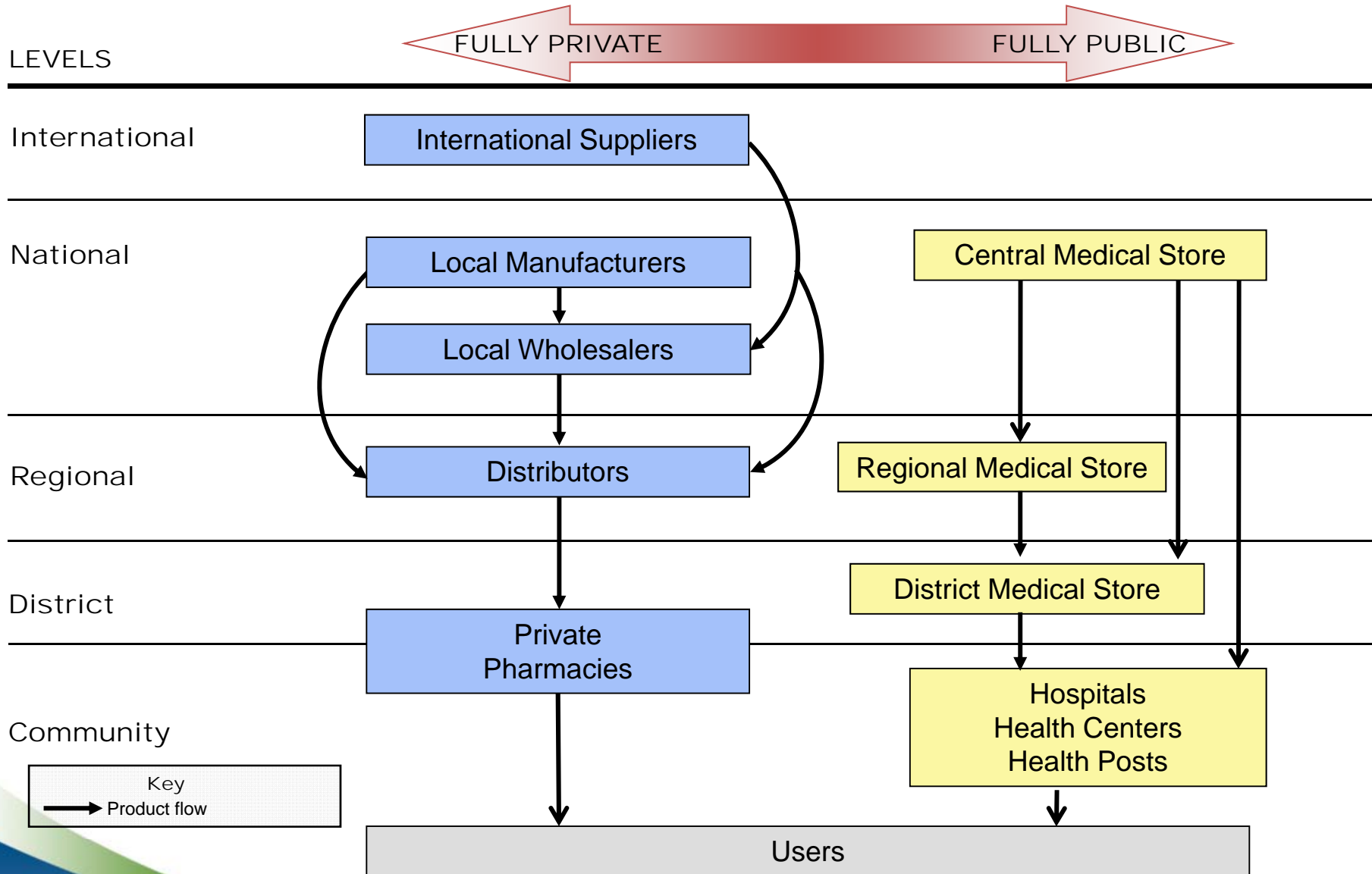


Improving Supply System Performance: Lessons from the Americas

David Lee



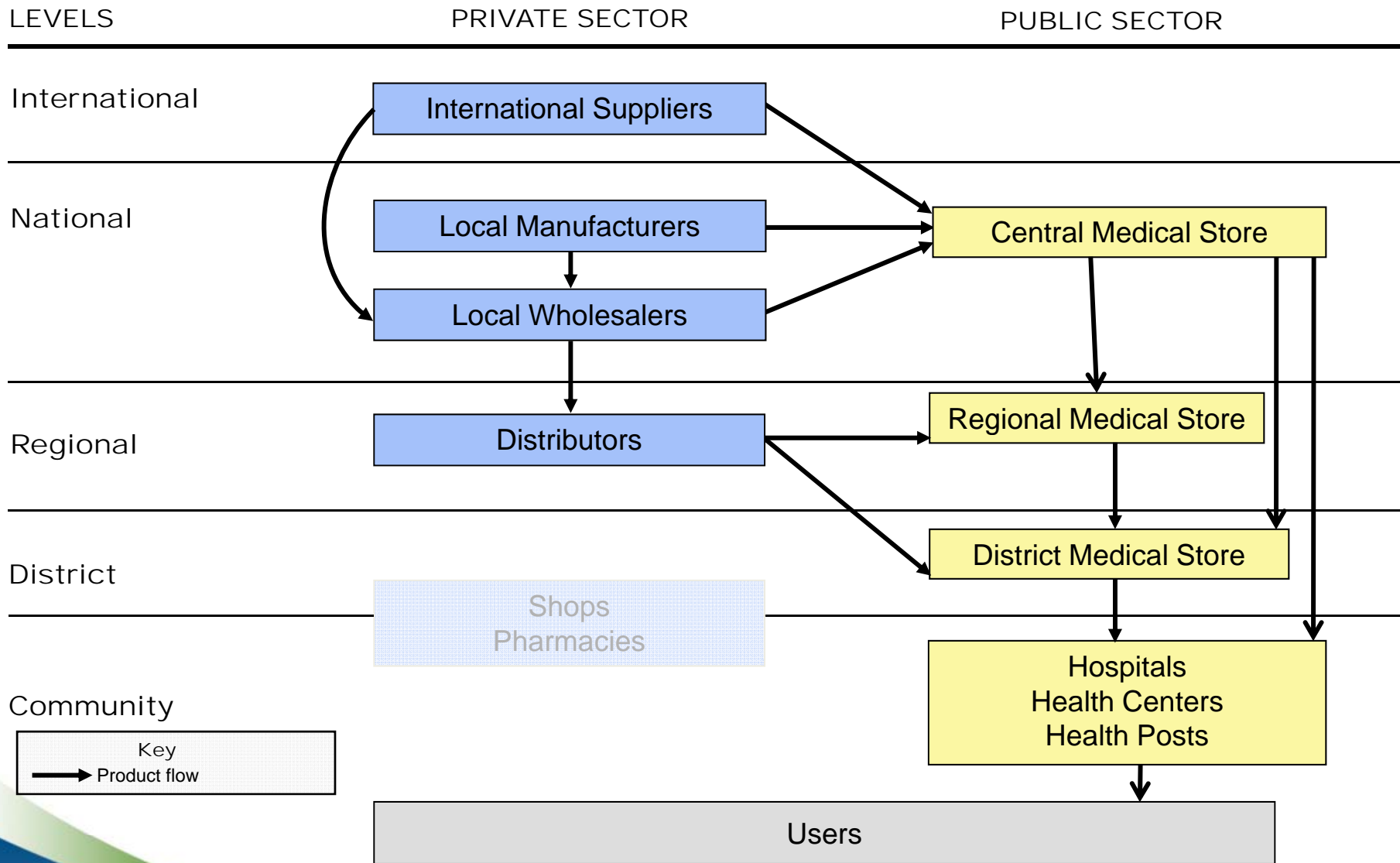
