



In Health, Does Cost Matter?

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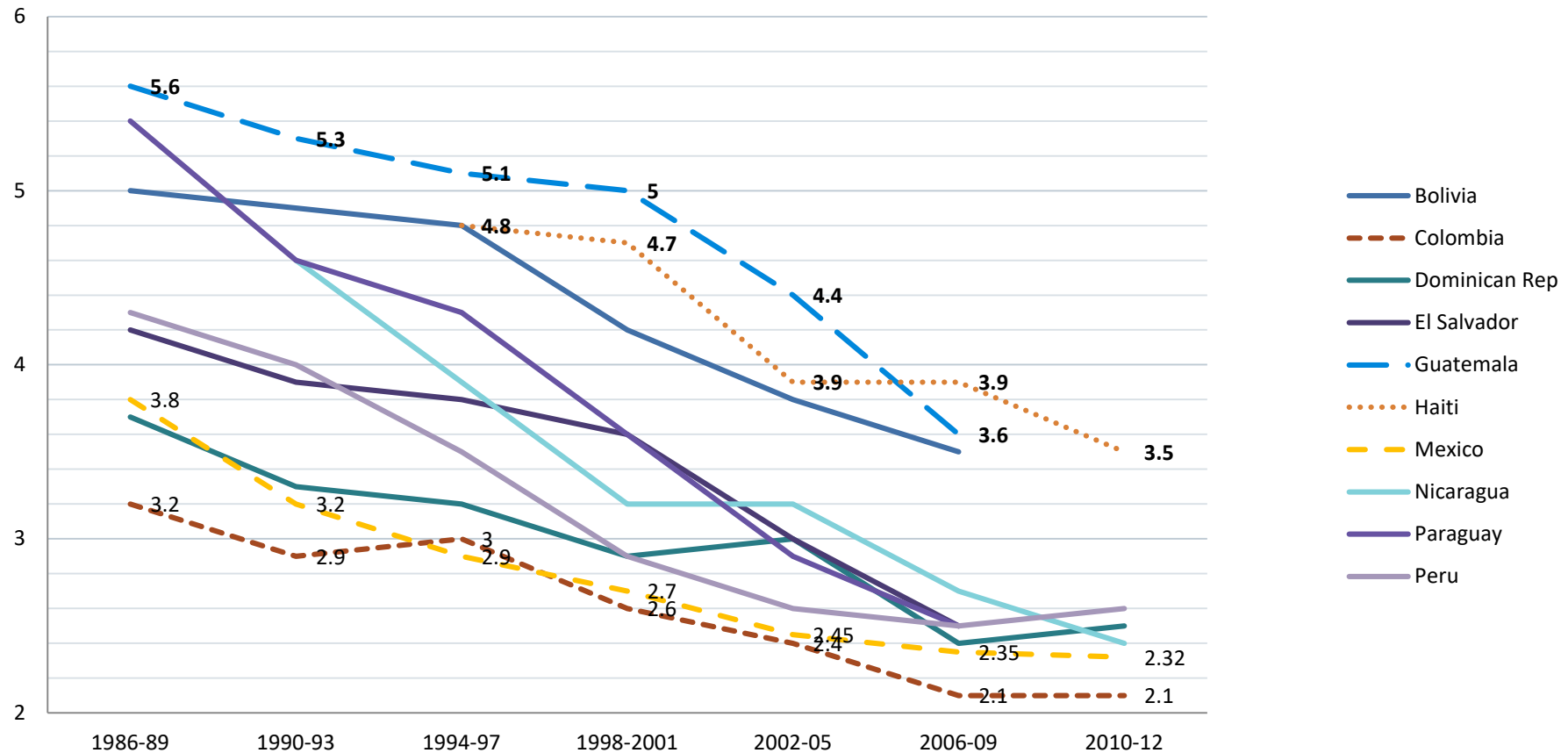




