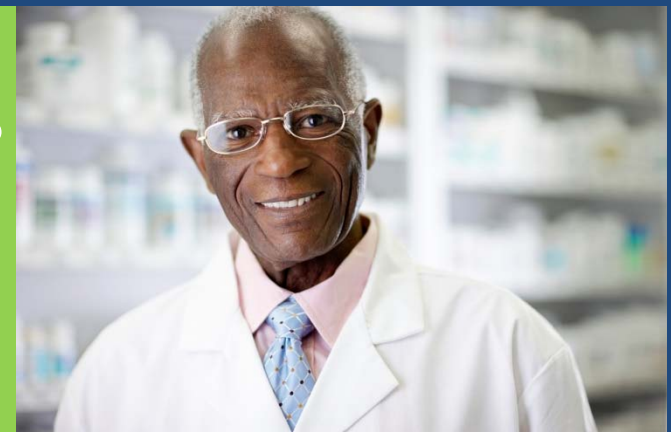




Local supply chains of medicines and medical supplies in Kenya: understanding challenges



Industrial productivity and health systems performance
Policy dialogue workshop
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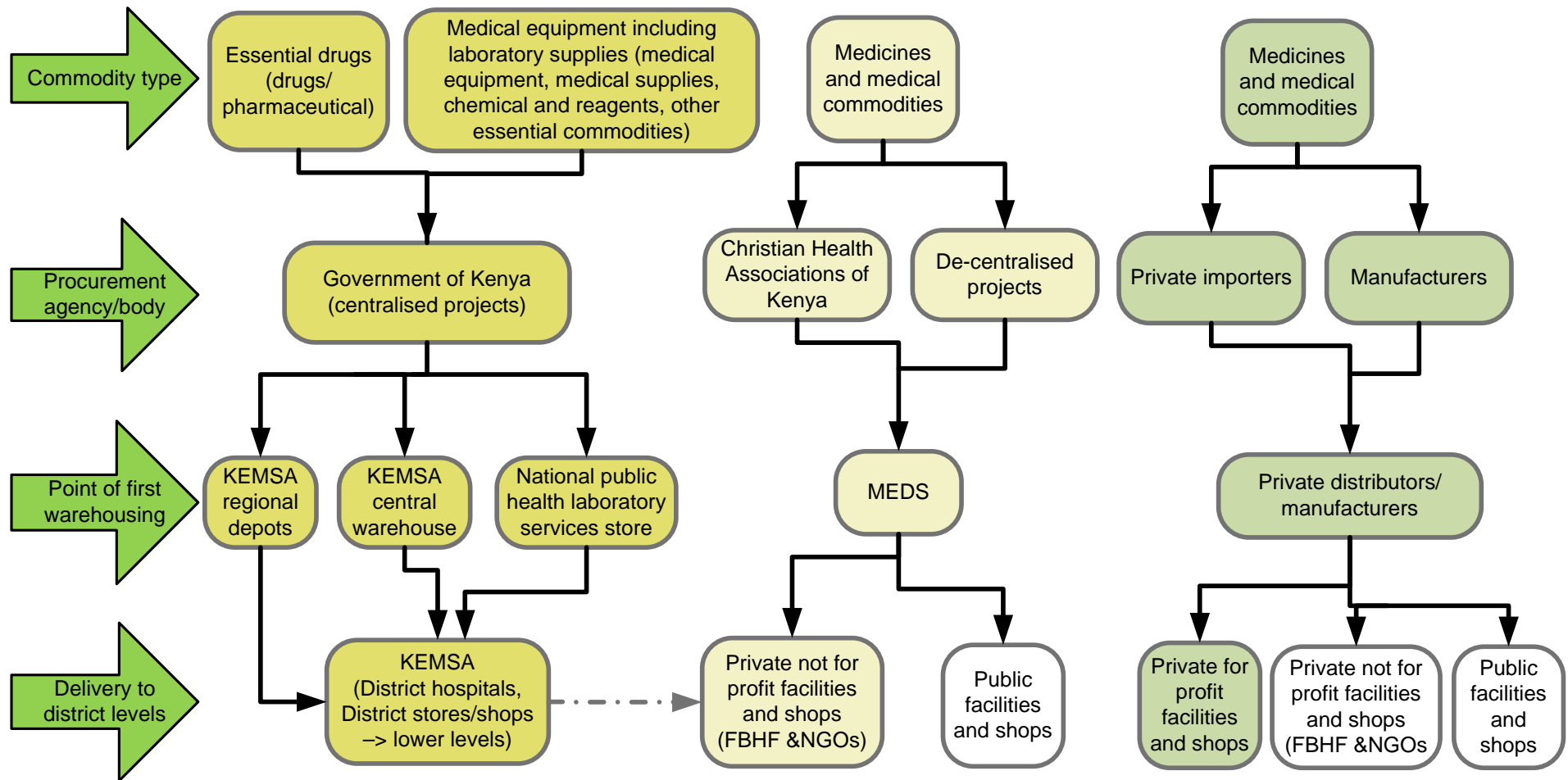


