

MINISTRY OF HEALTH



THE REPUBLIC OF UGANDA

REPORT ON

Updating of the Three Year Rolling
Procurement Plan for Essential Medicines and
Health Supplies 2009/10 -2011/12

Including Evaluation of 2008/2009

PHARMACY DIVISION

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Table of Contents

Acknowledgement.....	4
Acronyms	5
1.1 Uganda Situation.....	6
1.2 Background to the procurement plan.....	7
1.3 Objectives of the procurement plan consultancy	8
1.4 Methods.....	8
2.1 Evaluation of EMHS Procurements in the FY 2008/2009	9
2.2 Procurement plan 2009/10.....	14
2.2.1 Funding by Product category	18
2.2.2 Main funders and funding modalities.....	19
2.2.3 Supply chain management	20
2.2.4 Funding Gap	21
2.3 Evaluation of the Med Planner software.....	22
3.1 Observations	23
3.1 Predictability of funding for EMHS	23
3.2 Lack of flexibility in resource allocation.....	23
3.3 Efficiency and effectiveness of the Supply chain systems.....	23
3.4 Resource allocation to service providers.....	24
3.5 Data on commitments for EMHS	24
3.6 Monitoring and Evaluation	24
3.2 Recommendations	24
Annexes 1: Data collection team	25
ANNEX 2: Data Collection tool	26
ANNEX 3: The Procurement Plan 2009/10 and 2010/11.....	28

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Acronyms

ART	Anti Retroviral Therapy
ARV	Anti Retroviral
CHAI	Clinton HIV AIDS Initiative
DANIDA	Danish International Development Agency
EMHS	Essential Medicines and Health Supplies
GF AGENT	Global Fund Agent
GFATM	Global Fund for Aids, Tuberculosis and Malaria
DFID	Department for International Development
GAVI	Global Alliance Vaccine Initiative
PMI	Presidential Malaria Initiative
GOU	Government of Uganda
JMS	Joint Medical Stores
MEDACC	Medical access
MeTA	Medicines Transparency Alliance
MOH PROG	Ministry of Health programmes
NMS	National Medical Stores
PEPFAR	Presidents Emergency Funds For Aids Relief
SCMS	Supply Chain Management Systems
UBTS	Blood Transfusion services
UNFPA	United Nations Fund For Population Activities
WHO	World Health Organisation

CHAPTER 1 INTRODUCTION

1.1 *Uganda Situation*

1.1.1 **Geography and Population**

Uganda is located in East Africa with an area of 240,038 km² of which 197,323 km² is covered by land. In 2002 the population of Uganda was estimated at 24.2 million: 48.5% were male while 51.5% were female; and 86% are resident in rural areas. . The population growth rate is estimated at 3.3% per annum which means an increment of more than 1 million people annually. The Uganda Bureau of Statistics (UBOS) estimates the population in 2009 at 30.7 million and by 2014/15 Uganda's population will be approximately 37.9 million. This rapid growth in population has serious implication for the health sector in general and access to pharmaceutical services in particular.

1.1.2 **Pharmaceutical Sector**

Like the general health sector the pharmaceutical sector in Uganda is can be subdivided into three main segments, the public sector, Private Not for Profit (PNFP) and the Private for Profit (PFP). While the sectors may have distinct characteristics in reality they are so much interrelated all support one another in way or the other. Pharmaceutical sector activities can be categorized as importation/manufacture, Wholesale/distribution, and retail/dispensing

1.1.3 **Import / Manufacture of Medicines**

The Uganda Pharmaceutical Manufacturers Association (UPMA) estimates that 85% of the pharmaceutical use in Uganda is imported. All importers are licensed by National Drug Authority (NDA) and only bring in medicines from registered manufacturers. The remaining 15% of the medicines used in the country in manufactured locally by the 15 licensed small and large scale manufacturers¹. One of the largest importers is National Medical Stores (NMS) and Joint Medical Store (JMS) who import on behalf of GOU facilities' and PNFP facilities respectively. NMS and JMS also procure medicines and supplies from other importers. Figure 1 shows the relationship between different players in the sector

1.1.4 **Wholesale/ distribution**

In the majority of cases importers of medicines and health supplies also act as wholesalers and sell in bulk to other wholesalers or retailers. 80% of the wholesalers are located in Kampala, the capital city with the remaining 20% located in major towns in the country. NMS distribute to government facilities through intermediate transit stores in the districts and JMS operates a cash and carry system and supplies mainly PNFP facilities.

¹ Situational Analysis of the pharmaceutical sector and Access to medicines in Uganda- A report by Management Sciences for health, November 2008.

1.1.5 Retail and dispensing

All government and PNFP facilities offer comprehensive services which include supply of medicines to the patients. At the PNFP facilities services are offered at a fee, while government facilities offer the services free of charge. Outside government and PNFP sector is a booming private for profit sector estimated to provide between 6 and 10% of health services². In addition to clinics and private hospitals which mimic the government units in regards to comprehensive nature of services, there are private drug shops and pharmacies that primarily sell drugs to patients.

1.1.6. Financing of health

At the start of the implementation of second Health Sector Strategic Plan (HSSP II) 2005/06-2009/10 it was estimated that about 21.2 US\$ per capita was required to provide the Uganda Minimum Health care Package (UMHCP). The long term expenditure framework indicated that only about 12 US\$ per capita would be available leaving a gap of 9.2 US\$ per capita. In 2007 the National health account reported that 50% of funding for health is met by household through out of pocket funding and about 40% of this is used in procurement of pharmaceuticals.

1.2 Background to the procurement plan

Essential medicines and health supplies constitute one of the major inputs in the provision of services. Starting in 2002 financing for Uganda Health commodities has grown significantly particularly with the advent of Global Initiatives like Presidents Emergency Fund for AIDS relief (PEPFAR) and Global fund for AIDS, Tuberculosis and Malaria (GFATM). At the same time other bilateral donors like DANIDA increased the budget for EMHS. By mid 2005 it was evident that increased resources without better planning resulted in poor management of resources, leading to problems such as stock outs that called for expensive emergency procurements. Furthermore, the multiplicity of funders and procurement modalities required coordination to minimize potential for wastage as a result of duplication. With these developments the Joint Review Mission of 2005 undertook to support the development of three year rolling procurement plans. The Pharmacy Division in the Ministry of Health was tasked to spearhead this initiative and with collaboration from partners through the Technical Working group on Medicines Procurement and Management the first plan covering the period 2006/07 to 2008/09 was published. With World Health Organizations (WHO) support the 2006/07 plan was evaluated after the FY ended with evaluation details published in the Annual Health Sector Performance Report 2006/2007. The WHO support also enabled the Pharmacy Division to develop software called Med Planner which supports the development and evaluation of procurement plans and makes them readily accessible to any authorised user for updating and consulting purposes.

