Background
Memorandum of Understandings (MoUs) have recently been signed between Global Fund and UNICEF and between Global Fund and UNFPA with the aim of promoting increased co-ordination and collaboration on Reproductive Maternal New-born and Child Health (RMNCH) service delivery. A key objective in the MoUs is to promote and highlight mainstream Procurement and Supply Management systems (PSM). This reflects an acknowledgement that supply represents a critical component in health system strengthening and that the collective system ideally should be the national or a government led supply chain.

In this context, a joint mission was made to Zambia between 22-25 September. A key purpose of the Mission was to determine how mobilisation under the MoU could help accelerate, supplement and / or address any identified bottlenecks to moving the established National Supply Chain Strategy forward in Zambia.

Supported by a representative of the Global integrated Community Case Management (iCCM) Financing Task Team, the Mission also gathered information in order to assess the status of iCCM roll out in Zambia – another key focus area of the MoU - and make recommendations for any support that may be required. Upon request from UNICEF and UNFPA Country Offices, primary focus has been on PSM support while the specific iCCM dimension has been summarised in more details elsewhere.

During the four days, the Mission met with the key stakeholders in the country (programme attached).

Findings
Observations from the Mission can be summarised as follows:

- **From an output perspective, Zambia has a functioning supply chain operation.** Stock out indicators suggest that essential supplies and medicines by and large are available at relevant levels as the availability of basic supplies is secured via a kit push system. Well known limitations of such a system includes potential overstock of some items and under stock of others. Initiatives such as Essential Medicines Logistics Improvement Programme (EMLIP ) introduced in 2009 uses a mix of pull and push to get supplies to the last mile. However, only 61 of the 103 districts of the country use EMLIP.

- **Challenges in stock supply remain at the community level – and a vision for the last mile needs to be realized.** The part of the supply system from the health facility to the client/patient living in the community needs to be further supported to improve
access to treatment for conditions that will be treated at community level with the support of the Community Health Workers (CHW). This includes the CHW functions where stock uncertainty at the Health Centre level combined with hesitation handing over ‘prescription authority’ seems to represent bottlenecks getting supplies efficiently to the CHW and ultimately to the community level.

- **It is positively noted that Zambia has developed a National Supply Chain Strategy for Essential Medicines and Medical Supplies 2013 – 2016.** This has subsequently been followed up with the Implementation Plan of the National Supply Chain Strategy 2015 – 2017 (February 2015) which is at final drafting stage. The two documents outline the vision for the national PSM system for essential medicines and have provided a good and detailed foundation for partner buy in and coordination.

- The initial costing of the draft three year plan has been estimated to 8.6 billion Kwachas (USD 800 million) of which 6.5 billion kwachas (USD 600 million) relates to procurement of commodities. **Consultations revealed that there is less clarity on the process for taking the Supply Chain Strategy and the Implementation Plan forward.** This includes whether the strategy and plan have been formally endorsed by the Ministry of Health and how elements in the plan should be prioritised against actual funding available. Consequently, substantial parts of the plans are yet to be initiated.

- **Certain elements of the plan seems to cause decision bottlenecks at technical level.** This includes in particular transfer of procurement responsibility from the MoH to MSL and decision on systems to handle logistic management operations, and are likely to be contributing to delays in progress.

- **Several mechanisms have been established to manage partner coordination within the various supply chain elements** including a supply chain co-ordination committee (sub-group of the Co-operating Partners group), procurement and supply technical working group (led by MoH) and a National Supply Chain pipeline co-ordination committee (secretariat MSL), but the “form and function” of these management mechanisms may not be appropriately matched. The Mission notes that existing coordination structures are mainly geared toward handling the ongoing operational aspects of the supply chain rather than dealing with translating a comprehensive and complex change management process. This could be a contributing factor to the identified implementation delays.

- The Mission is less inclined to comment on the technical plan elements agreed among partners in Zambia. However, having in mind that the majority of the National health supply chain management functions are envisioned to be transferred to Medical Store Limited (MSL), it is noted with some concern that governance and recapitalisation elements in the enabling MSL environment appear less clear. The likely MSL referral change to Industrial Development Co-operation (IDC) raises questions on how revenues will be generated to finance MSL operations. Combined with limited fiscal space for funding of essential commodities, it is less clear how transition risk will be managed in general and performance management incentives will be secured specifically.
The observations above are consistent with and are further elaborated in a detailed RMNCH landscape analysis and a comprehensive EU funded PSM evaluation. Both documents are expected to be released in the beginning of Q4 2015.

**Recommendations**

Based on the findings it is recommended that:

1. The **Strategic Plan is officially signed off by the Ministry of Health** to confirm and reinforce the strategic vision and direction.

2. **A meeting between the MoH and the Cooperating Partners is called** to clarify the process for finalisation of and support to implementation of the Implementation Plan. This would include prioritization of activities in a vis available budget. A carefully designed phased approach could be considered with particular focus on activities with earmarked funding about to expire.

3. **Discussion with the MoH on any capacity challenges to managing the implementation plan, and ensure the capacity of the MoH to manage the implementation plan is strengthened.** The implementation plan includes a number of complex and inter related activities which eventually require careful project management including related to technical and political bottlenecks. As part of this capacity increase it is important that the overall communication is strengthened so that all stakeholders have full understanding of the entire change process, avoiding gaps and overlaps and not only of the elements of the supply chain for which they are responsible.

4. **Referring to Commodity Security, Financing and Resource Mobilization in the Strategic Plan, it is further recommend that specific effort are made by Government and CPs to unpack the governance and MSL recapitalization elements** to ensure that this is adequately addressed within the Implementation Plan.

5. **Particularly related to last mile observations, it is finally recommend that the RMNCH programme activities support strengthening of the of the last mile operations** and that all partners (including UNFPA, UNICEF, GFATM PRs and SRs) prioritize PSM activities in their grants – with a particularly focus on the last mile challenges.

The Mission would like to thank the MoH and MCD and the corporative and the implementing partners for constructive input during our stay. Also a big thanks to the Zambia UNICEF and UNFPA Country Offices for hosting and for strong guidance and support before and during the mission. The Mission stays committed to support any continued catalytic input as required to move the important PSM related RMNCH agenda forward in Zambia.

8 October 2015

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1 RMNCH Landscape Synthesis Summary Report 2015 (October 2015)