TZS billion versus 29.2TZS billion in 2015/16 of which we commended the government for that. However, only 20 TZS billion has been disbursed to MSD, and we asking ourselves with this little amount disbursed are there hope for the stocks increase in near future especially that, the procurement process takes not less than 9 months since initiation of the tender to the delivery of the consignment?

With the above-described situation, it is evident that the ongoing initiatives have not been successful to improve operational efficiency at MSD. Currently, most of the health facilities/districts are procuring from the private suppliers due to out of stock (OS) at MSD and the availability has improved.

Therefore, Sikika recommend the following as immediate actions in solving the shortage:

- Abolish the mandatory central purchase of health commodities through MSD and allow fully decentralized system.
- MSD to be fully independent and operate as a profit making parastatal competing with other wholesalers. GoT to repay or replenish MSD working capital to a reasonable level to allow it to compete with private vendors/wholesalers.



- All funds allocated centrally for purchase of medicines to be sent directly to councils/health facilities and MOHCDGEC and PORALG should focus on strengthening facility management.
- GoT to focus on general price control mechanisms (prepare a list of allowed medicines and their allowed re-imburement rates/ purchase rates by government facilities).

Mr. Irenei Kiria, Executive Director of Sikika, P. O. Box 12183 Dar es Salaam,  
Tel: +255 222 666355/57, Fax: 2668015, Email: info@sikika.or.tz,  
Twitter: @sikika1, Facebook: Sikika Tanzania, Website: www.sikika.or.tz