Pharmaceutical Distribution Models



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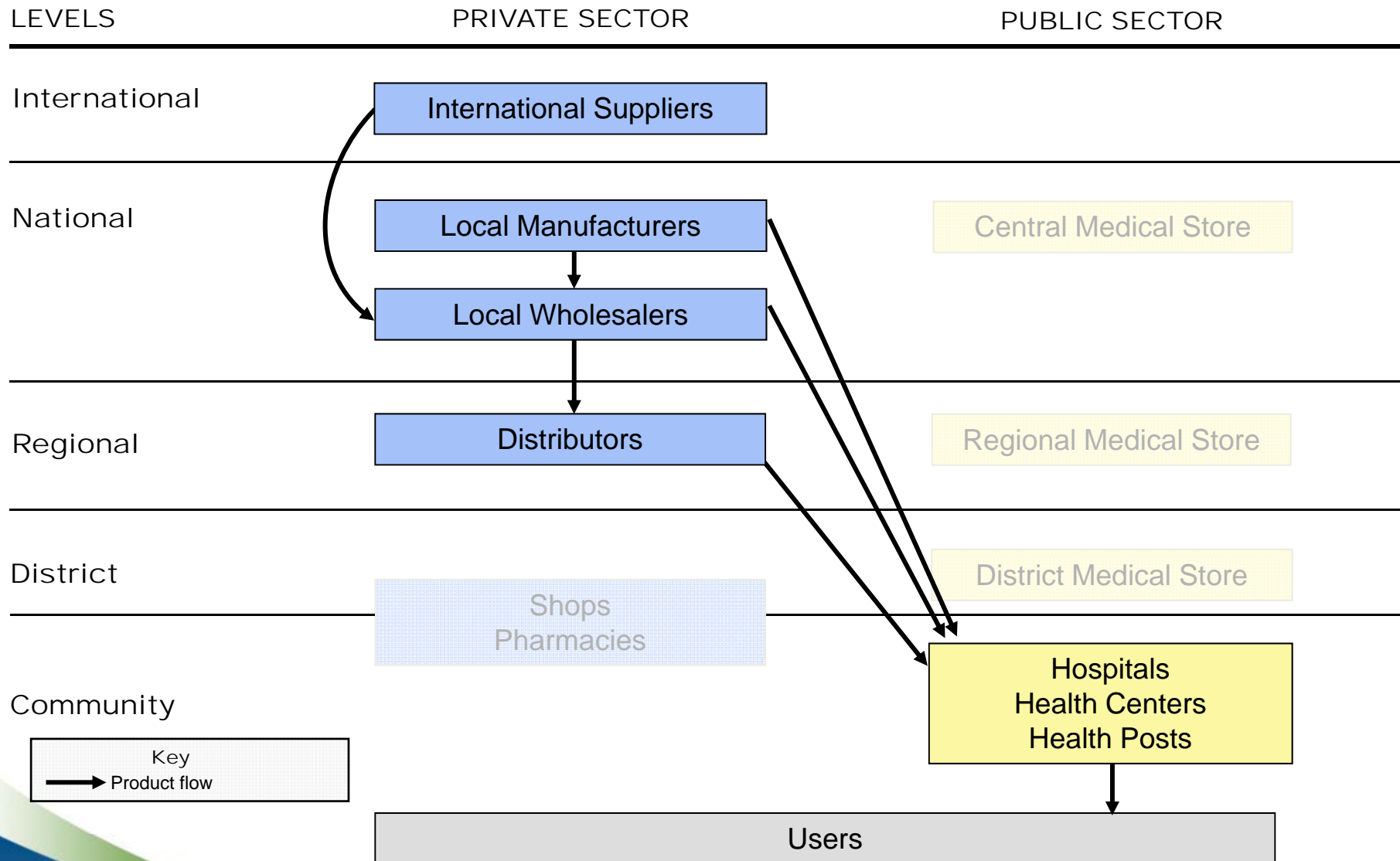
Central Medical Store Model