With experience from the work on the first two rolling plans it became clear that timely compilation of the procurement plan requires dedicated personnel to collect, analyze and

² Draft Health sector strategic plan 3 2010/11-2014/15

triangulate the data. It was therefore timely when the Medicines Transparency Alliance (MeTA)³ agreed to support a consultancy to take forward the process that had stalled for some time.

1.3 Objectives of the procurement plan consultancy

The objectives of the consultancy were to:

1. To evaluate the procurements in the year- 2008/09
2. To update the Rolling procurement plan for medicines and related health commodities for the period 2009/10 to 2011/12
3. To evaluate progress towards integration and harmonization of procurement activities
4. To evaluate the functionality of Med Planner Software

1.4 Methods

- Data on 2008/2009 procurements and commitments by funders for 2009/2010 was collected using the data collection tool attached (Annex1). The same tool was given to MOH programs and supply chain organizations involved procurement storage and distribution of EMHS (Annex 2)
- Desk review of available literature was carried out in order to document the context of the EMHS procurement plan
- Discussions with key stakeholders at a workshop to map way forward on integration and harmonization
- Data input and report generation from the Med Planner to identify the strength and weakness of the system

³ Medicine Transparency Alliance (MeTA) is a nonprofit organisation launched in London in May 2008 and operating in 6 pilot countries (Ghana, Jordan, Kyrgyzstan, Peru, Philippines, Uganda and Zambia). MeTA aims to help people get medicines they need through information and accountability.

CHAPTER 2 RESULTS

2.1 Evaluation of EMHS Procurements in the FY 2008/2009

In this section the procurements made in the FY 2008/09 are described in relation to projections made in 2007/2008. In the analysis Essential Medicines and Health Supplies (EMHS) is disaggregated into major categories of (EMHS). The categories include Vaccines and related supplies, Contraceptives, Condoms, Credit line supplies and Non Credit line supplies, Laboratory credit line items, Essential medical Equipments, ACTs, ARVs, TB and leprosy medicines. Table 1 is a summary of the procurements that were made in 2008/09 for different categories of products. Table 2 provides more details regarding the source of these items.

Table 1: Procurements of EMHS in FY 2008/2009 in comparison to Projections made in 2007/2008⁴ and Commitments for 2009/2010-Figures are Millions of US dollars.

Category	Actual 2008/2009	Projections made in 2007	Commitments 2009/2010
ARV	45.4	35.2	60.0
Credit line and non credit line medicines	22.3	32.7	47.0
Vaccines and supplies	16.9	29.4	21.1
Antimalarial (ACT)	15.5	0.0	55.3
HIV test Kits	6.2	9.5	See lab below
Contraceptives	5.0	3.2	10.0
Credit line laboratory products	4.2	3.4	18.6*
TB medicines	2.3	0.0	1.7
Condoms male	1.7	1.1	6.0
Insecticide treated Nets	0.3	0.0	37.2
Condoms female	0.1	0.1	0.03
Equipment credit line	0.0	1.5	1.9
Total	119.9	116.1	258.83

* The Lab figures for 2010 is sum of all lab items including HIV test kits

Vaccines and related supplies

A total of 16.9 million US\$ worth of vaccines and related supplies was received in the FY 2008/09. Projections made in 2007/2008 had put the estimate at 29.4 million US\$ as what would be required to meet vaccine needs. This was a big increase in value of vaccines due to planned increase in use of the DPT Hep B Hib Pentavalent vaccine. It was estimated that its use would increase from about 200,000 doses in 2007/2008 to 4.2 million doses at a cost of whopping 14.88 million US\$. The plan was that GOU would share the cost with GAVI. Overall

⁴ The projections made in 2007/08 were not updated to reflect actual commitments for the year.

GOU released 4.9 million US\$ and GAVI 12 million US\$ in the FY 2008/2009 making a total of 16.9 million US\$. For the FY 2009/2010 US\$ 21.1 million US\$

Table 2: Value of procurements for the FY 2008/09 showing product category and funders (Figures in millions of US\$)

PRODUCT CATEGORY	UNITAID /CHAI	DFID	GAVI GOU	GF	GOU	GOU/ GF	PEPFAR	PMI	UNFPA	UNICEF	USAID	GOU/ DANIDA	GOU	PHARMA IND	GRAND TOTAL
1 Antiretrovirals (ARVs)	13.3			4.2			19.4			0.3					45.4
2 Credit line and non credit line							0.3					7.2	8.2	3.1	22.3
3 Vaccines and supplies			12.0		4.9								11.7		16.9
4 Antimalarials ACT		0.1		14.5				0.9							15.5
5 HIV rapid test kits							4.8			1.4					6.2
6 Contraceptives					0.2				0.6		4.2				5.0
7 Laboratory credit line							4.2								4.2
8 Anti-TB medicines						2.3									2.3
9 Condoms male									1.1		0.6				1.7
10 Re-treatment chemicals for Nets		0.3													0.3
11 Condoms female									0.1						0.1
12 Ess medical equipment credit line															-
Grand Total	13.3	0.3	12.0	18.7	5.1	2.3	28.8	0.9	1.8	1.7	4.8	7.2	19.9	3.1	119.9

Contraceptives

Funds for procurement of contraceptives have mainly come through two sources: USAID and UNFPA. Commodities worth 5.5 million US\$ were delivered into the country. USAID bought the largest proportion worth 4.2 million US\$. Storage and distribution of contraceptives is mainly through NMS for the public sector. A larger proportion of contraceptives is procured and branded for distribution through the private sector outlets at subsidized prices. The marketing and distribution is managed by social marketing organizations like UHMG and PACE. GOU released 0.2 million US\$ from programme 9 budget for procurement of contraceptives out 1.2 million US\$ allocated. This was mainly for Misoprostol, Medroxyprogesterone and Emergency “Morning after” pills. UNFPA brought in contraceptives worth 0.6 million US\$. The total procured exceeds projection of US\$ 3.4 million . Commitments for 2009/10 are even higher at 10 million US\$

Condoms

UNFPA brought in 45 million unbranded male condoms in the FY 2008/09. This was worth 1.15 Million US\$. USAID bought 600,000 US\$ worth of condoms giving a total of 1.75 Million US\$ in the review period. Projections for male condoms were for 2007/2008 was only 1.1 million far less than the quantification figure of US\$ 3 million (MOH Quantification report 2009). It would appear that at the time of projections it was already clear that GFATM who had previously funded procurement of condoms would not release more funds until the problems with project implementation were resolved.⁵ The reduction in funding for condoms also affected the social marketing sector and to date funding to support to support the popular brand of male condoms Life Guard has been intermittent.

There was a plan to re-launch female condoms and UNFPA procured 100.000 US\$ worth of it.

Essential Medicines and health supplies

According to the health sector performance report total funding for procurement of essential medicines through the credit line the FY 2008/2009 was US\$ 7.03 million. GOU of Uganda and DANIDA contributed 3.23 million US\$ and 3.8 million US\$ respectively to the essential drugs account through which the credit line funds are managed.