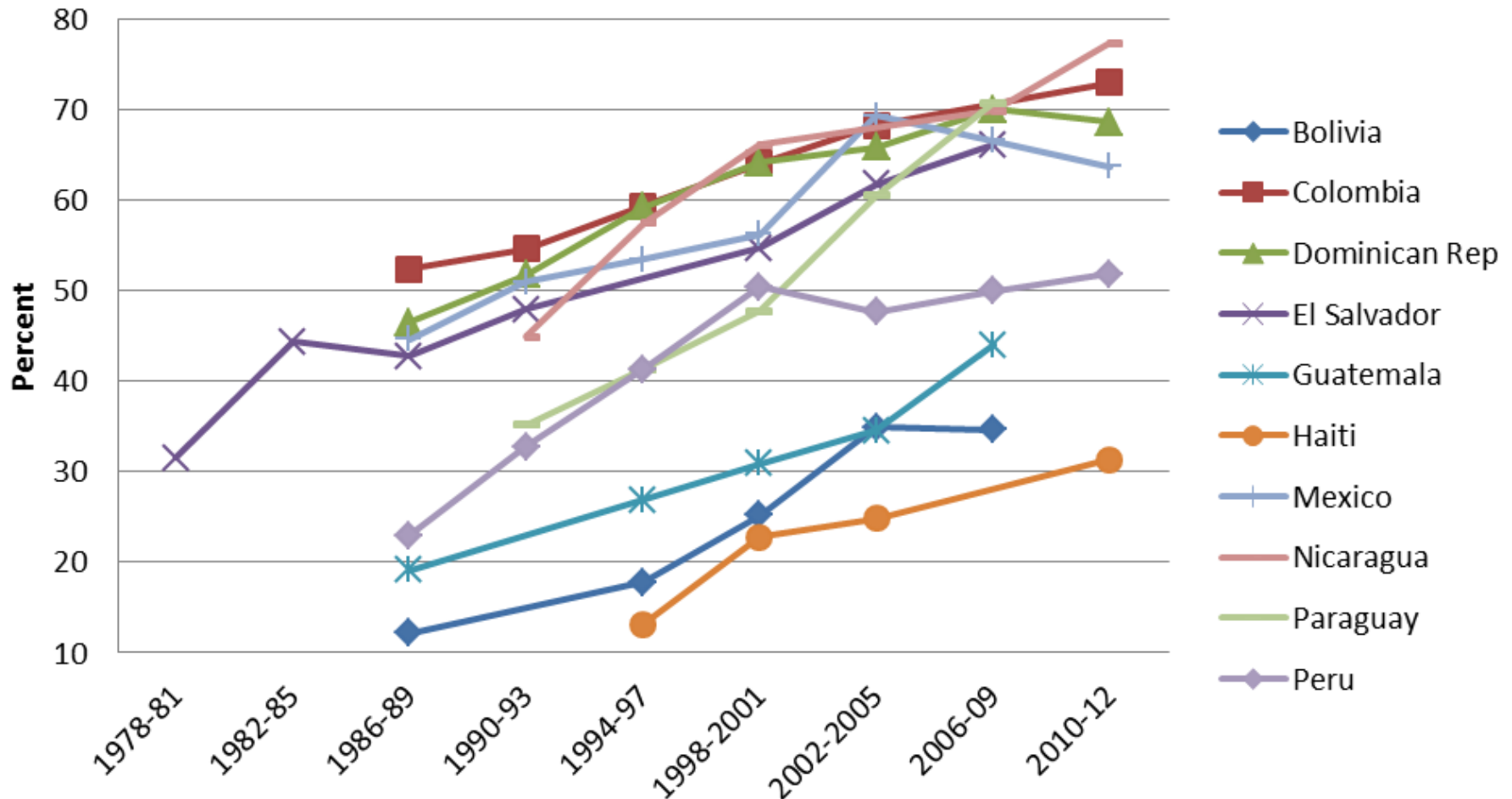
Last 10-15 years in LAC: full of changes