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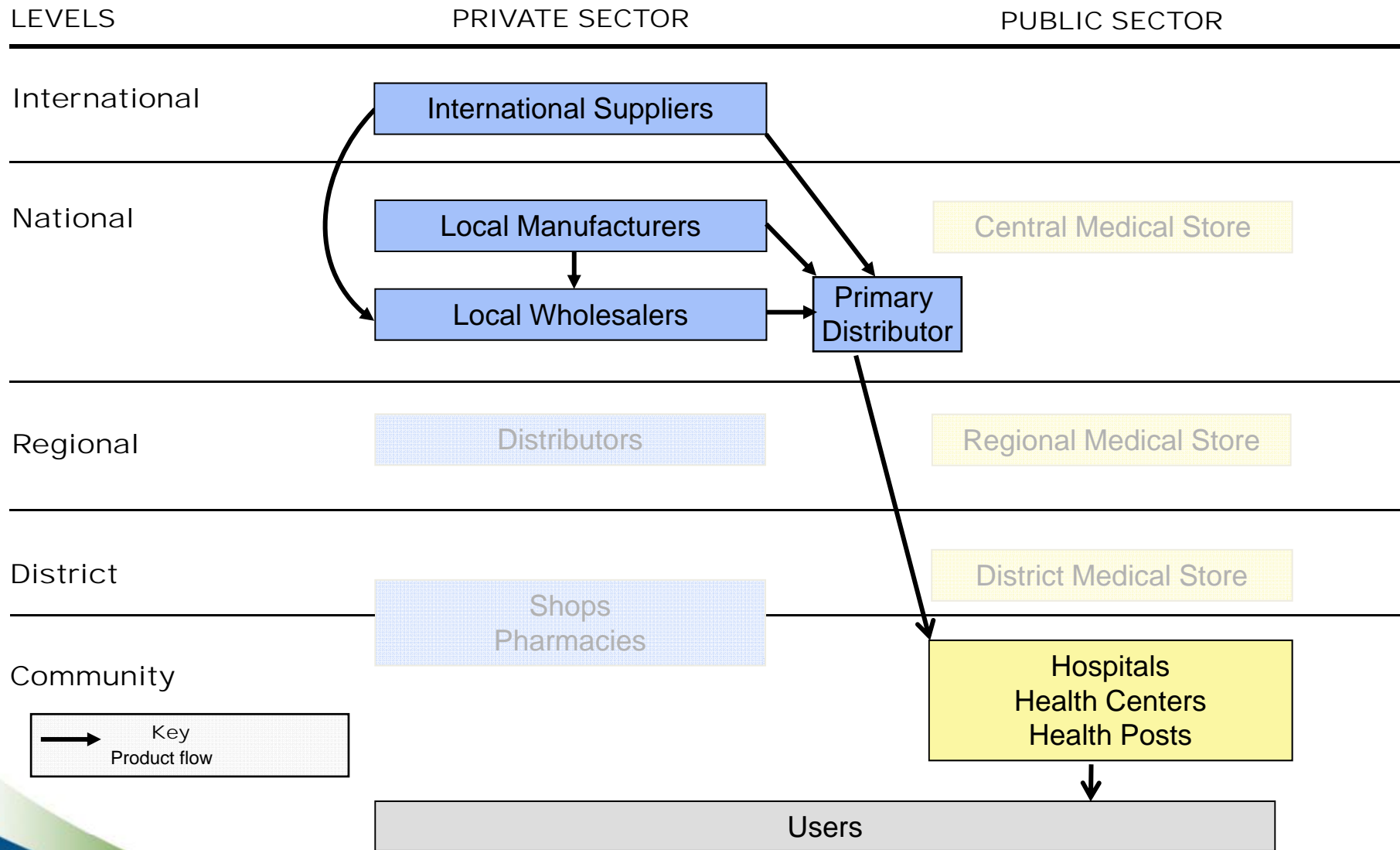
Direct Delivery Model



