

## Outsourcing Distribution to Improve Essential Medicine Availability in Nigeria

### Challenge

The health supply chain in Niger State is complex because it is managed by multiple parties, including the State personnel, local governments, and health facilities—which means that coordination efforts can be difficult.

**Only 33% of essential life-saving medicines were available...**

In 2015, health facility client satisfaction in the State was poor as only 33% of the 13 essential life-saving commodities were available and the value of health commodities shipped was also less than half (42%) of their original value, which was reflective of medicines being kept in unsuitable conditions. The time from request to receipt of commodities was also lengthy, at an average of 14 days due to health workers needing to travel to the Central Medical Store to collect.

Niger's great landmass has fuelled a growing demand for a more optimised delivery system. Some facilities are located at distances of over 400 kilometres from the central store.

Lack of accessible roads, coupled with growing security challenges, have posed major challenges to reducing delivery times.

### Activity

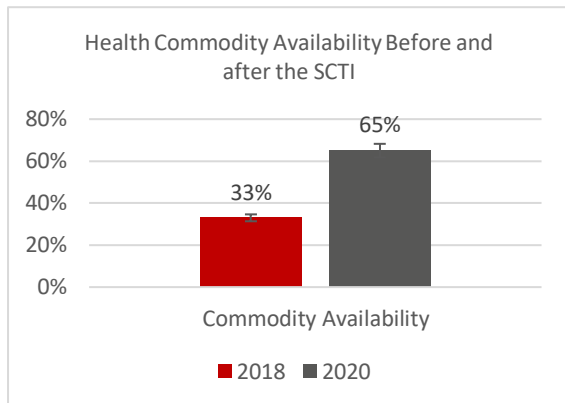
As part of a wider supply chain transformation project, and as a proof of concept that outsourced model of distribution to the last mile works efficiently with better value-for-money, PSA contracted a 3<sup>rd</sup> Party Logistics (3PL) service provider to distribute commodities across Niger's health facilities in urban and rural areas. 3PLs collected commodities from the State Central Medical Store in Minna and delivered them to the last mile on a routine basis.

The 3PL services tracked resupply frequencies, distribution routes, truck optimisation plans and shipment. At all times, cost-effectiveness and sustainability were considered. For example, to curtail wastage, warehouse staff were formally trained in all distribution guidelines and on-the-job capacity strengthening.

### Result

Niger State now enjoys a streamlined source of health commodities with quality State controls in place. The distribution system is effective, maintaining the potency and efficacy of commodities. The Niger State Drugs and Health Commodities Management Agency

**The NSDHCMA is planning to retain the 3PL model, due to its continued success.**



(NSDHCMA) recognises the vital central role that the 3PL model plays in corporate growth, service improvement, brand reliability, timely deliveries and response time. For these reasons, the NSDHCMA is currently accruing funding to sustain it in the future.

By January 2020, essential medicine availability rates had **increased from 33% (2015 baseline) to 65%** at all pilot sites. The 3PL provider successfully improved last mile availability of essential medicines through suitable pharma-grade transportation.

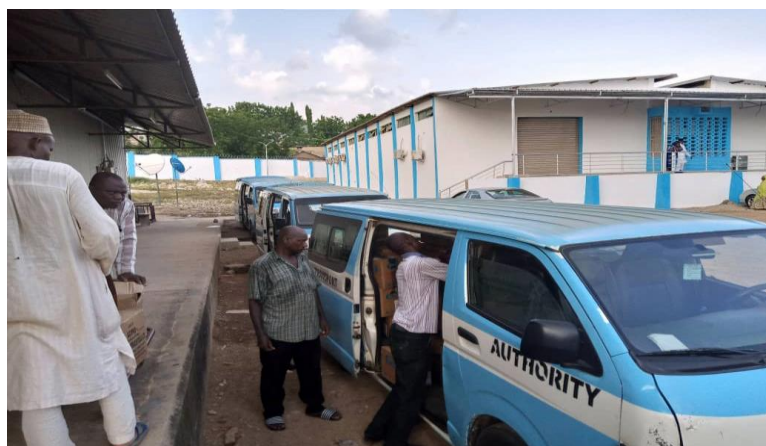
Health workers were also afforded more time to attend to patients, as travel to the central warehouse for health commodity collection was no longer necessary.

By June 2020, all transformation project facilities had achieved an average commodity availability rate of 65% and average delivery lead times of 2 days.

**Average delivery lead time was reduced from 14 days down to 2.**

Furthermore, the **average cost of delivering commodities per health facility was NGN 49,097.59, which is just ~11% of the value of commodities.**

With the improvements across the supply chain functional areas, the State is in a significant position to plan and manage demand, with visibility into stock levels, shipments and consumption and improved demand forecasting, ensuring that correct stock levels are retained to maximise sales potential and profits.



**Piloting Last Mile Distribution using Niger State Transportation**