In addition to credit line to the GOU also gave grants worth 11.7 million US\$ for districts and municipalities for procurement of EMHS. Mulago and Butabika were given 5million and 0.5 million US\$ respectively. A number of donations were also realized including the Cotrimoxazole used in prophylaxis for HIV positive patients (0.3mill US\$ by PEPFAR) and Praziquantel and albendazole donations by pharmaceutical industry to the vector control programme estimated at 3 million US\$. Pfizer has also continued to donate Diflucan estimated at 100,000 US\$

Laboratory Credit line and HIV test kits

The creation of a laboratory credit line system-with support from PEPFAR through CDC- at NMS and JMS was a strong indication that funding for lab consumables and testing kits was

⁵ The Problems that led to the suspension of GFATM activities in Uganda are well documented in GFATM Uganda website: <http://www.theglobalfund.org/programmes/grant>

going to stabilize and hence projections of 3.44 and 9.5 million dollars were made for the lab consumables and HIV test kits respectively. Analysis of what was procured show that CDC brought in lab items worth 4.22 million US\$. Addition lab chemicals and consumables worth about 1 million dollars were bought by CHAI and distributed to its implementing partners. A total of 6.42 million US\$ worth of HIV test kits came into the country in the year under review. The largest proportion was funded by CDC at a cost of 4.79 million US\$. UNICEF bought quantities worth 1.41 million US\$ and CHAI made a contribution of 220,000 US\$ for procurement of HIV test kits. The total was less than the projections which included procurements by GFATM that did not come to fruition for reasons explained earlier.

Essential Medical Equipments

GOU and partners established a credit line system 2007 for procurement and distribution of basic and essential equipment for Primary Health Care. GOU, DANIDA and UNFPA did commit to provide funds for a number of years in order to jumpstart the scheme. The Essential Medical Equipment Account (EMEA) was created and by July 2007 the account was holding about 1.55 million dollars (DANIDA 1 million US\$, GOU, 250,000 US\$ and UNFPA 305,000 US\$). An additional amount of about 500,000 US\$ was added to the account in 2008. The first attempt to utilize the funds was through developing a MOU with JMS to manage the procurement and distribution. Almost immediately the plan met with resistance and the back and forth discussions led to delays. Subsequently, the procurement department of MOH floated a tender in two lots and the first lot of smaller equipment worth 583,558 US\$ was awarded to a company called Intercross who completed delivery late in 2009. The second lot of bigger equipment worth 1.24 million US\$ was after long discussions awarded to UNICEF who started delivery in February 2010. The essential equipment credit line illustrates how availability of funds do not necessarily translate into availability of commodities in the period planned.

Artemisinin Based Combination therapies (ACT)

Following the suspension of Global fund and subsequent prolonged negotiation projections of funding for ACTs were far from optimistic. GOU stepped in and put and committed to release 15 million US\$ for procurement of ACT in 2008/09. The products were single sourced from Quality Chemicals Industries Limited (QCIL) a local pharmaceutical manufacturer. In total about 14.5 million US\$⁶ worth of ACT was supplied. Smaller quantities also came in through the PMI worth 900,000 US\$ and a donation from the People's Republic of China of ARCO and DUOCOTEXINE brands valued at 1 million US\$.

TB medicines

⁶ This figure is an estimate. The actual tender award was 23.399 million US\$ to QCIL for both ACT and ARV. The ratio of 62% ACT and 38% ARV is based on a more recent tender where deliveries were split in that ratio.

A total of 2.3 million US\$ was procured into the country. The projections earlier were pessimistic as protracted discussions continued with GF who were the main funders in the previous years. GF procured 1.68 million US\$ worth of TB drugs through the GDF in the period of review. Stop TB also brought in drugs to the tune of 320,000 US\$. In the same period GOU bought drugs 220,000 US\$.

2.2 Procurement plan 2009/10

This section covers the procurement plan for the FY 2009/10. The Full three year plan is shown in the annex 3 but it is important to note that many organizations have only been able to provide figures for the first year of the plan. Table 3, 4 and 5 is a summary of the of plan for the year 2009/10. This is followed by a discussion of the funding sources and modalities of flow of funds as well as the supply chain management systems used to manage the different categories of health commodities.

Table 3: PRODUCT CATEGORY AND PLANNED PROCUREMENTS BY FUNDER FOR THE FY 2009/10. FIGURES ARE IN MILLIONS OF US DOLLARS

PRODUCT CATEGORY	UNFPA	USAID	DANIDA	GAVI	GFATM	GOU	MULTIPLE	PEPFAR	PHARMA	PMI	UNTAID	GRAND TOTAL
1 Antiretrovirals (ARVs)					10.4	15.0		24.5			10.1	60.0
2 Antimalarials ACT					40.3	15.0						55.3
3 Credit line and non Credit line Medicines			3.4		1.3	22.6	15.6	0.8	3.1		0.3	47.0
4 Insecticide treated materials					37.2					1.5		38.7
5 Vaccines and related supplies				14.6		6.6						21.1
6 Lab Equipment consumables and reagents					8.5			8.3			1.9	18.6
7 Contraceptives	2.0	7.3				0.8						10.0
8 Condoms male	1.1	0.3			4.6							6.0
9 Medical Equipment	0.2		1.2			0.5						1.9
10 TB medicines					1.7							1.7
11 Blood Transfusion Items						0.5						0.5
12 Condoms female	0.0											0.0
Grand Total	3.4	7.5	4.6	14.6	103.9	60.9	15.6	33.5	3.1	1.5	12.3	260.8

**TABLE 4: PRODUCT CATEGORY AND THE MODALITIES FOR THE FLOW OF THE FUNDS FOR ESSENTIAL MEDICINES AND HEALTH SUPPLIES FOR THE FY 2009/10
(FIGURES IN MILLIONS OF US\$)**

FUNDER	EMEA	EMA	VOTE 116	SERVICE PROVIDER BUDGET	IN-KIND COMMODITIES	PRE-FINANCING FOR AGENCY/PROGRAMME	GRAND TOTAL
GFATM					44.9	59.0	103.9
UNTAID					10.1	2.2	12.3
USAID					7.5		7.5
UNFPA	0.2				3.2		3.4
PHARMA					3.1		3.1
PMI					1.5		1.5
DANIDA	1.2	3.4					4.6
GAVI						14.6	14.6
GOU	0.3		17.4	5.2		38.0	60.9
MULTIPLE				15.6			15.6
PEPFAR						33.5	33.5
Grand Total	1.7	3.4	17.4	20.8	70.3	147.3	260.8

TABLE 5: PRODUCT CATEGORY 5 AND THE ORGANISATIONS THAT WILL HANDLE STORAGE AND DISTRIBUTION WITHIN THE COUNTRY (FIGURES IN MILLIONS OF DOLLARS WORTH OF EMHS)