The Open University

Aims

- Provide insights on supply chains and availability of essential medicines and medical supplies
- Identify connections between the supply chains
 - Extent to which distributors compete or complement each other
 - Kenya Essential Medicines Supplies Agency (KEMSA)
 - Mission for Essential Drugs and Supplies (MEDS)
 - Private distributors

Supply chains of locally manufactured and imported medicines and medical supplies in Kenya



Source: modified from Aronovich and Kizett (2001)

Local sourcing of medicines and medical supplies

- The sources of medicines to different sectors matches expectations:
 - the bulk of KEMSA (81%) medicines go to the public sector
 - About 95% MEDS target faith-based/NGO
 - private health services are the primary market for medicines from private wholesalers (89%)
- The situation is identical for sources of medical supplies:
 - KEMSA supplies 80% of its products to the public sector
 - All of MEDS medical supplies (100%) go to faith-based/NGO
 - private health services obtain about (75%) of private wholesalers medical supplies

Local sourcing – cross overs in supply chains

- Medicines

- KEMSA has a fair amount of flexibility with regards to supplying to FBO/NGOs (18%)
- MEDs also supplies to the public sector (about 5%)
- The private sector also supplies a small proportion to the public sector (about 2%) and to FBO/NGO (9%)

- Other medical supplies

- KEMSA supplies to FBO/NGOs (18%)
- MEDs does not supply to the public sector
- The private sector supplies to the public sector (about 10%) and FBO/NGO (14%)

Availability of medicines by sector

sector	availability			Total
	1	2	3	
Public	205 50.25	69 16.91	134 32.84	408 100.00
FBO/NGO	195 65.88	25 8.45	76 25.68	296 100.00
Private	665 67.24	74 7.48	250 25.28	989 100.00
Total	1,065 62.91	168 9.92	460 27.17	1,693 100.00

- Availability across sectors is identical in private and FBO/NGO for medicines
- Availability is lower in the public sector

Availability of medical supplies by sector

sector	availability				Total
	1	2	3	4	
Public	280 75.47	29 7.82	62 16.71	0 0.00	371 100.00
FBO/NGO	183 81.33	6 2.67	32 14.22	4 1.78	225 100.00
Private	349 44.18	27 3.42	412 52.15	2 0.25	790 100.00
Total	812 58.59	62 4.47	506 36.51	6 0.43	1,386 100.00

- Availability across sectors is much better in the public and FBO/NGO for medical supplies compared to medicines
- Availability is lowest in the private sector
 - it is interesting to note that over half of the responses in the private sector reported products as “never ordered” (52%)

KEMSA supply chain

- ✓ Some identified strengths
- ✓ Challenges in the KEMSA supply chain
- ✓ Impact of the challenges

Some identified strengths of KEMSA

- KEMSA delivers

“... sometimes they are late by one or two months or even two weeks but at the end of the day they supply.”

- ... and often delivers quality drugs

“KEMSA is actually supplying quality drugs...”