- Donor withdrawal
- New suppliers competing for contraceptive sales to governments
- Opportunity for market growth
- Governments coping with budget constraints to procure contraceptives and run supply chains
- Most countries integrated supply chains to “improve efficiency”
- TFR decreased and CPR increased in most countries

Trends in TFR: Selected Countries in Latin America 1986 -2012



Modern Contraceptive Prevalence Rate in Selected South and Central American/Caribbean Countries, 1986-2012

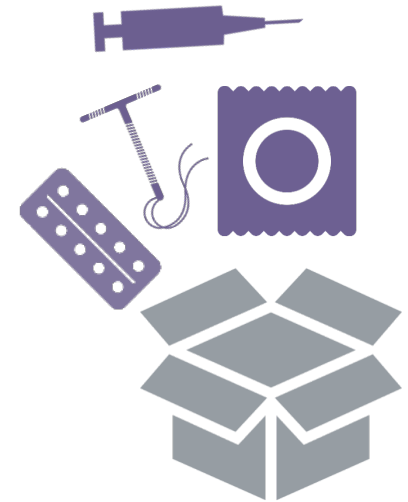


Saving lives is priceless, BUT NOT COSTLESS...

- Delivering to the last mile can be costly
- Contraceptive procurement unit costs vary enormously from country to country

But,

- Do countries know how much they **need to invest in contraceptives and the supply chain**, and if so, do they **allocate budget** accordingly?





RHSC/ForoLAC takes action and secures funding from an anonymous donor

Work with LAC governments through two projects and two purposes:

- Determine how much it costs to deliver supplies to the last mile, through the *“Presupuestos” Project*, based on methodology developed by John Snow, Inc. (JSI)
 - Focusing on the most rural areas
 - Involving NGOs to be “educated” about supply chain, its challenges and advocate for adequate budgets
- Obtain more favorable procurement conditions for contraceptives and other SRH supplies through the *“Encuentros” Project*, by promoting:
 - More affordable prices
 - International product quality standards
 - Procurement through UNFPA PSB (Procurement Services Branch) and other regional organizations such as SECOMISCA*

*Secretariat of the Council of Ministers of Health of Central American and the Dominican Republic. Headquarters: El Salvador



“PRESUPUESTOS” PROJECT

Objective

To “unveil” the (hidden) costs of the supply chain, obtain and distribute a reasonable budget across key supply chain functions and activities, to improve the availability of medicines and supplies to the last mile, with the support from local NGOs in partnership with local and national governments.

Focus Countries of the “Presupuestos” Project - Ministries of Health



Bolivia: 1 region



Guatemala: 2 regions



Perú: 2 regions

- August 2017 - June 2018: key informant interviews, data collection, analyses, results (presentations at country level)
- Regional meeting in Bogota, Colombia (November 2018)

Costs by category (public sector)

- Supply chain total cost
- Total throughput/ value of drug flow by category: Essential drugs, contraceptives, etc.
- Cost by region/ municipality
- Cost by logistics function
- Cost by health facility (sample)



Results: GUATEMALA, 2016

Alta Verapaz (n = 31)

For every dollar spent in supplies, the cost to deliver supplies to the last mile is \$0.11 cents