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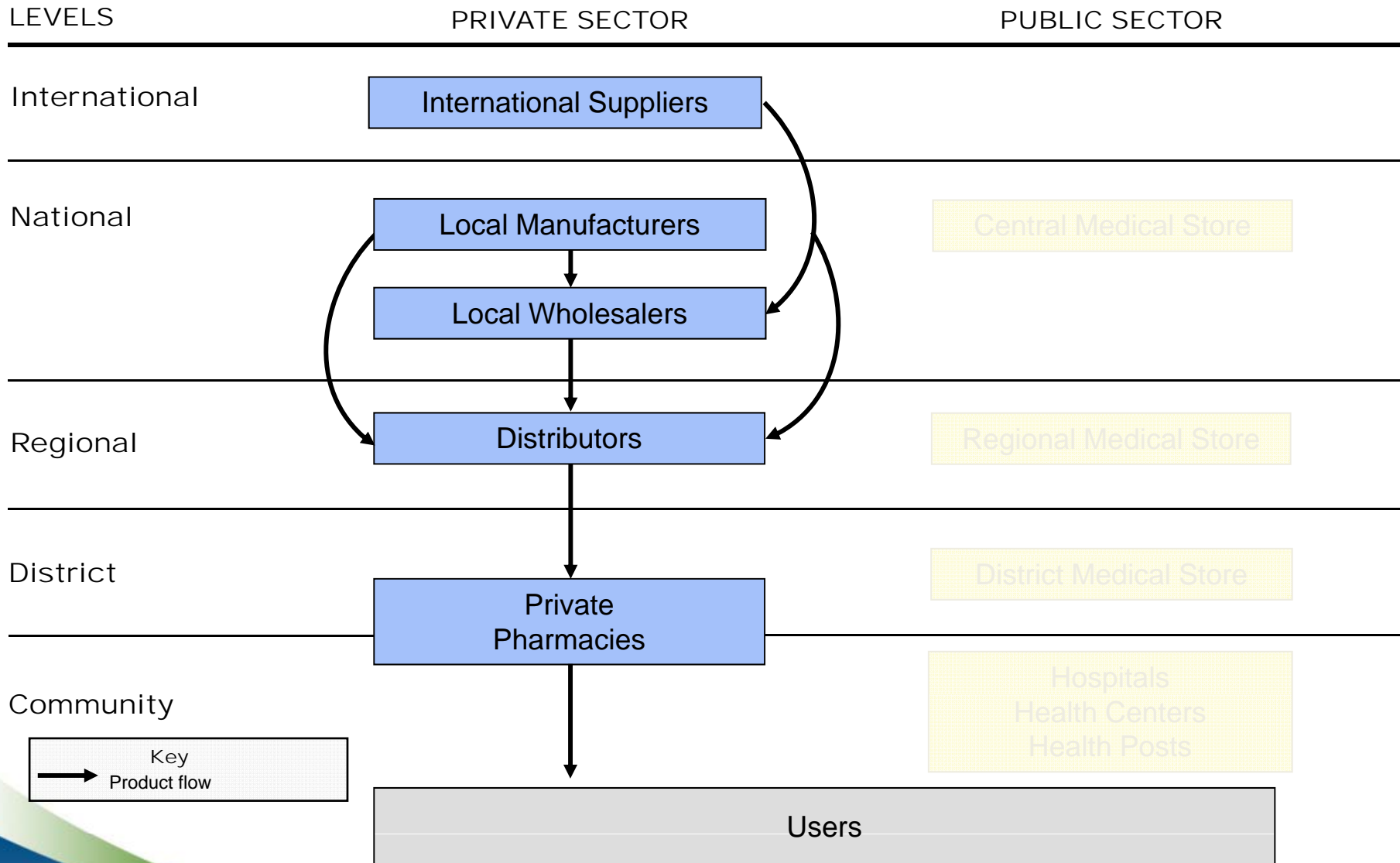
Primary Distributor Model