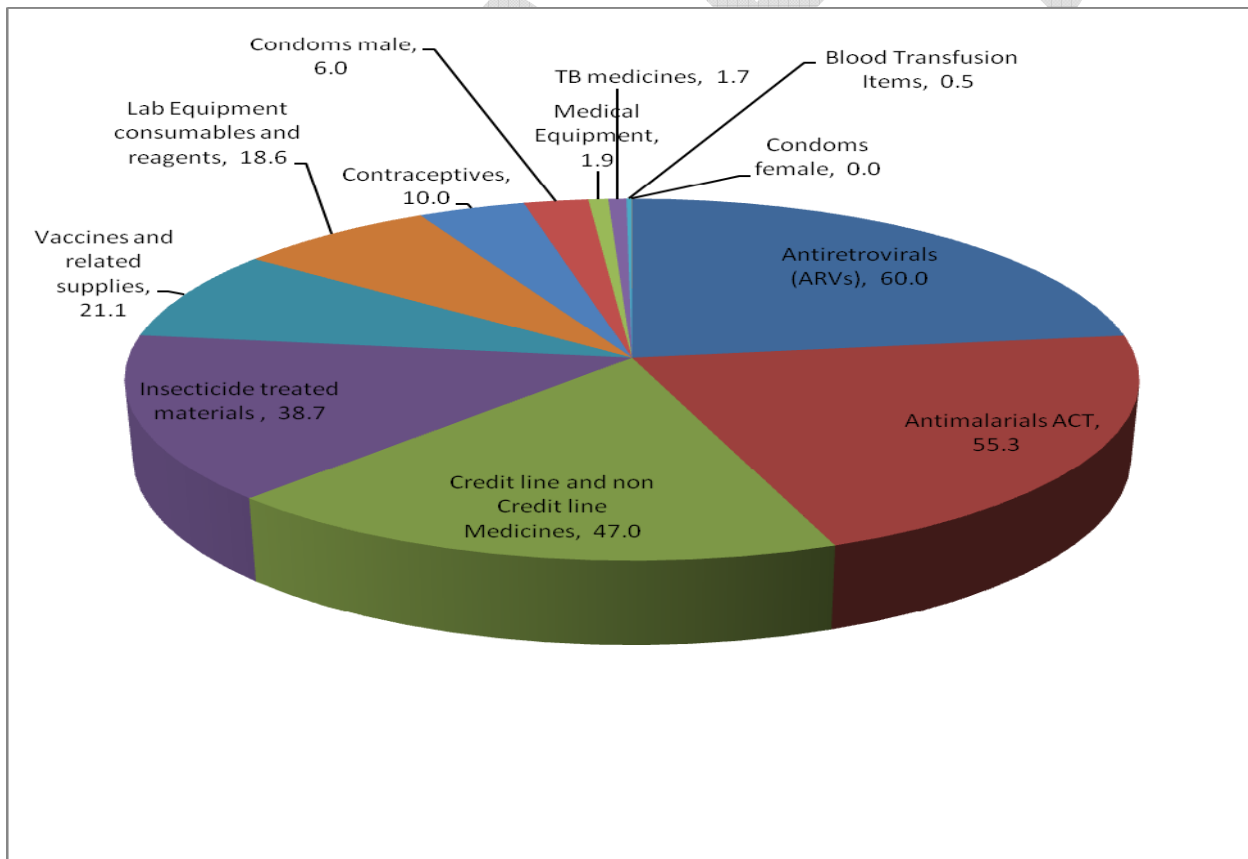
PRODUCT CATEGORY	AFFORD	CHAI	GF AGENT	JMS	MEDACC	MOH PROG	NMS	UNEPI	UNSPECIF	USAID	VCP	GRAND TOTAL
1 Antiretrovirals (ARVs)				22.3	12.3		25.4					60.0
2 Antimalarials ACT							55.3					55.3
3 Credit line and non Credit line Medicines				17.1			20.4		6.5		3.0	47.0
4 Insecticide treated materials						37.2			1.5			38.7
5 Vaccines and related supplies								21.1				21.1
6 Lab Equipment consumables and reagents		1.2	0.5			1.1	15.1		0.7			18.6
7 Contraceptives	3.5						6.5			0.0		10.0
8 Condoms male	0.3						5.7					6.0
9 Medical Equipment							0.2		1.7			1.9
10 TB medicines							1.7					1.7
11 Blood Transfusion Items									0.5			0.5
12 Condoms female							0.0					0.0
Grand Total	3.8	1.2	0.5	39.4	12.3	38.3	130.4	21.1	10.8	0.0	3.0	260.8

2.2.1 Funding by Product category

Table 3 shows funding commitments by GOU and partners for the 2009/10 period for the main MOH product categories. Overall commitments have increased as compared to last published figures. This is mainly due to the anticipated resumption of funding by Global fund this financial year.

As illustrated in Figure 1 and 2 the two diseases malaria and HIV take up 44% of the resources earmarked for all EMHS. Note that the bulk of the money for malaria will come from GFATM which has committed to meet 77.4 million US\$ out of the total 93.9 million US\$ planned for malaria. The essential medicines used in treatment of other diseases at primary care and referral levels have a budget of only 47 million US\$ which is 18% of total planned inputs.

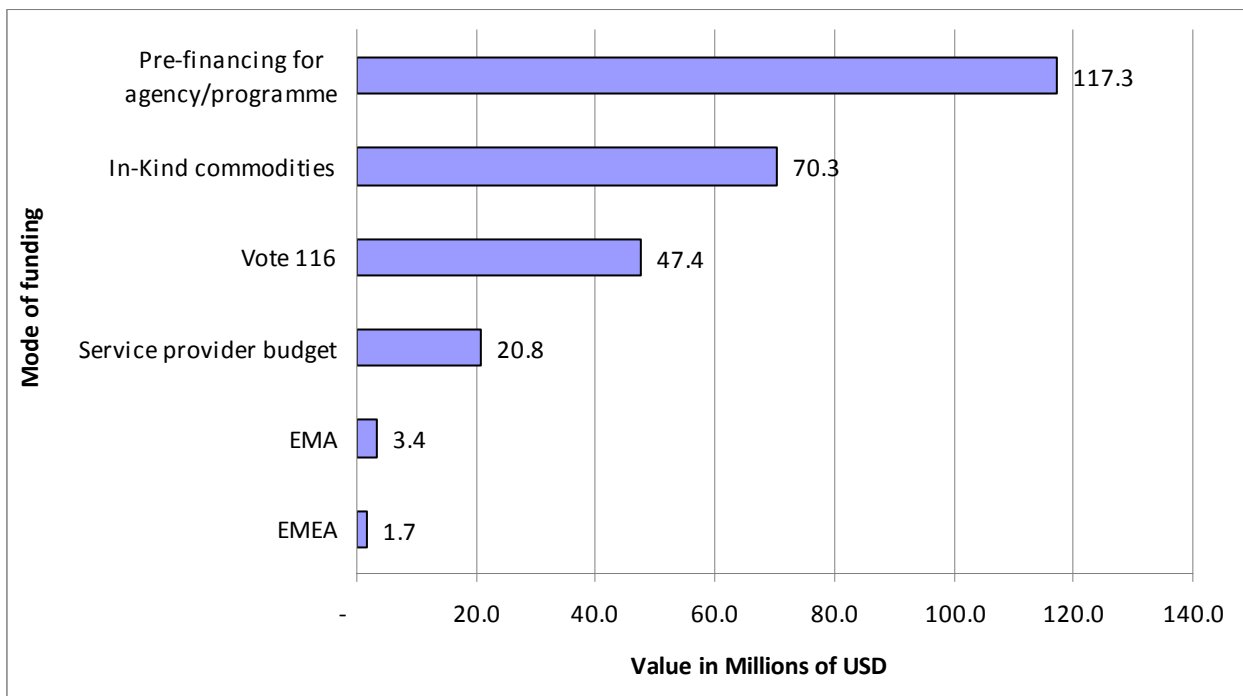
FIGURE 1: VALUE OF COMMITMENT FOR EMHS FOR THE FY 2009/10 PER PROGRAMME IN MILLIONS OF US\$