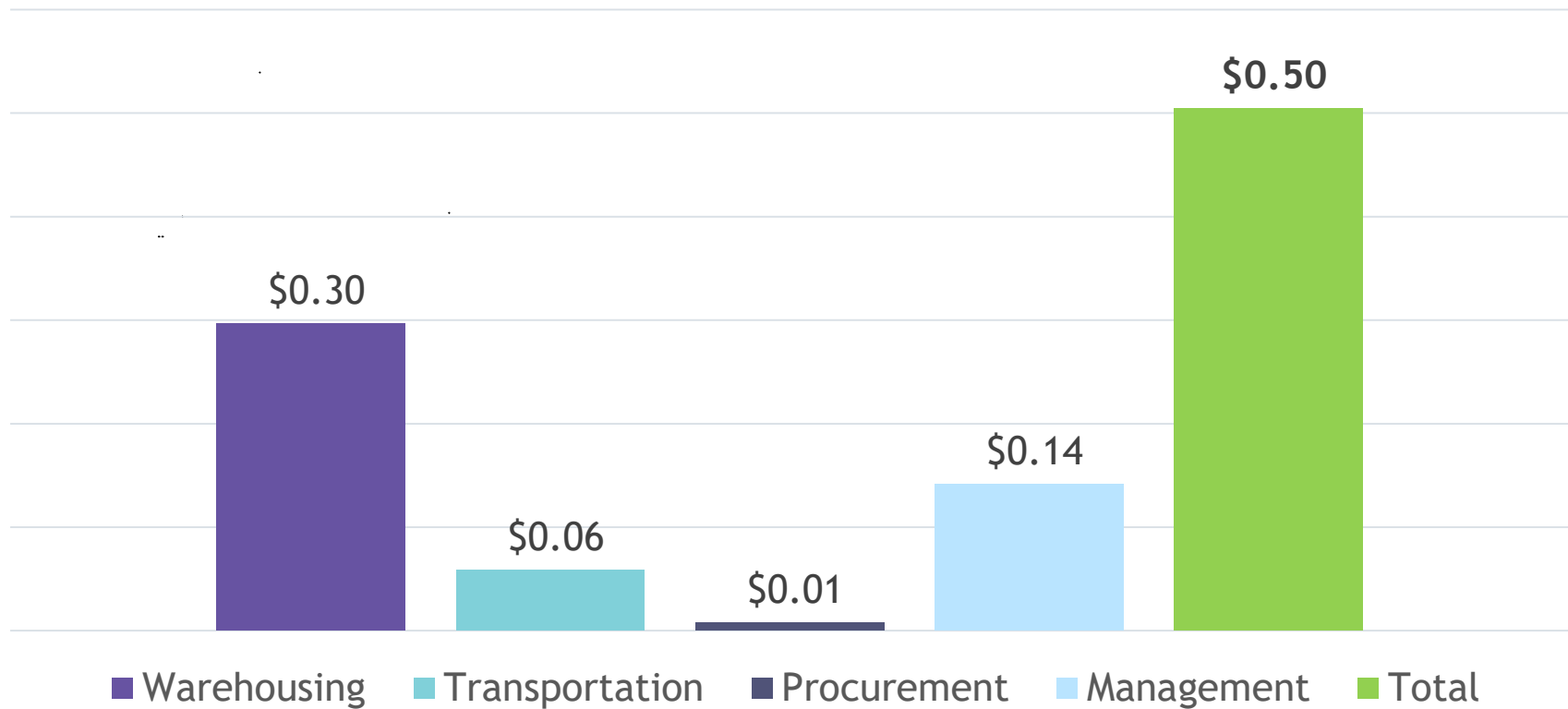
Quiché (n = 25)

For every dollar spent in supplies, the cost to deliver supplies to the last mile is \$0.22 cents



Results: Cajamarca, PERU (n = 44), year 2017

For every dollar spent in supplies, the cost to deliver supplies to the last mile is US\$0.50





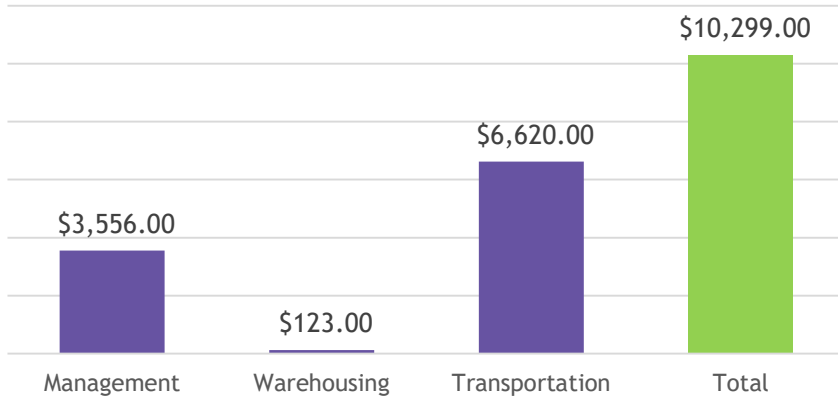
Results: Tarija, BOLIVIA (n = 50), 2017

For every dollar spent in supplies, the cost to deliver supplies to the last mile is \$0.14 cents