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Fully Private Model



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Supply System Key Decisions

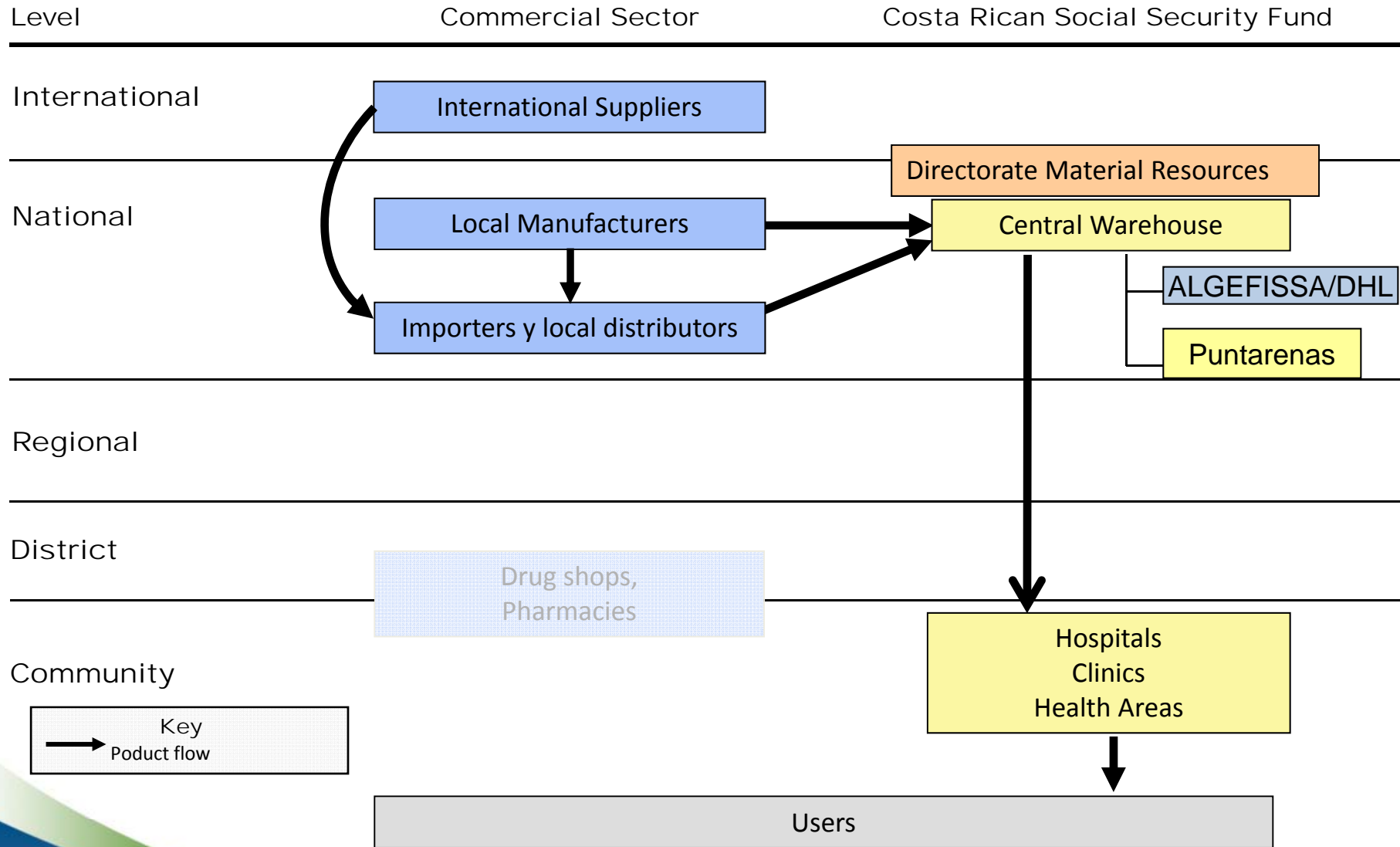
- Key decisions include—
 - Push versus pull
 - Centralized versus decentralized
 - Roles and responsibilities: public, private, nongovernmental organization
 - Mix of in-house and contract services
 - Levels of distribution and stock requirements



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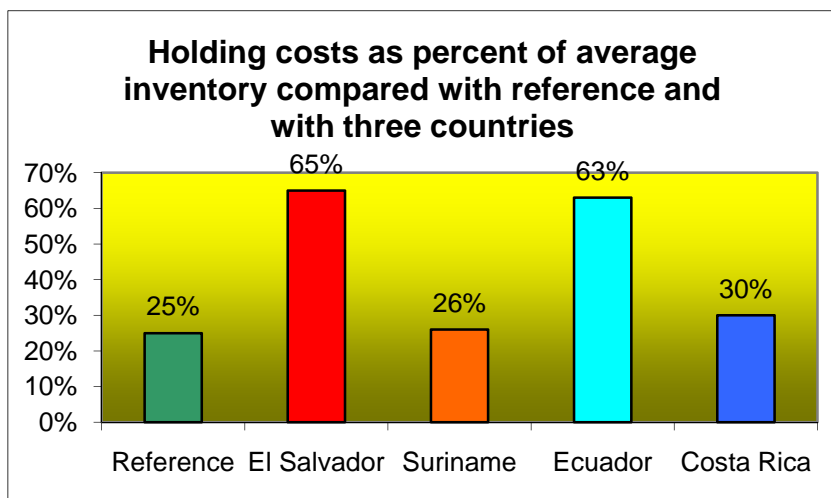
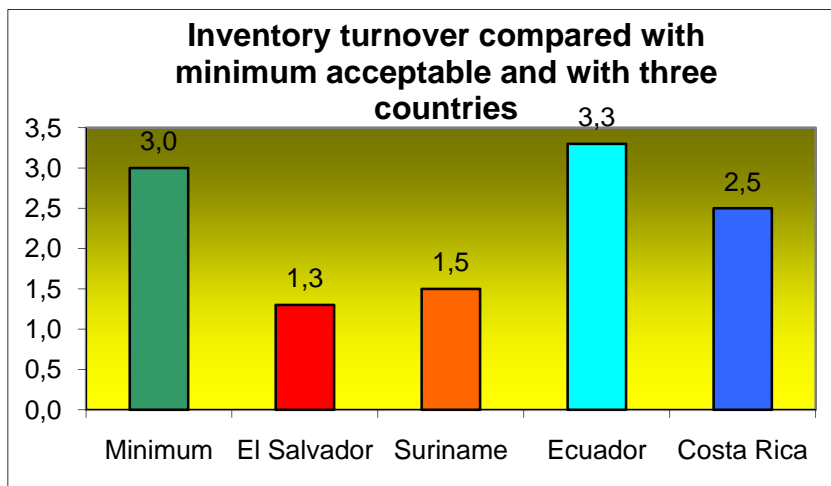
Costa Rican Social Security Fund Supply System



