



Theme 5

Procurement, pricing & distribution logistics

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*Consultative meeting on RDTs and fever case management
in the private health care sector in Africa, Oct 20, 2015*



PREVENTION



DIAGNOSIS



TREATMENT



RESEARCH

Malaria RDT procurement

Single unit (with barcode)



Shipment;
importation;
distribution to
wholesalers;
insurance



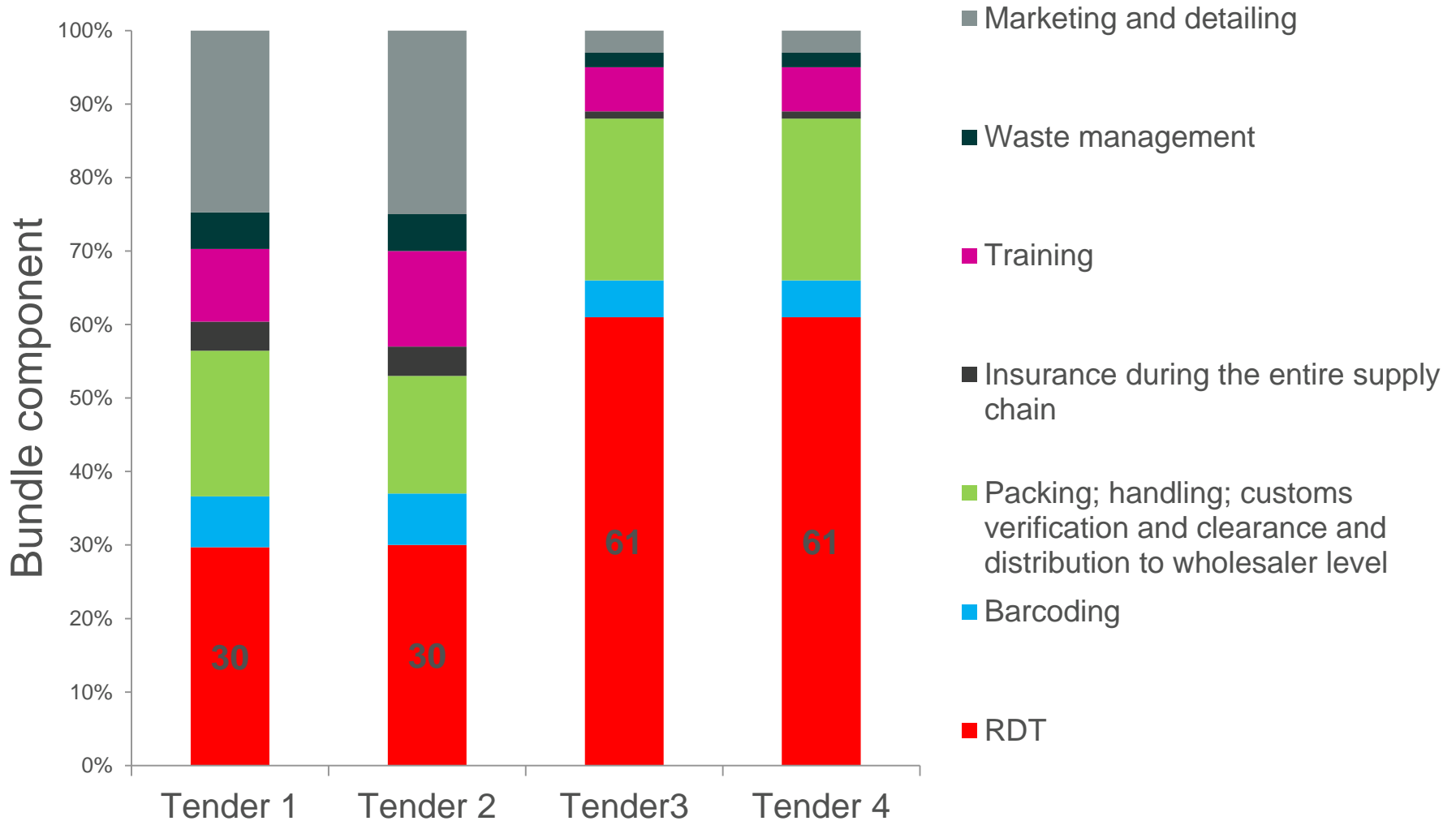
**Enhanced
RDT
bundle**



Services
training; marketing
and detailing;
waste management

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

Enhanced RDT bundle unit price



PREVENTION

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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
 - New idea, few bids
 - Supply security
 - Single test kit field notice
- Price
 - Currency devaluation: less profitable for the supply chain players
 - Global RDT price reduction: not profitable for manufacturers

What are the main challenges and why? (2)

- Distribution
 - Lower demand than anticipated
 - Investment in supportive services
 - Competition from
 - RDT leakage from the public sector
 - Black market RDTs and non-WHO approved mRDTs
 - 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?