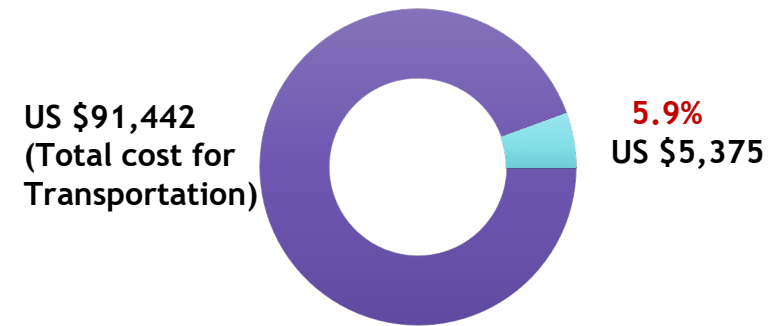


Out-of-pocket \$ spent by providers to pick up supplies and deliver to the last mile, 1-year period

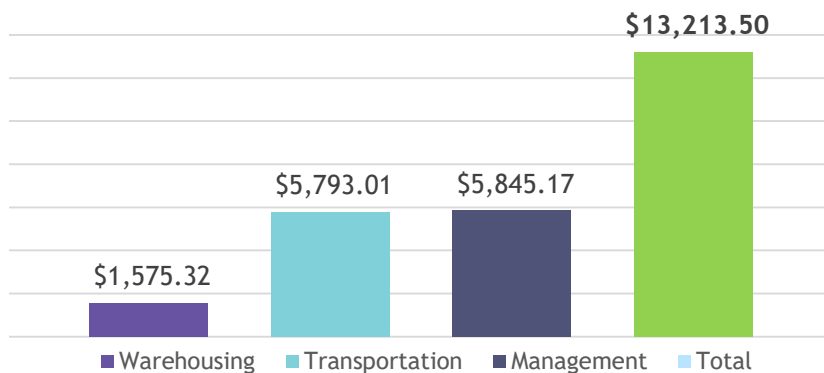
Bolivia: US \$10,300



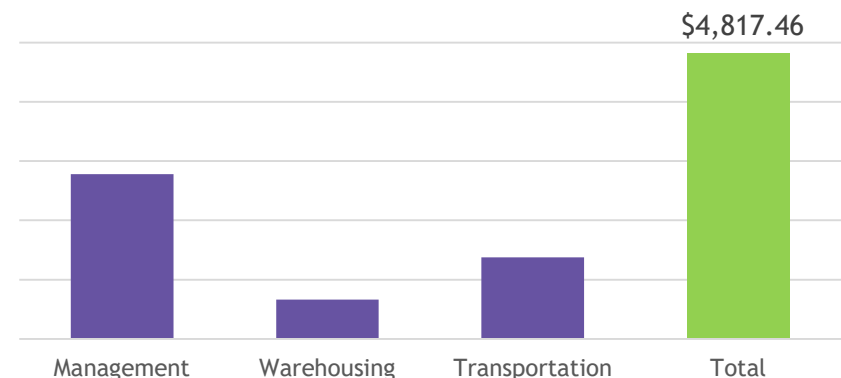
Peru: US \$5,375 (Transportation)