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Selected Supply System Efficiency Indicators



Costa Rican Supply System—

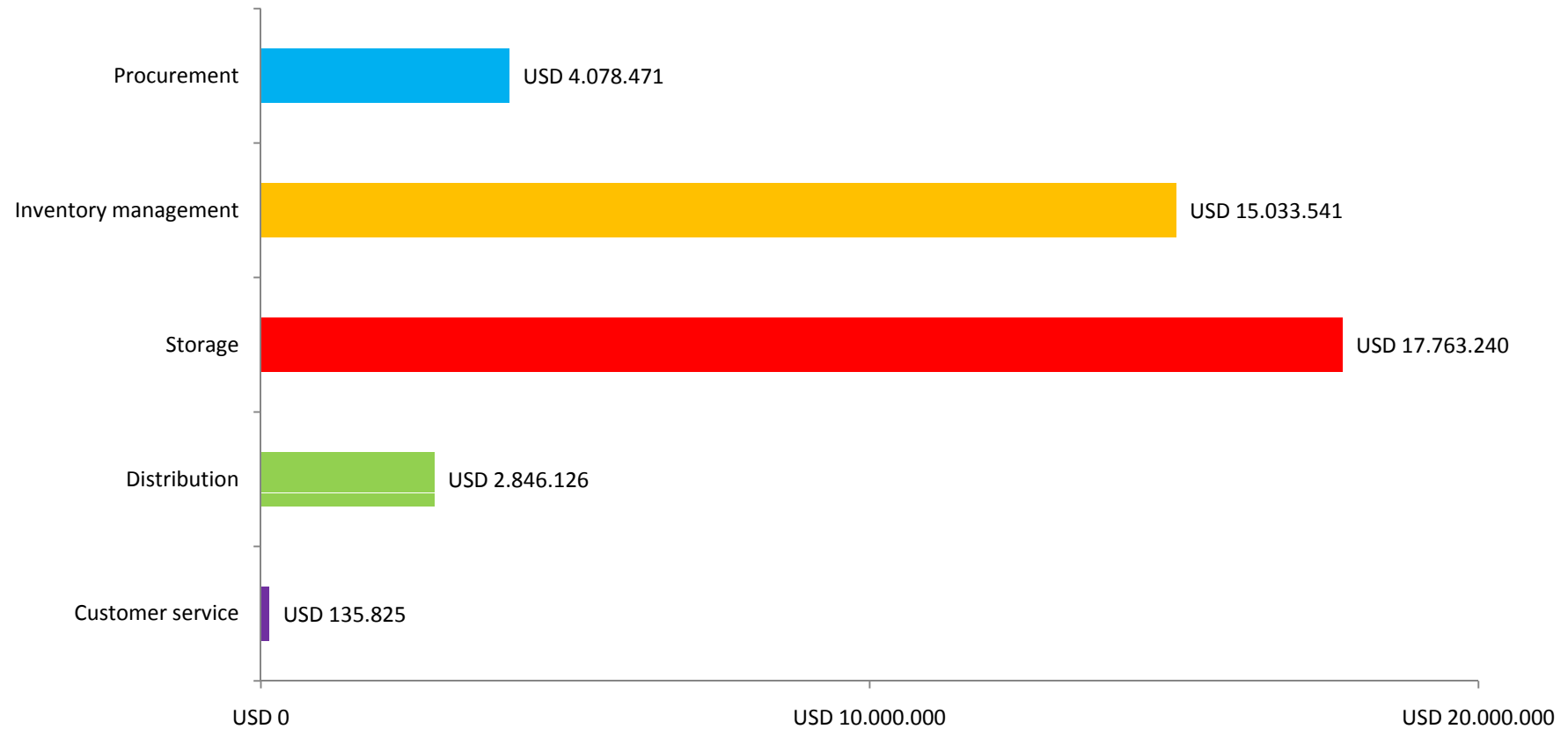
- Low turnover ratio
- Inventory holding costs: acceptable or high?
- Significant opportunity costs (U.S. \$7.3 million)



