Theme 5
Procurement, pricing & distribution logistics

Grace Nakanwagi Sekabira
Consultative meeting on RDTs and fever case management in the private health care sector in Africa, Oct 20, 2015
Malaria RDT procurement

- Single unit (with barcode)
- Shipment; importation; distribution to wholesalers; insurance
- Services: training; marketing and detailing; waste management

Enhanced RDT bundle

- WHO-FIND product lot testing list/nat specs
- Restricted tendering
- Tender + SOPs
- GMP certification
- Pre/Post shipment lot testing
Enhanced RDT bundle unit price

- Marketing and detailing
- Waste management
- Training
- Insurance during the entire supply chain
- Packing; handling; customs verification and clearance and distribution to wholesaler level
- Barcoding
- RDT

Bundle component:
- Tender 1: 30%
- Tender 2: 30%
- Tender 3: 61%
- Tender 4: 61%
What has been done to date

**Pricing**
- Up stream subsidy
- Pricing strategy based on VCAs
- Profits margins Vs mark up
- FLB; distributor; retailer (0.3-0.5 per RDT)
- Consumer RDT price= 1/1.25 USD
- Monitor RDT retail price through surveys

**Distribution logistics**
- 2 FLBS, 3 Distributors (UG); 2 FLBs = 2 distributors (NG)
- Sub distributors engaged
- Outlet types: clinics, pharmacies, drug shops/PPMVs
- Pull mechanism
- Tracking RDT transactions using barcode
What has been effective?

- Key was strong linkage between manufacturer and in-country supply chain – variable success
  - Importers/FLB have built stronger linkages with their supply chain partners
  - Access to sales & consumption data
  - Open competition
  - Using existing distribution channels – more sustainable
What has not been effective?

• Saturated pipeline
  • Deliveries not staggered as per the supply chain uptake
  • Lower than projected demand

• Investment in delivery of bundle services and requisite HR
• Increased costs of detailing of a slow moving product
What are the main challenges and why? (1)

• Procurement
  o New idea, few bids
  o Supply security
  o Single test kit field notice

• Price
  o Currency devaluation: less profitable for the supply chain players
  o Global RDT price reduction: not profitable for manufacturers
What are the main challenges and why? (2)

• Distribution
  o Lower demand than anticipated
  o Investment in supportive services
  o Competition from
    o RDT leakage from the public sector
    o Black market RDTs and non-WHO approved mRDTs
  o Policies that limit geographical access impeding RDT distribution
What should be done next?

- Sustainability focusing on distributors, and supportive services, in particular waste management
- Expansion to increase market base and consolidation
- Invest in sub-distributors to increase geographical access
- FLB to place orders to ensure quality assured supply of RDTs
Questions?