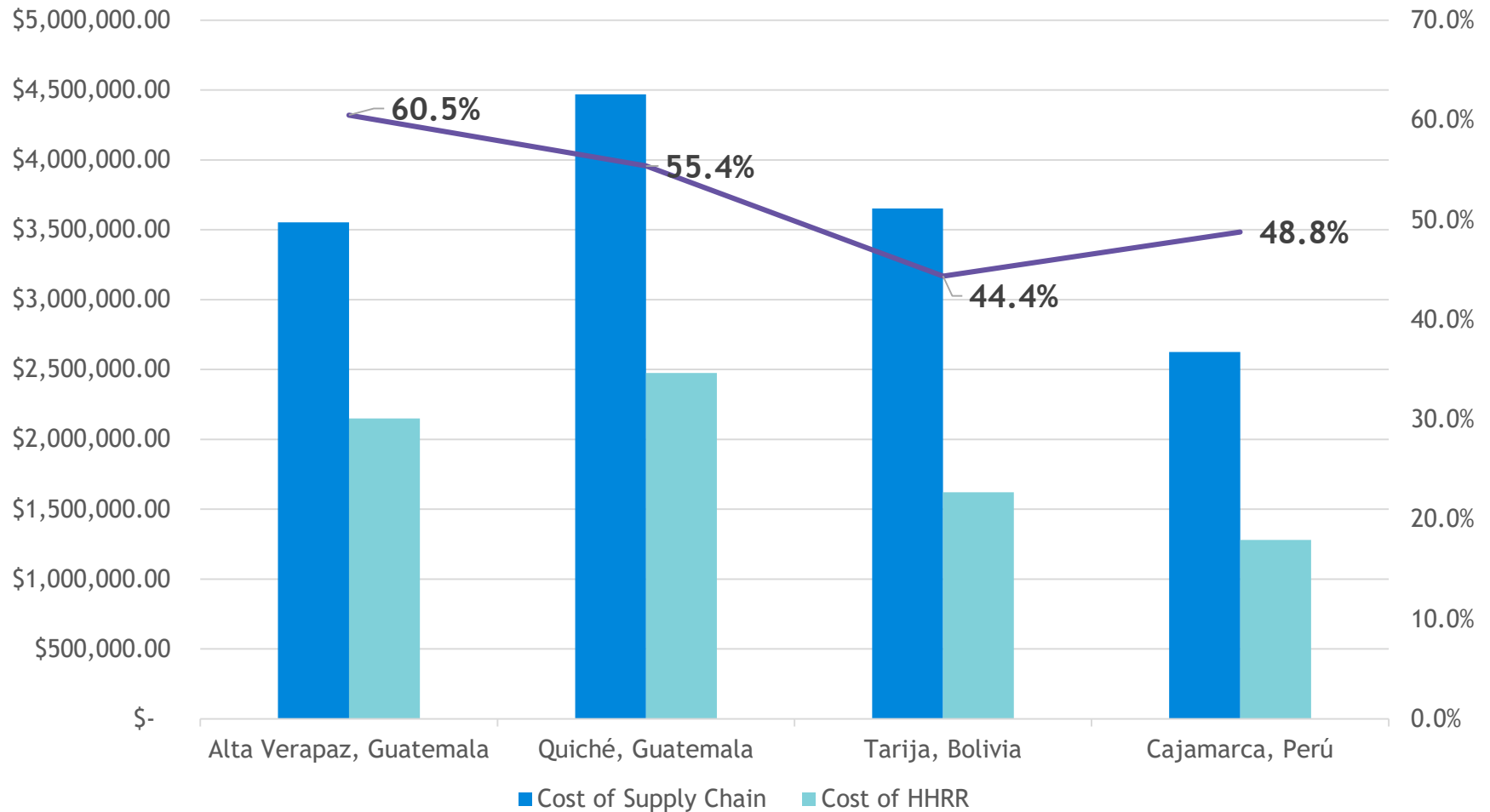
Guatemala: Alta Verapaz US \$13,200



Guatemala: Quiché US \$4,800



Cost of Human Resources Compared to Supply Chain Total Costs





What did countries learn?

