

# SEAM Tanzania

## Using a Prime Vendor Pharmaceutical Supply System for Faith-Based Hospitals

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### Addressing Supply Problems

In 1998, a pilot laboratory program, developed jointly by the African Medical and Research Foundation (AMREF) and the Evangelical Lutheran Church in Tanzania (ELCT), was launched to address problems associated with the availability and quality of laboratory services and supplies in faith-based hospitals in the northern zone of Tanzania. The program initially included provision of laboratory in-service education and essential laboratory equipment to participating health facilities (PHFs). Eventually, AMREF and ELCT expanded the program by establishing the Mission for Essential Medical Supplies (MEMS) to ensure availability of quality lab reagents/supplies and lab services at PHFs. At the same time, it became apparent that PHFs also faced problems in the areas of drug availability and quality. By 2001, senior hospital staff had expressed overall satisfaction with the AMREF/ELCT project and requested help to address drug-related issues by possibly expanding the scope of MEMS.

After ELCT/MEMS explored other options (e.g., establishing a traditional supply distribution system), discussions with SEAM Tanzania resulted in an agreement whereby SEAM agreed to provide technical assistance to develop and implement a private sector, prime vendor pharmaceutical supply system that would—

- Improve drug quality, supply, availability, and affordability for participating not-for-profit hospitals by using pooled procurement to purchase from a single supplier
- Further assist PHFs by offering supplementary services from MEMS such as purchase requisition review, a drug quality assurance program, rational use and drug management training, and drug information services

### Implementation Timeline

#### February–March 2002

- Planning meetings with key personnel of ELCT/MEMS

#### April 2002

- Workshop with senior representatives of hospitals in the northern zone of Tanzania and private drug wholesalers
- Proposal to develop prime vendor system discussed and agreed upon

#### June 2002

- Preparation and approval of initial drafts for key documents pertaining to the program
  - ✓ Memorandum of understanding (MOU) between ELCT and MSH/SEAM
  - ✓ Proposal describing the prime vendor program
  - ✓ Prequalification documents
  - ✓ Request for proposal (RFP) (tender) document
  - ✓ MOU between ELCT/MEMS and participating health facilities
  - ✓ Contract between ELCT/MEMS and the approved prime vendor
  - ✓ Workplan and tentative budget outlining each stakeholder's responsibilities

#### July 2002–Present

- Finalization of key documents
- Submission of grant applications to fund expanded MEMS operations

