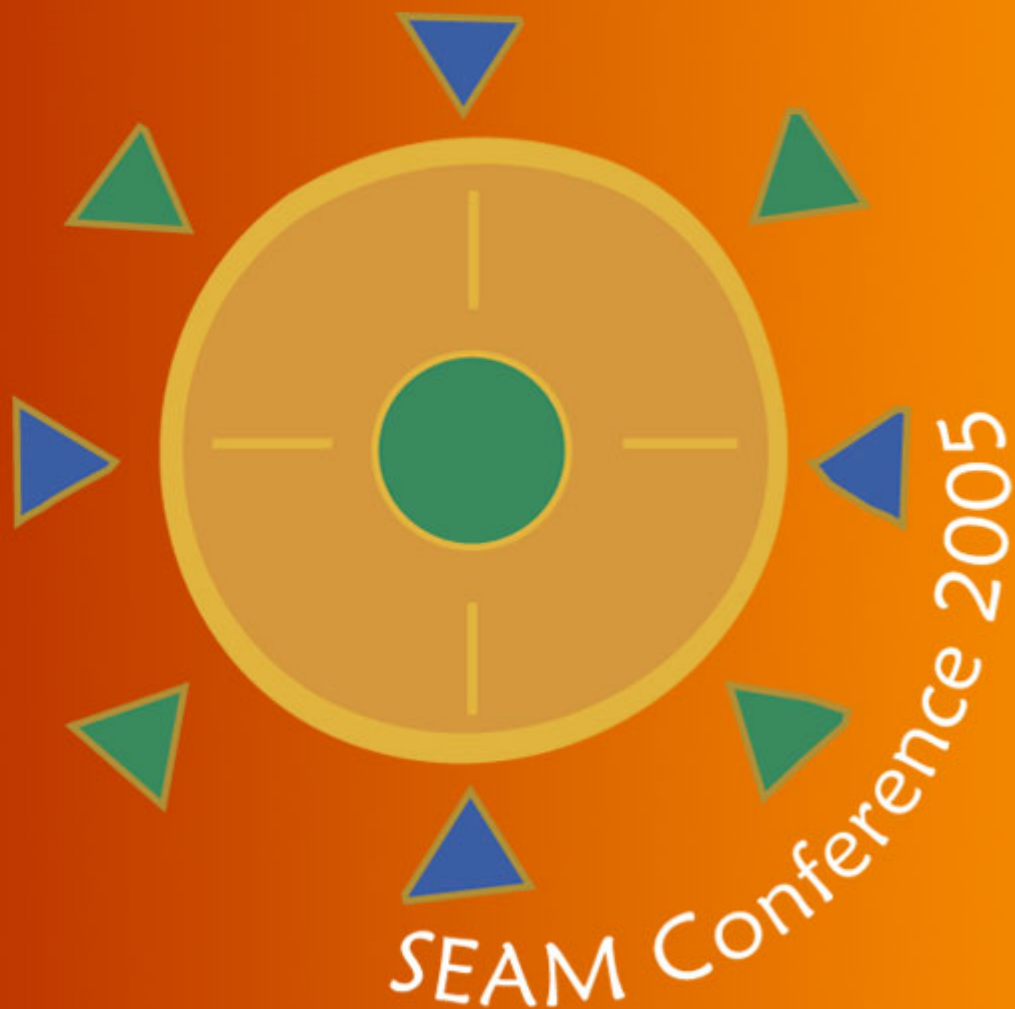




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# Targeting Improved Access

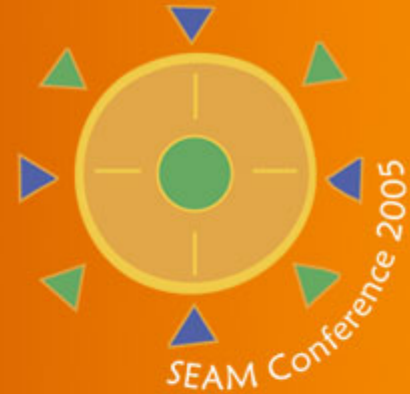


**MANAGEMENT SCIENCES** *for* **HEALTH**

*SEAM | Strategies for Enhancing Access to Medicines*

Funding for the SEAM Program is provided by the Bill & Melinda Gates Foundation.

Targeting  
Improved  
Access



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# The Prime Vendor Pharmaceutical Supply System in Tanzania –

## The Prime Vendors start-up experience

SCOTT HART; KIBO MAREALLE; ANDY HAYMAN

Funding for the SEAM Program is provided by the Bill & Melinda Gates Foundation.



MANAGEMENT SCIENCES *for* HEALTH

SEAM | *Strategies for Enhancing Access to Medicines*

- ❖ Background to Contract
- ❖ The Contract
- ❖ Award to DioCrown
- ❖ The problems
- ❖ Why the problems occurred
- ❖ The way forward

## BACKGROUND TO THE PRIME VENDOR CONTRACT

- ❖ MSD unable to meet hospital demand
- ❖ Poor quality and counterfeit products being bought
- ❖ High prices

## THE PRIME VENDOR CONTRACT

- ❖ Stock – more than 500 items
- ❖ 100% delivery within 10 or 21 days
- ❖ Fixed prices for 12 months
- ❖ All items subject to independent analysis
- ❖ Lowest possible price
- ❖ Non exclusive

- ❖ Crown Agents and Diocare worked previously together on a successful project
- ❖ We have the complimentary skills
- ❖ Decided to partner and won the contract in competition

- ❖ Highly experienced international procurement specialist of pharmaceuticals and hospital supplies
- ❖ Office in Tanzania since 1976
- ❖ Registered Tanzanian company
- ❖ Employs professional buyers; has its own shipping and inspection companies and its own bank

- ❖ Tanzanian manufacturer and stockists of a range of pharmaceuticals
- ❖ Have their own warehouses and distribution systems
- ❖ Have worked with MSD and Tanzanian hospitals for many years
- ❖ Understand the local and regional market

However, we immediately experienced problems and were unable to supply **all** the items on time

In addition we also experienced significant quality problems

These problems arose because:

- ❖ We underestimated the complexities of contractual compliance and mobilisation
- ❖ Order volumes did not attract suppliers
- ❖ We experienced quality problems
- ❖ Stock demand from the hospitals differed substantially from forecast (on some items)
- ❖ The Crown Agents/Diocare relationship was stretched
- ❖ Imports were delayed by Pre Shipment Inspection

Through this our customer,  
MEMS/ELCT remained  
supportive

The teething problems are being overcome by:

- ❖ The appointment of a qualified project manager
- ❖ Expanding the prime vendor resources
- ❖ Managing our supplier relationships
- ❖ Enhancing our partnership with all parties
- ❖ Seeking to get true stock demand from the hospitals

The PV concept is a good one, but is new to all of us. Our experience has indicated .....

- ❖ Appropriate contractual terms are essential
- ❖ All parties must work together
- ❖ Supplier relationships are critical
- ❖ Recognising that lessons will be learnt as the contract progresses because in practice it will be challenging

- ❖ MEMS/ELCT
- ❖ MSH
- ❖ To Colleagues

Not going into the detail – the  
Prime Vendor concept could be

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