✓ **Supply chain (SC) costs are “invisible” and often “neglected”** in government budgets. Ministry of Health staff identified the importance of costs and its distribution among SC functions

✓ Typically advocates, NGOs know **very little about supply chain and its challenges**: can't develop compelling advocacy strategies

Delivering supplies to the last mile relies on service providers:

- ✓ it's not a policy for them to pick up supplies
- ✓ It represents major constraint to have timely, full supply
- ✓ It takes away from staff time they can spend with clients/providing services

✓ **Service providers devote nearly 50-60% of their time to supply chain functions**, but systems still have weaknesses

✓ Outsourcing certain supply chain functions (i.e. Perú):

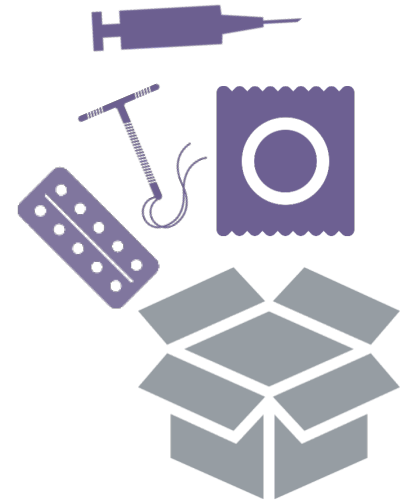
It doesn't avoid out-of-pocket expenses,

It can be expensive,

It doesn't secure full availability of supplies at the last mile.

What's next? Some on-going activities

- Strengthen a **partnership between key NGOs and governments** to develop compelling advocacy strategies to support supply chain:
 - **“Educate”** NGOs on the importance of supply chain and its challenges
 - **Allocate funds** to run supply chain; especially, M&E and supervision are neglected in the budgets
 - **Reduce out-of-pocket expenses**
 - **Use costing data** to identify other alternatives to deliver supplies to the last mile (i.e. outsourcing vs.local resources)
- **Combine efforts** to procure contraceptives at competitive prices and allocate funds to run the supply chain