2.2.2 Main funders and funding modalities

Table 2 shows the main funders and funding modalities for the FY 2009/10. GFATM is expected to provide the largest input to the EMHS budget of about 103 million dollars which is followed by GOU at 53.83 Million US\$ as illustrated in Figure 3. The other major funders are GAVI for vaccines, PEFAR for ARV and USAID mainly for contraceptives. Funders plan to use different modalities to route money or products to the ultimate beneficiaries. The main mechanisms of funds flow are the Essential medicines Account (EMA) and Essential Medical Equipment Account (EMEA), GOU vote system, Delivery of commodities in kind into the country, service provider budgets and pre financing through agency.

Figure 2: Total value of commodities to be procured using the main modalities.



EMA and EMEA

These accounts created by MOH and housed by the Bank of Uganda are used as a basket where GOU and development partners can put funds earmarked for Essential Medicines and Essential Medical Equipment respectively. Using this modality the MOH is able to plan and allocate available funds in a transparent manner. MOH is also able to negotiate with service providers and determine the list of items to be provided under the accounts. These accounts enable any DP wishing to support procurement of medicines or medical equipment for both public and PNFP sectors to participate without disrupting the system through duplication of effort. With the introduction however of Vote 116 for the procurement of EMHS by public health facilities only and

from NMS only the functionality of the EMA has been seriously compromised, with DPs probably reluctant to co-fund EMHS through either modality.

GOU vote system

GOU allocates resources using different votes and programmes for identification. This FY2009/10 a new Vote 116 was created to handle almost all the GOU allocated for medicines for public health facilities including referral hospitals. Public Institutions that benefit from this support will each be allocated a virtual budget and have to order their medicines exclusively from NMS. The total budget of 47.4 million US\$ includes 30 million US\$ earmarked for procurement of ARVs and ACTs to be bought exclusively from Quality Chemicals Industries Ltd (QCIL) a local manufacturer. NMS will be paid 18% of procurement value as handling fees for essential medicines. GOU will cease to give funds directly to service providers for the procurement of EMHS with possibly only few exceptions such as independent institutions like Uganda Blood transfusion services (UBTS)

In kind Commodities

Funders through their agents procure goods which they bring into the country for distribution to the Public and PNFP health facilities. GFATM is planning to procure antimalarial drugs and nets (ITNs) with a combined total of 60 million US\$. Vaccines funded by GAVI and contraceptives by USAID and UNFPA will come into the country as commodities

Pre Financing for Agency

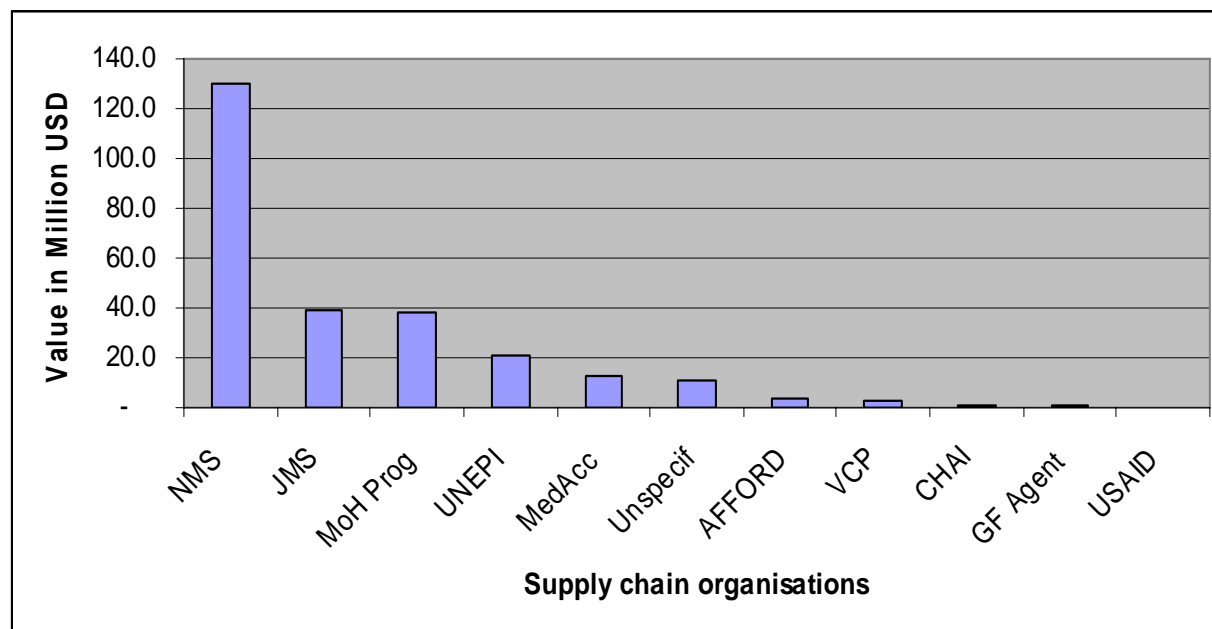
Some funders will provide cash for procurement through agencies based in the country. The most prominent is PEPFAR funding for ARVs through CDC Uganda. CDC uses Medical Access to manage the procurement, storage and distribution of the ARVs to the PEPFAR supported sites. The GFATM will also provide some funds to be used for acquiring EMHS through the Procurement Division of MOH.

2.2.3 Supply chain management

Figure 4 shows the values worth of EMHS that will be stored and distributed by various supply chain organizations in the country. The National Medical Stores is expected to handle about 50% of all expected procurements. MOH programmes are also planning to directly handle a sizeable quantity of supplies (US\$ 53m) though the exact system that will be used is not clear. A case in point is the expected procurement of mosquito nets worth about US\$ 37 million by GF as well as distribution of medicines for neglected tropical diseases.

Other prominent SCM organizations are UNEPI who will still continue with the management of vaccines. JMS and Medical Access will also play significant roles in EMHS supply chain management.