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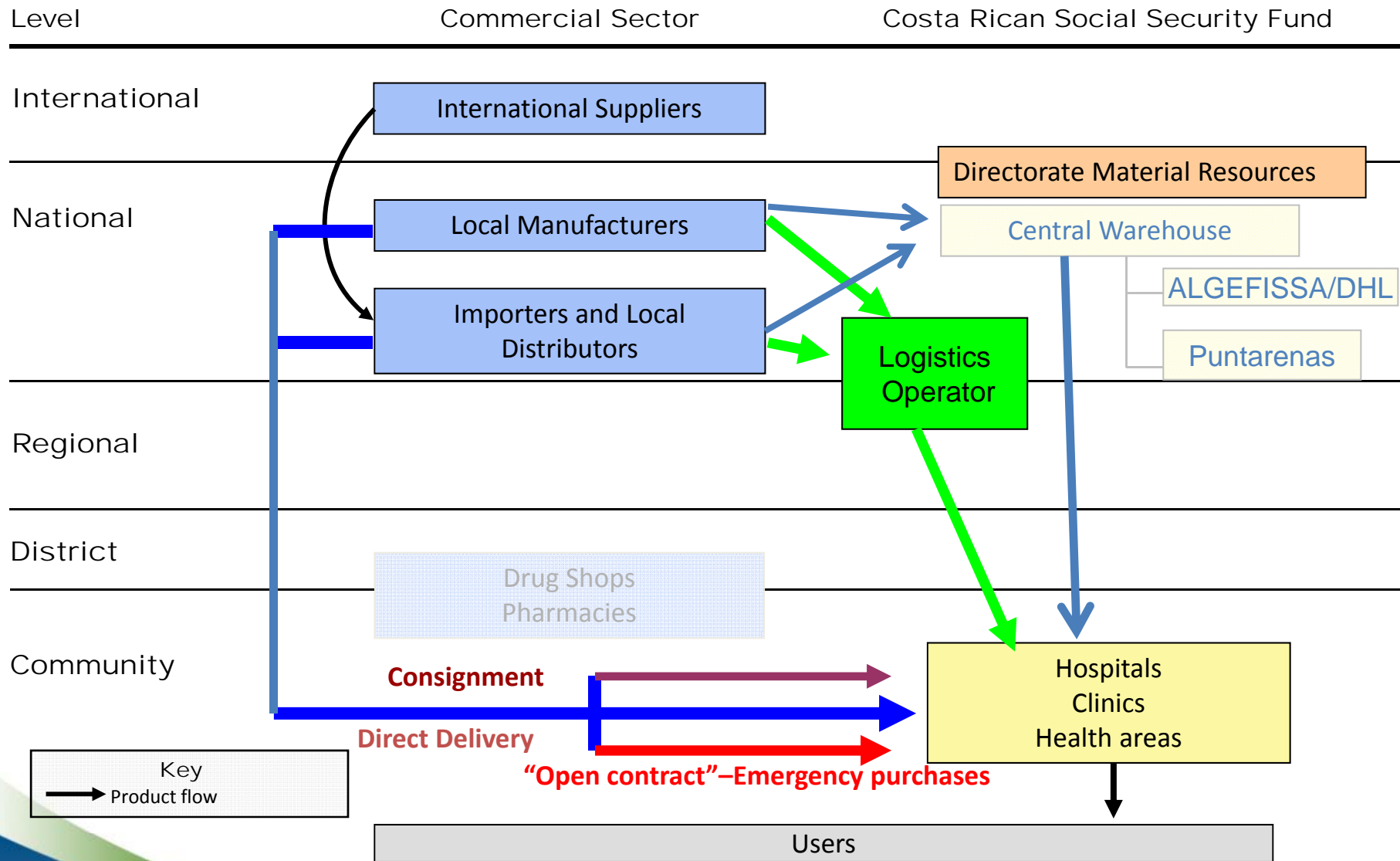
Costa Rican Social Security Fund Supply System Operational Costs



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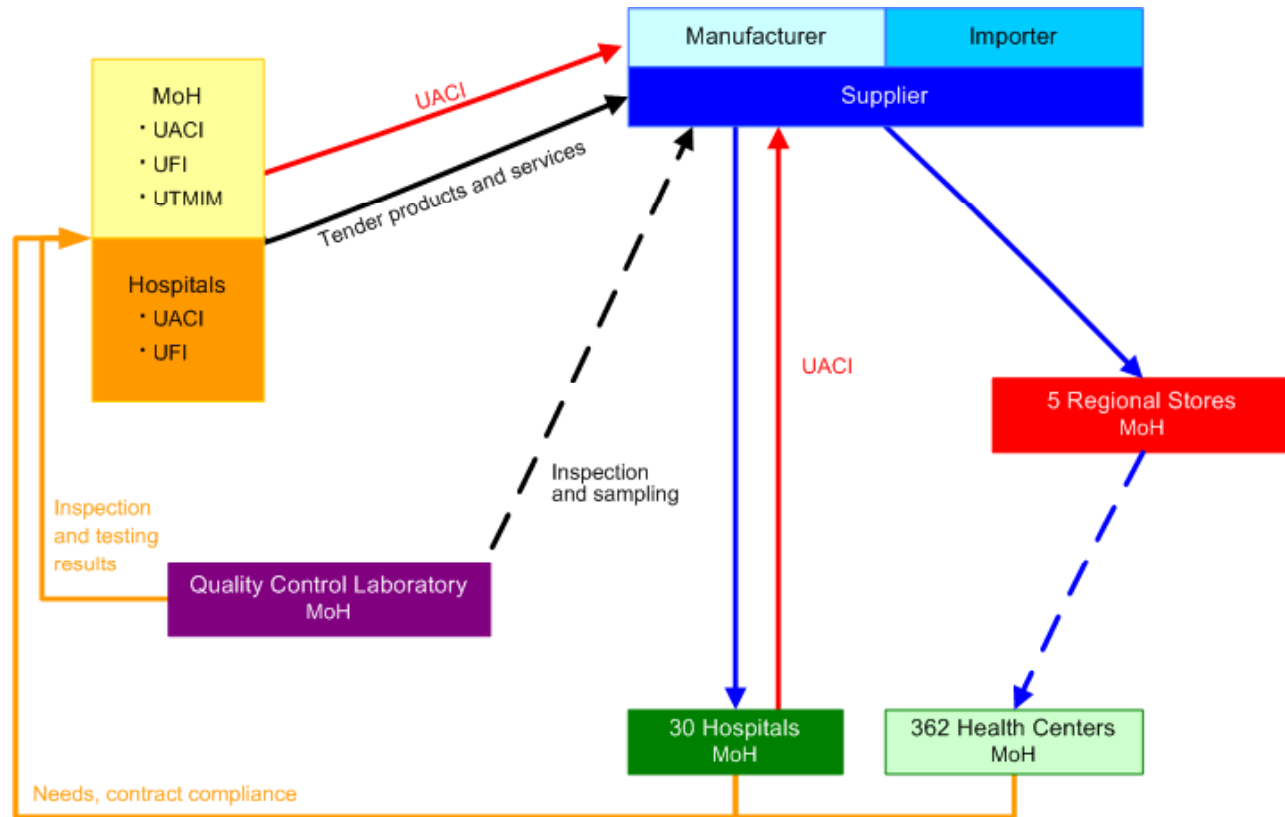
Costa Rican Supply System Reforms