- ...and the delivery systems is seen as robust in some points of chain

“The medicines are delivered right here; they are brought by a Truck/Lorry and they are actually delivered by the Driver. He is the one who will come with the documents you are supposed to sign. There is also another person they come with and even if they are not medical persons they know what is packed in all those cartons and you will go through the list with him and tick to confirm what is delivered. After you have gone through the list with him, checked and countersigned, you will call back the number of the Doctor who issued the drugs and confirm.”

KEMSA

- Availability of medicines by facility level in the public sector

level_name	availability			Total
	1	2	3	
Hospital	52	15	19	86
	60.47	17.44	22.09	100.00
Clinic (specialised)	6	4	18	28
	21.43	14.29	64.29	100.00
Health centre	92	25	58	175
	52.57	14.29	33.14	100.00
Dispensary	55	25	39	119
	46.22	21.01	32.77	100.00
Total	205	69	134	408
	50.25	16.91	32.84	100.00

- Availability of other medical supplies by facility level in the public sector fairly good except at dispensary level
 - hospital 88%, health centre 85% and dispensary 62%

Some identified challenges of KEMSA

- Persistent delays in delivering orders
- Quantities ordered are not always matched
- There is a tendency to flog products nearing expiry
 - The push system is viewed as a contributory factor to the above challenges. However, anticipated pull system is expected to some extent counter the challenges
- Drugs are seen to have a relative advantage to other supplies and gloves in particular
 - Equipment though does not appear to face same lower priority as gloves for example
 - Other supplies enjoying relative priority include bed sheets and disinfectants

Some implication of KEMSA's challenges

- Pressure on other sources of funding such as user fees
- Pressure on patients
- Pressure on facilities
 - ...including on higher level facilities in search of a solution to stock outs in lower level facilities
- Pressure on staff
 - Experiencing patients' frustration
 - Inability to provide care
 - resulting in use of staff personal resources
 - reflecting negatively on staff performance

MEDS supply chain

- ✓ Some identified observations

MEDS

- Availability of medicines by facility level in FBO/NGO

level_name	availability			Total
	1	2	3	
Hospital	56 62.92	7 7.87	26 29.21	89 100.00
Clinic (specialised)	16 55.17	0 0.00	13 44.83	29 100.00
Health centre	43 76.79	7 12.50	6 10.71	56 100.00
Dispensary	80 65.57	11 9.02	31 25.41	122 100.00
Total	195 65.88	25 8.45	76 25.68	296 100.00

- Availability of other medical supplies by facility level fairly good at hospital, HC and dispensary levels
 - hospital 85%, health centre 88% and dispensary 71%

MEDS

- MEDS perceived as offering cost effective and quality products

“... the FBOs get their medicines from MEDS because... their prices are much cheaper and even they have a Quality Control Laboratory. So most of the drugs they try them first in their Laboratory and we get them at a cheaper price.”

“we normally source our pharmaceutical products from Meds, they are very cheap”

- MEDS offers credit facilities

“We have credit facilities with them. The quality of the supplies we receive from them, also cost effectiveness of those supplies and communication is easier.”

- ... and procurement convenience

“it [procurement] is via email we will tell them that we have sent the money to the bank and they will check their account if the money is equivalent to the order we have made and they send drugs through G4S or EMS but sometimes if you are there you just pick the drugs then the money is sent through M-Pesa to MEDS”

Summary points

KEMSA

- Delivers albeit delays, quality products (recall systems) and some points of the chain are highly efficient
- Persistent delays, supplying lower quantities than ordered or items not ordered
 - Pull systems expected to improve the situation
- Other supplies given lower priority
- Impact of pressure at various point:
 - Facility resources (HSSF or user fees)
 - Facility congestion around delivery period and at higher levels
 - Health cost to patients particularly very low income earners
 - Undue pressure on staff

Summary points

MEDS

- Cost effective and quality products
- Offers credit facilities and procurement convenience
- Receives highly appreciated leverage from KEMSA