Figure 4: Value of EMHS to be stored and distributed by various organizations



2.2.4 Funding Gap

Table 5 is a comparison between what is planned for FY 2009/10 with national requirement as documented in the procurement plan 2009. As mentioned earlier, malaria and HIV treatments have the highest commitments and if implemented items procured will outstrip national requirements for Public and PNFP sectors. One area that has a big deficit in terms of commitments is the EMHS. Under the current funding modalities there is no flexibility to use funds from one programme to cover deficits in other programmes.

Table 5: Planned Procurements for 2009/10 in comparison with national requirements of EMHS⁷

Item	Total Planned in Millions of US\$	National requirements for Public and PNFP facilities	Remarks
ACT	55.26	20.90	Planned Quantities include ACT for private
ARV	59.97	57.25	Exceeds requirement
BLOOD TRANSFUSION	0.48	1.63	Below requirement
CONDOMS	6.07	3.23	Planned Quantities include condoms for social marketing
ESS MEDS & HEALTH SUPP	28.29	43.28	Below requirement
LAB & DIAGNOSTICS	17.14	21.60	Below requirement
CONTRACEPTIVES ⁸	13.57	1.30	Planned Quantities include contraceptives for social marketing

⁷ Report on the National quantification of essential medicines and health supplies, Pharmacy division march 2009

⁸ Substantial quantities of contraceptives are procured by USAID for distribution through the private sector. Quantification figures were based on consumption through the public sector

TUBERCULOSIS & LEPROSY	1.68	1.28	Below requirement
UNEPI	27.47	29.35	Below requirement

2.3 Evaluation of the Med Planner software

Med Planner was developed by Data care, a private software company with guidance from the Pharmacy Division and financial & consultancy support from WHO. The main idea behind the software was that all plans would be stored in one system housed at MOH. The system is kept on the MOH server and can be accessed by all Programme managers, who were expected to continuously update the plans for coming years with the most current information. The security settings allow for different users with different rights and limit the ability to modify the information in the system.

The system has two main sections, a Plan section and an Evaluation section. All plans are rolling plans covering three year periods ie plan 1 covers 2006/2007 to 2008/09. The current plan was therefore supposed to already be plan 4 covering the period 2009/10 to 2011/12. Once a plan is developed and the first year of that plan has arrived, the then current FY is 'frozen' and subsequent activities are captured during the evaluation, while the next plan is being developed by updating available information and adding a new 3rd year to the rolling cycle of plans. The Evaluation captures what was procured in given period and relates it to what was planned. The Evaluation covers only the first year of a plan. The evaluation period may be 3months, 6 months or one year.

Observations

While working with the software it was noticed the users' manual was not detailed enough and required constant discussions with staff from the software company. Nevertheless the long experience of its use by Pharmacy Division staff means that capacity has been created

CHAPTER 3 Observations and Recommendations

3.1 Observations

3.1 Predictability of funding for EMHS

One of the main reasons for the development of three year rolling plans for EMHS was to get a feel of the availability of resources over the medium term. While it can be seen that more money has become available for procurement of EMHS over the last 5 to 10 years unpredictability has led to frequent stock out and resort to expensive emergency procurements. The GFATM has been the main source of anxiety with little disbursement of promised funds for reasons not detailed in this report. Other Partners have also become less and less certain of commitments beyond the current FY. Consequently data on the two subsequent years for planned commitments have not been forthcoming.

There is indication that some of the sources of funding will be ending at the beginning or sometime in the next financial year. CHAI support may not go beyond December 2010. DANIDA will end funding for EMHS at the close of the FY 2009/2010 when the HSPS III programme winds up

3.2 Lack of flexibility in resource allocation

It was noticed that some disease areas like malaria and HIV are over resourced in terms of funds for EMHS. At the same time the rest of the funds for EMHS are below what is required. Majority of funds are strictly earmarked for particular disease areas and most time the money comes into the country in form of in-kind commodities. The problem is compounded when a number of funders bring in commodities for a particular disease area. The much publicized expiry of large stocks of ARV was partly attributed to oversupply. This calls for more coordination and collective planning, precisely the reason why 3-Year Rolling Procurement Plans were considered an essential management tool.

3.3 Efficiency and effectiveness of the Supply chain systems

Substantial resources have been planned for EMHS this FY and this raises questions on the capacity of the supply chain system to cope. NMS has the responsibility to handle over half the EMHS coming into the country while the other half is handled mainly by UNEPI, JMS and Medical Access. It is hoped that having fewer organizations handle PSM will lead to efficiency gains due to economies of scale. These organizations should be helped to ensure that they develop capacity to improve efficiency and effectiveness.

3.4 Resource allocation to service providers

Different funders operate at different levels and different sectors in the country. As a result some districts and facilities with more than one funder will have more than sufficient medicines while others have stockouts. This has not necessarily been a negative thing because the additional funders have helped fill in gaps where MOH has failed to deliver particularly in the case of ARVs. However a better resource allocation system has to be devised. The Essential Medicines Account and the Essential Medical Equipment Account provide us with a prototype. It is a basket account where funders may put their money, with the list of accessible items agreed and predetermined, with allocations to beneficiaries of the accounts being made in a transparent manner and with periodic adjustments possible with reasonable minimal efforts.

3.5 Data on commitments for EMHS

Data collection for the rolling plan was a grueling task as many funders had different reporting periods and formats for storing information. The whole idea of the procurement plan is also not fully understood. There is need to develop a more effective method of data collection for the rolling plan.

3.6 Monitoring and Evaluation

While the end of year evaluation of a procurement plan could give the MOH and DPs reliable information of what were the actual procurements/supplies achieved versus declared or budgeted commitments, it currently only serves as guide for future plans. It is quite evident that the procurement and distribution of EMHS is affected by many factors and hence periodic monitoring is important to ensure potential problems are identified in time for remedial action to have any meaningful results.

3.2 Recommendations

1. Procurement planning should be based on sound quantification that involves all funders and stakeholders to avoid duplication
2. There should be a system data collection for the rolling plan that starts early enough possibly through a procurement planning conference.
3. Resource allocation for facilities should be discussed as part of the procurement plan so that concentration of resources in particular districts or facilities is minimized
4. Funders should work towards more flexible models of funding to allow shifting of resource when necessity arises
5. A system should be put in place to monitor and report on the procurement pipeline on a monthly basis
6. Support should be given to the main Supply chain agencies NMS, JMS, Medical Access and UNEPI to ensure efficiency and effectiveness

Annexes 1: Data collection team

1. Gideon Kisuule MOH
2. Seru Morries MOH (Project Supervisor)
3. Khalid Mohammed .Consultant
4. Joyce Naluggwa Bakka. Research Assistant