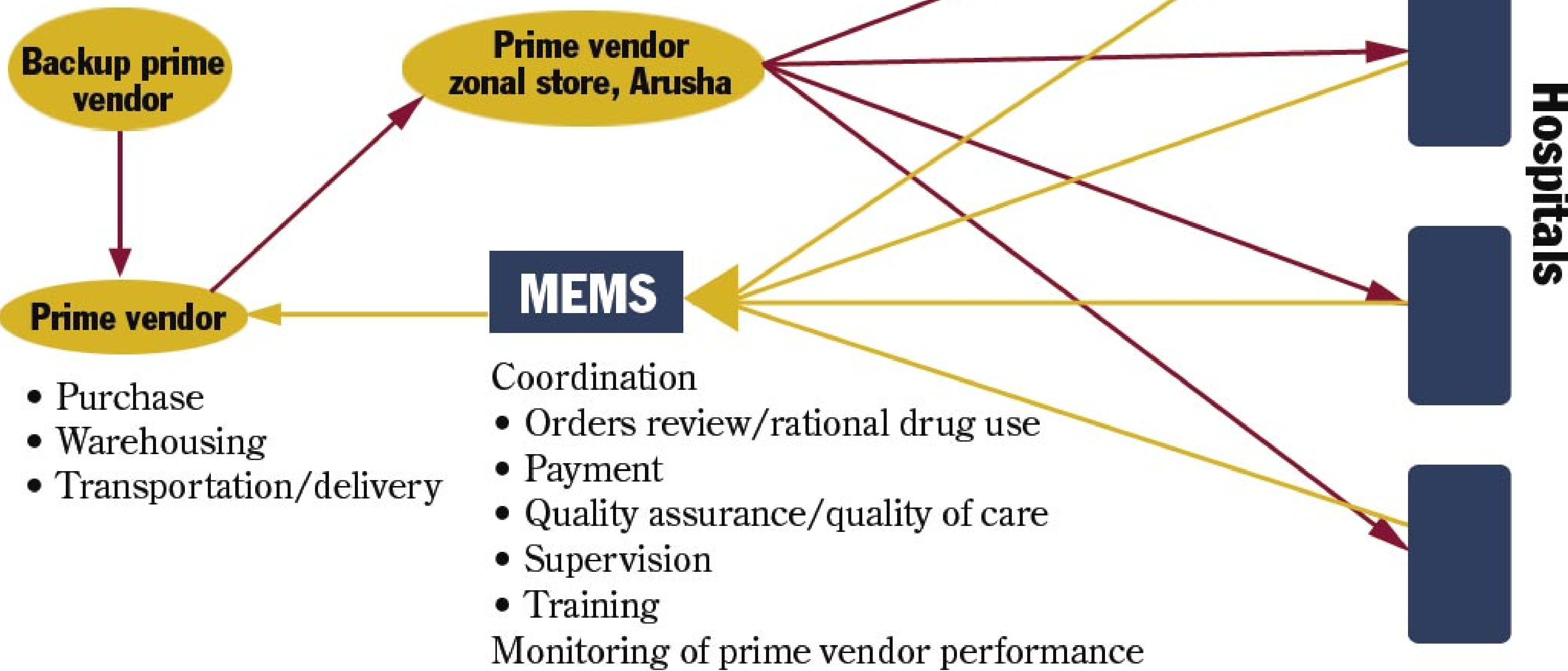
#### February 2003

- Follow-up workshops with key hospital personnel to discuss and approve—
  - ✓ Program proposal
  - ✓ Quantification exercise at each PHF to establish annual drug and supply requirements
  - ✓ Requirements from each hospital to be merged and incorporated into the prime vendor tender process
  - ✓ Internet-based process for the transparent prequalification of vendors and eventual selection of a prime vendor
  - ✓ Prime vendor RFP

### MEMS Operations

#### Improved Communications and Logistics System

- = Direct deliveries
- = Collection deliveries
- = Orders OR payment



### Progress to Date

- Twelve PHFs approved a proposal to implement pooled procurement of drugs and supplies via a prime vendor system managed by ELCT/MEMS, and the proposal received the endorsement of the Christian Social Service Commission (CSSC), an umbrella organization of Tanzania Protestant and Catholic churches concerned with facilitating the provision of health and education services.
- An Internet-based vendor prequalification process was successfully completed, with six vendors now approved by the MEMS committee.
- A quantification exercise was conducted at 11 hospitals; consumption data were collected and Quantimed software (produced by Management Sciences for Health) was used to generate annual requirements for each PHF. The pooled quantities were incorporated into the RFP to be sent to prequalified vendors.
- Prequalified vendors have received an RFP requesting a technical proposal describing their proposed supply management system and drug and supply pricing based on the forecasted pooled annual hospital requirements.

### Next Steps 2003–2004

**October:** RFP responses evaluated

**September–December:** Communication hardware and software installed to facilitate information flow among ELCT/MEMS, the prime vendor, and PHFs

**October–December:** Baseline indicators and monitoring plan established

**December:** Prime vendor contract awarded; secondary (backup) vendor arrangement in place

**December–February:** Supply management training provided for MEMS staff, hospital personnel, and prime vendor

**January:** MEMS product quality assurance system established, including testing of drugs purchased from the prime vendor using physical inspection and chemical methods

**February:** Prime vendor zonal store established in Arusha (purchase requisitions are fulfilled at prime vendor's warehouse in Dar es Salaam and shipped to zonal store for pickup by PHFs)

**March:** First requisitions sent to prime vendor