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Ministerio de Salud Pública y Asistencia Social

USING SUPPLY CHAIN COSTING FOR DECISIONMAKING IN GUATEMALA

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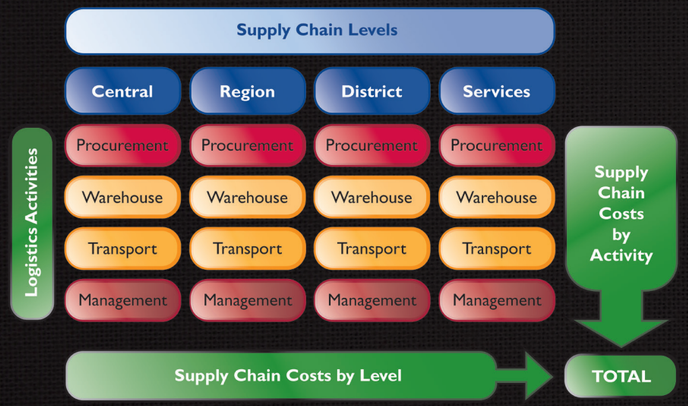
Background

Public health supply chain costs are often difficult to estimate. Yet, not understanding the real costs of supply chains can result in under-budgeting, which can lead to stockouts of contraceptives and other critical health commodities.

As in many countries, the supply chains for public health commodities in Guatemala are a complex combination of varying procurement, storage, and distribution systems.

To determine the supply chain costs for the family planning, immunization, nutrition, and essential medicine programs, the Ministry of Finance (MOF) and Ministry of Health (MOH) worked with the USAID | DELIVER PROJECT to conduct a study that analyzed costs for—



High-level government officials regarded this study as a fundamental building block of their government-wide results-based budgeting scheme and of the effort to enhance public health supply chain performance.

Methods

To estimate these costs, analysts used the Supply Chain Costing Tool (SCCT), an activity-based approach developed by the USAID | DELIVER PROJECT.

From January–March 2013, teams collected data from 56 sites in six of Guatemala's 29 health regions, including—

- hospitals
- health centers
- health posts
- district and regional warehouses.

The team also collected information from—

- various central MOH units
- national family planning, nutrition, and immunization programs
- international partners (UNFPA, PAHO, UNICEF).

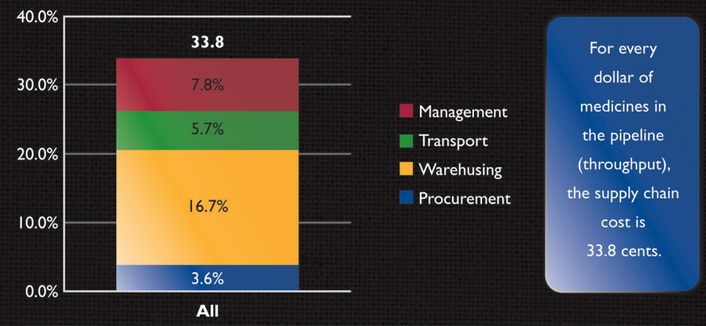
Results

The team extrapolated sample results to estimate a total national supply chain cost of U.S.$19.8 million, which is equal to 33.8 percent of the value of the MOH's public health commodities.

The study disaggregated costs by—

- tier
- facility
- supply chain activities
- average cost (the cost per value, weight, and volume of the commodity).

For each of the four programs, the team also calculated costs by program.



For every dollar of medicines in the pipeline (throughput), the supply chain cost is 33.8 cents.

Estimate: Total supply chain cost (U.S.$19.8 million) / Throughput (U.S.$58.52 million) = 33.8

Conclusion/Next Steps

The MOF and MOH used the findings from the study (the cost estimates) to—

- raise awareness about the importance of financing public health supply chain activities
- include supply chain costs in the results-based budgeting and planning scheme, seeking long-term sustainability of the supply chain.