ANNEX 2: Data Collection tool

Evaluation form

Name of Organisation/Agency : Reported by (name and designation):	NOTE: This Evaluation Form shall be completed by each development partner and implementing agency. Projects and recipient national programmes are also requested to complete the form.					
	[Empty input box for Name of Organisation/Agency]					
	[Empty input box for Reported by (name and designation)]					
BUDGETED INPUTS			MODALITIES			
Programme or Products, IF earmarked	Funding Source	Year 3 2008/09	Mode	Flow of funding	Procurement Agency	Supply Mngmt Agency
A	B	C		F	G	G
	TOTAL					

Commitments Form

Name of Organisation/Agency : Reported by (name and designation):	<p>NOTE: This Commitment Form shall be completed by each development partner and implementing agency. Projects and recipient national programmes are also requested to complete the form.</p> <p>Reports will be reconciled and compiled into the Plan, and analysed at the aggregate level to provide the overall picture of flexibility of inputs, expected outputs and identified gaps.</p> <p>If the input can only be provided "in-kind", please attach details for Year 1 (list of items, supplier contract terms and delivery schedule, budgeted handling fees).</p>							
	BUDGETED INPUTS					MODALITIES		
Programme or Products, IF earmarked	Funding Source	Year 3 2009/10	Year 3 2010/11	Year 3 2011/12	Mode	Flow of funding	Procurement Agency	Supply Mngmt Agency
A	B	C	D	E		F	G	G
	TOTAL							

ANNEX 3: The Procurement Plan 2009/10 and 2010/11

THREE YEAR ROLLING PROCUREMENT PLAN FOR MEDICINES HEALTH SUPPLIES MEDICAL LAB AND EQUIPMENTS FOR THE PERIOD 2009/2010 to 2011/2012

Number	Product Category	Product Description	Funder	Plan Value 2009/2010	Plan Value 2010/2011	Plan Value 2011/2012	Mode of funding	Procurement Agency	Supply Management Agency	GOV'T	PNFP	PRIVATE
1	Vaccines and related supplies	BCG vaccine	GOU	0.493	0.555	0.582	Pre-financing for agency/programme	UNICEF	UNEPI	75	25	
2	Vaccines and related supplies	Measles vaccine	GOU	0.452	0.445	0.464	Pre-financing for agency/programme	UNICEF	UNEPI	75	25	
3	Vaccines and related supplies	Tetanus Toxoid vaccine	GOU	0.212	0.232	0.24	Pre-financing for agency/programme	UNICEF	UNEPI	75	25	
4	Vaccines and related supplies	Oral Polio vaccine	GOU	0.887	1.013	1.07	Pre-financing for agency/programme	UNICEF	UNEPI	75	25	
5	Vaccines and related supplies	DPT HepB HiB Pentavalent vaccine	GAVI	14.192	16.411	16.969	Pre-financing for agency/programme	UNICEF	UNEPI	75	25	
6	Vaccines and related supplies	DPT HepB HiB Pentavalent vaccine	GOU	1.404	16.411	16.969	Pre-financing for agency/programme	UNICEF	UNEPI	75	25	
7	Vaccines and related supplies	Oral Polio vaccine	GOU	2.376	0	0	Pre-financing for agency/programme	UNICEF	UNEPI	75	25	
8	Vaccines and related supplies	Syringe AD BCG 0.05ml	GOU	0.126	0.118	0.122	Pre-financing for agency/programme	UNICEF	UNEPI	75	25	
9	Vaccines and related supplies	Syringe AD 0.5ml	GAVI	0.219	0.219	0.219	Pre-financing for agency/programme	UNICEF	UNEPI	75	25	
10	Vaccines and related supplies	Syringe AD 0.5ml	GOU	0.512	0.512	0.512	Pre-financing for agency/programme	UNICEF	UNEPI	75	25	
11	Vaccines and related supplies	Syringe reconstitution BCG/HiB 2.0ml w/needle	GAVI	0.06	0.06	0.06	Pre-financing for agency/programme	UNICEF	UNEPI	75	25	
12	Vaccines and related supplies	Syringe reconstitution BCG/HiB 2.0ml w/needle	GOU	0.025	0.025	0.025	Pre-financing for agency/programme	UNICEF	UNEPI	75	25	
13	Vaccines and related supplies	Syringe reconstitution Measles 5.0ml w/needle	GOU	0.009	0.008	0.008	Pre-financing for agency/programme	UNICEF	UNEPI	75	25	
14	Vaccines and related supplies	Safety box 5L	GAVI	0.087	0.187	0.194	Pre-financing for agency/programme	UNICEF	UNEPI	75	25	
15	Vaccines and related supplies	Safety box 5L	GOU	0.09	0.187	0.194	Pre-financing for agency/programme	UNICEF	UNEPI	75	25	
16	TB medicines	All CATEGORIES	GFATM	1.684	0	0	Pre-financing for agency/programme	GF Agent	NMS	100		
17	Medical Equipment	Manual vacuum aspiration kits	GOU	0.15	0.15	0.15	Pre-financing for agency/programme	NMS	NMS			
18	Medical Equipment	EMECL list	UNFPA	0.195	0	0	EMEA	MoH Prog	Unspecif	100		
19	Medical Equipment	EMECL list	DANIDA	1.2	0	0	EMEA	MoH Prog	Unspecif	100		
20	Medical Equipment	EMECL list	GOU	0.305	0	0	EMEA	MoH Prog	Unspecif	100		
21	Lab Equipment consumables and reagents	Microscopes and reagents	GFATM	0.475	0	0	Pre-financing for agency/programme	NMS	GF Agent	100		
22	Lab Equipment consumables and reagents	NMS inventory group	PEPFAR	8.258	11.34	0	Pre-financing for agency/programme	NMS	NMS	80	20	