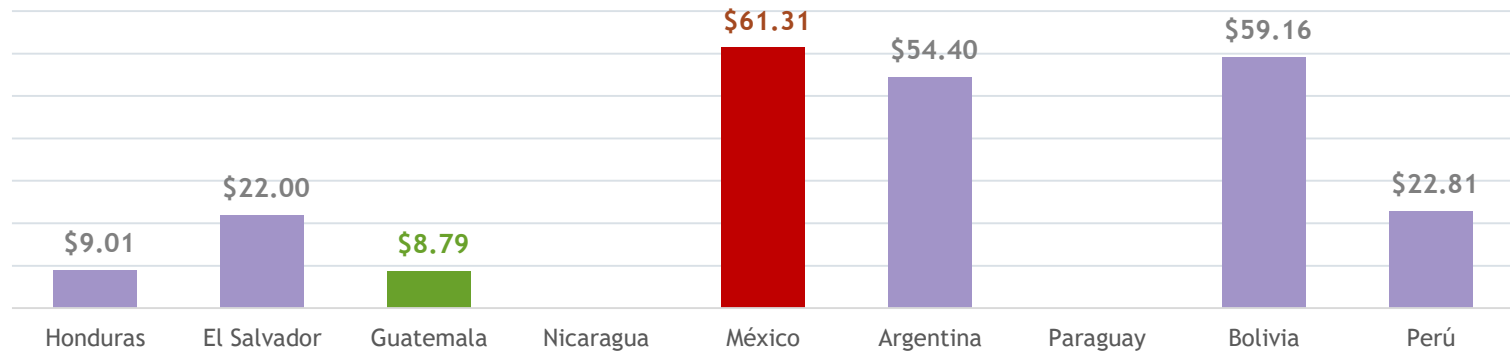
“ENCUENTROS” PROJECT

Objetives

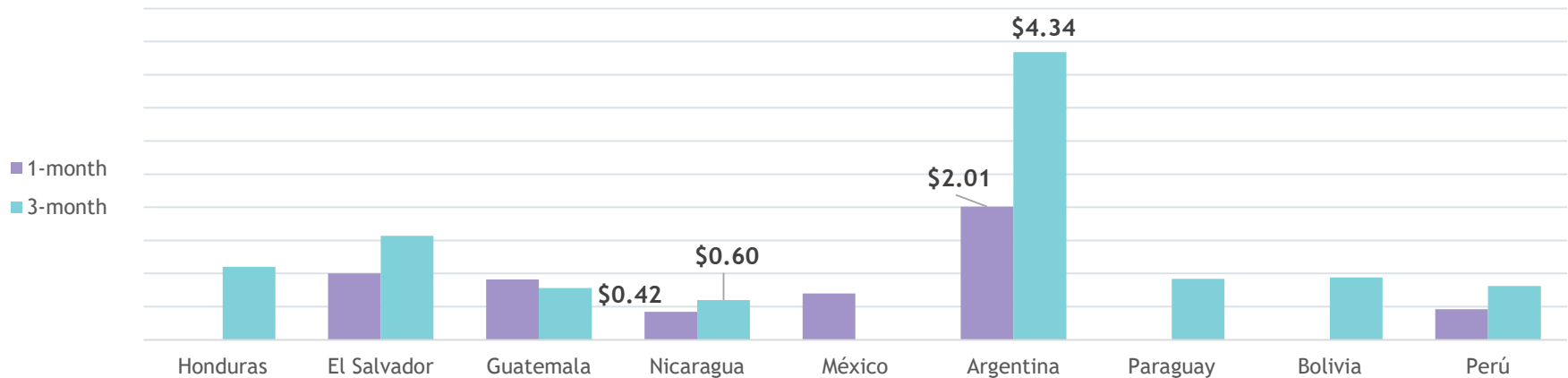
- 1.- To broaden the opportunities for national procurement agencies to purchase more affordable, quality assured contraceptives and maternal health supplies to better meet the RH supplies needs of women especially in marginalized populations.
- 2.- Create greater awareness among national procurers of global efforts now in place to lower commodity prices.
- 3.- Promote procurement of quality supplies.

Contraceptive Procurement Unit Cost in Selected LAC Countries

Cost of Implants



Cost of 1-month and 3-month injectables



Source: Skibiak, J (2018). "Global Contraceptive Commodity Gap Analysis"

Focus Countries of the “Encuentros” Project - Ministries of Health.

- Data collection on prices
- Two regional meetings: Panama and Peru

Panamá (Dec 2017)

- Mexico
- Honduras
- Nicaragua
- El Salvador
- Panamá
- Costa Rica
- Guatemala



Perú (Feb 2018)

- Argentina
- Bolivia
- Brazil
- Chile
- Colombia
- Ecuador
- Paraguay
- Peru





Some Immediate Results: “Encuentros” Project

- 1 NGO and 5 national governments secured **better prices for 7 contraceptive products**
 - The total value of these orders is currently at **\$12.3 million**.
- **Procurement unit cost decreases**, which range from 7% for the monthly injectable to 84% for the two-rod implant
- **\$15.3 million in cost savings** for 5 countries—savings that hopefully will be:
 - **Reinvested in greater** procurement volumes.
 - Capable of **ensuring an additional 5.8 million couple-years of protection**, plus the prevention of 1.6 million pregnancies and 221,000 unsafe abortions*.
- 3 of these governments are placing orders for the first time through UNFPA which include contraceptives and medical abortion supplies
 - Contraceptives orders, when fulfilled, will provide **1.8 million CYPs and avert 529,595 pregnancies and 69,368 abortions***.

*Source: Veronique Dupont, RHSC



Next Steps: “Encuentros” Project

- **Development and scale-up** of SEPREMI - Regional Procurement Unit Cost Platform that will be used to benchmark procurement unit costs (prices).
- **Continue assisting countries to advocate among decision-makers** on the need for quality procurement through better procurement terms.
- **Advocacy with governments and civil society** to ensure that innovative procurement terms are used by countries and that savings are re-invested in FP programs allowing improved access to the most vulnerable: rural, poor, young, afro-descendants and indigenous communities.
- **A follow-up meeting in May 2019**



THANK YOU!
!GRACIAS!!

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