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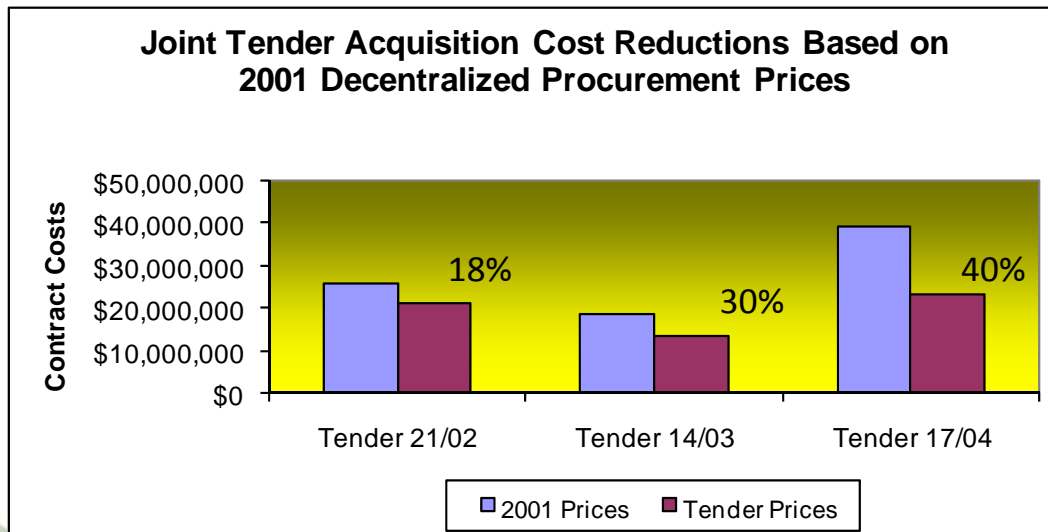
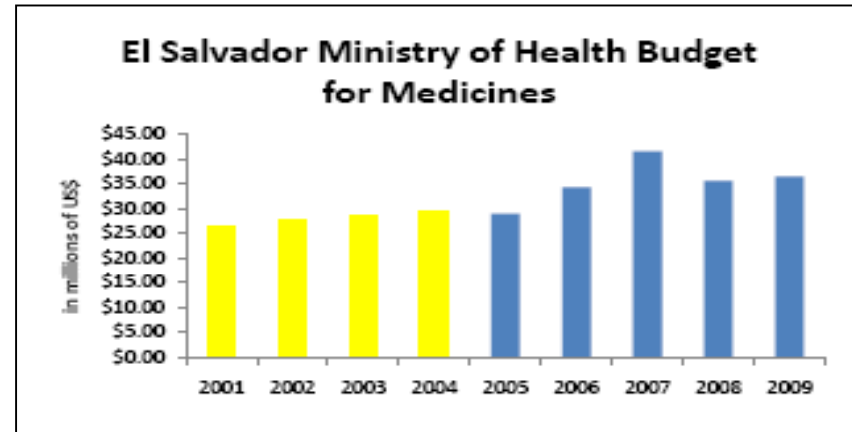
El Salvador MoH Pooled Procurement Program



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Acquisition Cost Efficiencies Resulted in Budget Increase in El Salvador



Source: El Salvador Ministry of Health, May 2005



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Change Enablers

- Acknowledgment of need for change
- Political will
 - Costa Rican Social Security Fund board of directors interested in improving efficiency of supply-system spending in Costa Rica
 - El Salvador Minister of Health personally committed and supported
- Availability of Funding and Technical Assistance
 - Health Sector Strengthening and Modernization Project (World Bank) in Costa Rica
 - Strategies for Enhancing Access to Medicines (SEAM/Bill and Melinda Gates Foundation) in El Salvador



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