23	Lab Equipment consumables and reagents	HIV rapid test kits	UNTAID	1.21	1.55	0	Pre-financing for agency/programme	CHAI	CHAI	80	20	
24	Lab Equipment consumables and reagents	HIV rapid test kits	GFATM	4.371	2.131	0	Pre-financing for agency/programme	GF Agent	NMS	80	20	
25	Lab Equipment consumables and reagents	Reagents for CD4 machines	GFATM	0.751	0	0	Pre-financing for agency/programme	GF Agent	NMS	80	20	
26	Lab Equipment consumables and reagents	Equipment and accessories- CHAI	UNTAID	0.7	0.27	0	Pre-financing for agency/programme	CHAI	Unspecif	80	20	
27	Lab Equipment consumables and reagents	Equipmrent and accessories - GF	GFATM	0.802	0	0	Pre-financing for agency/programme	GF Agent	NMS	80	20	
28	Lab Equipment consumables and reagents	Rapid diagnostic tests Malaria	GFATM	1.107	1.3	0	Pre-financing for agency/programme	GF Agent	MoH Prog	100		
29	Lab Equipment consumables and reagents	Testing Equipment Malaria	GFATM	0.967	0	0	Pre-financing for agency/programme	GF Agent	NMS	100		
30	Insecticide treated materials	Long-lasting insecticidal nets (LLIN)	GFATM	37.209	0	0	Pre-financing for agency/programme	GF Agent	MoH Prog	0		
31	Credit line and non Credit line Medicines	Cotrimoxazole from Global fund	GFATM	1.257	1.633	0	Pre-financing for agency/programme	Unspecif	Unspecif	80	20	
32	Credit line and non Credit line Medicines	Cotrimoxazole from PEPFAR	PEPFAR	0.75	0.7	0	Pre-financing for agency/programme	NMS	NMS	80	20	
33	Credit line and non Credit line Medicines	Drugs for OI CHAI	UNTAID	0.33	0.34	0	Pre-financing for agency/programme	CHAI	NMS	80	20	
34	Credit line and non Credit line Medicines	Drugs for the vector control programme	Pharma	3	3	3	In-Kind commodities	NMS	VCP	100		
35	Credit line and non Credit line Medicines	Credit line and non credit line items JMS SPB	Multiple	15.6	15.6	15.6	Service provider budget	JMS	JMS	0	100	
36	Credit line and non Credit line Medicines	Credit Line and None credit line items	GOU	17.4	0	0	Vote 116	NMS	NMS	100		
37	Credit line and non Credit line Medicines	Credit Line and None credit line items	GOU	5.2	0	0	Service provider budget	Unspecif	Unspecif	100		
38	Credit line and non Credit line Medicines	NMS inventory group	DANIDA	1.85	0	0	EMA	NMS	NMS	100		
39	Credit line and non Credit line Medicines	JMS inventory group	DANIDA	1.5	0	0	EMA	JMS	JMS	0	100	0
40	Credit line and non Credit line Medicines	Other inventory group	Pharma	0.11	0.11	0.11	In-Kind commodities	MedAcc	NMS	75	25	
41	Contraceptives	Medroxyprogesterone acetate 150mg/ml (Depo-Provera®) inj	UNFPA	0.96	0.96	0.96	In-Kind commodities	UNFPA	NMS	0		
42	Contraceptives	Medroxyprogesterone acetate 150mg/ml (Depo-Provera®) inj	USAID	1.56	0.554	0	In-Kind commodities	USAID	NMS	100		
43	Contraceptives	Medroxyprogesterone acetate 150mg/ml (Depo-Provera®) inj	GOU	0.75	0.75	0.75	Pre-financing for agency/programme	NMS	NMS	100		
44	Contraceptives	Norgestrel 0.075mg (Ovrette®) oral contraceptive pills	USAID	0.027	0.027	0.027	In-Kind commodities	USAID	NMS	100		
45	Contraceptives	Ethinylestradiol 0.03+levonorgestrel 0.15mg	UNFPA	0.235	0.235	0.235	In-Kind commodities	UNFPA	NMS	100		

		(Microgynon®) oral contraceptive pills											
46	Contraceptives	Norgestrel 0.3+ethinylestradiol 0.03mg (Lo-Femenal®) oral contraceptive pills	USAID	0.092	0.092	0.092	In-Kind commodities	USAID	NMS	100			
47	Contraceptives	Norgestrel 0.3+ethinylestradiol 0.03mg (Lo-Femenal®) oral contraceptive pills	USAID	0.001	0.001	0.001	In-Kind commodities	USAID	USAID		100		
48	Contraceptives	Medroxyprogesterone acetate 150mg/ml (Injectaplan®) inj	USAID	3.453	0	0	In-Kind commodities	USAID	AFFORD		0	100	
49	Contraceptives	Levonorgestrel 36 mg, Implantable (Implanon®)	UNFPA	0.39	0	0	In-Kind commodities	UNFPA	NMS	100			
50	Contraceptives	Copper T 380 intrauterine device (IUD)	UNFPA	0.029	0	0	In-Kind commodities	USAID	NMS	100			
51	Contraceptives	Copper T 380 intrauterine device (IUD)	USAID	0.003	0	0	In-Kind commodities	USAID	NMS	100			
52	Contraceptives	Ethinylestradiol and norgestrel (Pilplan) low dose oral contraceptive pills	USAID	0.025	0.302	0	In-Kind commodities	USAID	AFFORD		100		
53	Contraceptives	Norgestrel 0.03mg (microlut)	USAID	0.072	0.053	0	In-Kind commodities	USAID	NMS	100			
54	Contraceptives	Levonorgestrel 75mg (Jadelle)	USAID	1.208	1.208	1.208	In-Kind commodities	UNFPA	NMS	100			
55	Contraceptives	Levonorgestrel 75mg (Jadelle)	UNFPA	0.385	0.385	0.385	In-Kind commodities	UNFPA	NMS	100			
56	Contraceptives	Progesterone only Contraceptive (POP)	USAID	0.823	0.823	0.823	In-Kind commodities	USAID	NMS	50	50		
57	Condoms female	Unbranded condom	UNFPA	0.034	0.034	0.034	In-Kind commodities	UNFPA	NMS	100			
58	Antiretrovirals (ARVs)	ART regimens	PEPFAR	12.291	13.223	13.553	Pre-financing for agency/programme	MedAcc	MedAcc		100		
59	Antiretrovirals (ARVs)	ART regimens	PEPFAR	12.2	0	0	Pre-financing for agency/programme	SCMS	JMS	80	20		
60	Antiretrovirals (ARVs)	ART regimens	GFATM	10.41	9.88	0	Pre-financing for agency/programme	GF Agent	NMS	80	20		
61	Antiretrovirals (ARVs)	ART regimens	GOU	15	0	0	Vote 116	NMS	NMS	100			
62	Antiretrovirals (ARVs)	ART regimens	UNTAID	10.07	10.27	0	In-Kind commodities	CHAI	JMS	50	50		
63	Condoms male	Unbranded condoms	UNFPA	1.138	1.138	1.138	In-Kind commodities	UNFPA	NMS	100			
64	Condoms male	Blue Gold® condoms	USAID	0.285	0.285	0.285	In-Kind commodities	USAID	AFFORD		100		
65	Condoms male	Life Guard® condoms	GFATM	4.608	4.608	4.608	In-Kind commodities	GF Agent	NMS	100			
66	Blood Transfusion Items	Blood Testing and collecting items	GOU	0.484	0	0	Pre-financing for agency/programme	Unspecif	Unspecif	33	33	33	
67	Insecticide treated materials	Long-lasting insecticidal nets (LLIN)	PMI	1.5	0	0	In-Kind commodities	Unspecif	Unspecif	80	20		
68	Antimalarials ACT	Artemether-Lumefantrine 20+120mg (Co-artem®)	GFATM	30.638	0	0	In-Kind commodities	GF Agent	NMS	80	20		
69	Antimalarials ACT	Artemether-Lumefantrine	GOU	15	0	0	Vote 116	NMS	NMS	80	20		

		20+120mg (Co-artem®)										
70	Antimalarials ACT	Artemether-Lumefantrine 20+120mg (Co-artem®)	GFATM	9.62	0	0	In-Kind commodities	GF Agent	NMS			100
71	Total			260.816	119.335	80.587						