



**Global Health**  
Supply Chain Summit

ABSTRACT 81

TRACK 7

November 30, 2022

2022

Dakar,  
Senegal





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# Introduction

## The Drug Revolving Fund Scheme: A Catalytic Intervention for Improving Access to Medicines in Nigeria

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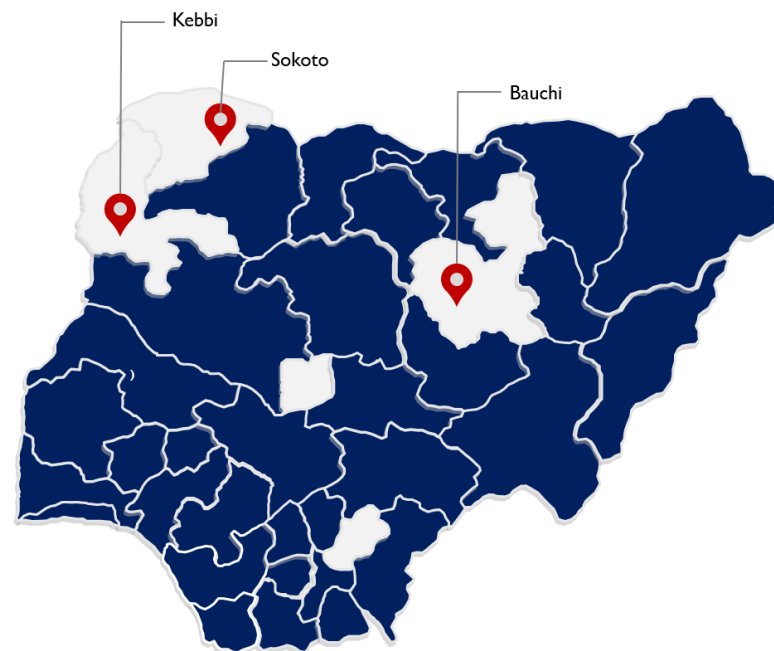


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# Background

- Poor access to quality essential medicines contributes to Nigeria's high maternal, newborn, and child morbidity and mortality rates.
- In 2018, USAID, through the GHSC-PSM project began supporting the implementation of a Drug Revolving Fund (DRF) scheme in three high-need states in Nigeria – Bauchi, Kebbi, and Sokoto.
- The initiative aimed to improve access to lifesaving maternal and child health (MCH) medicines by addressing poor financing for medicines.
- Following several stakeholder engagements, the DRF was overwhelmingly selected as the intervention to improve availability of medicines.

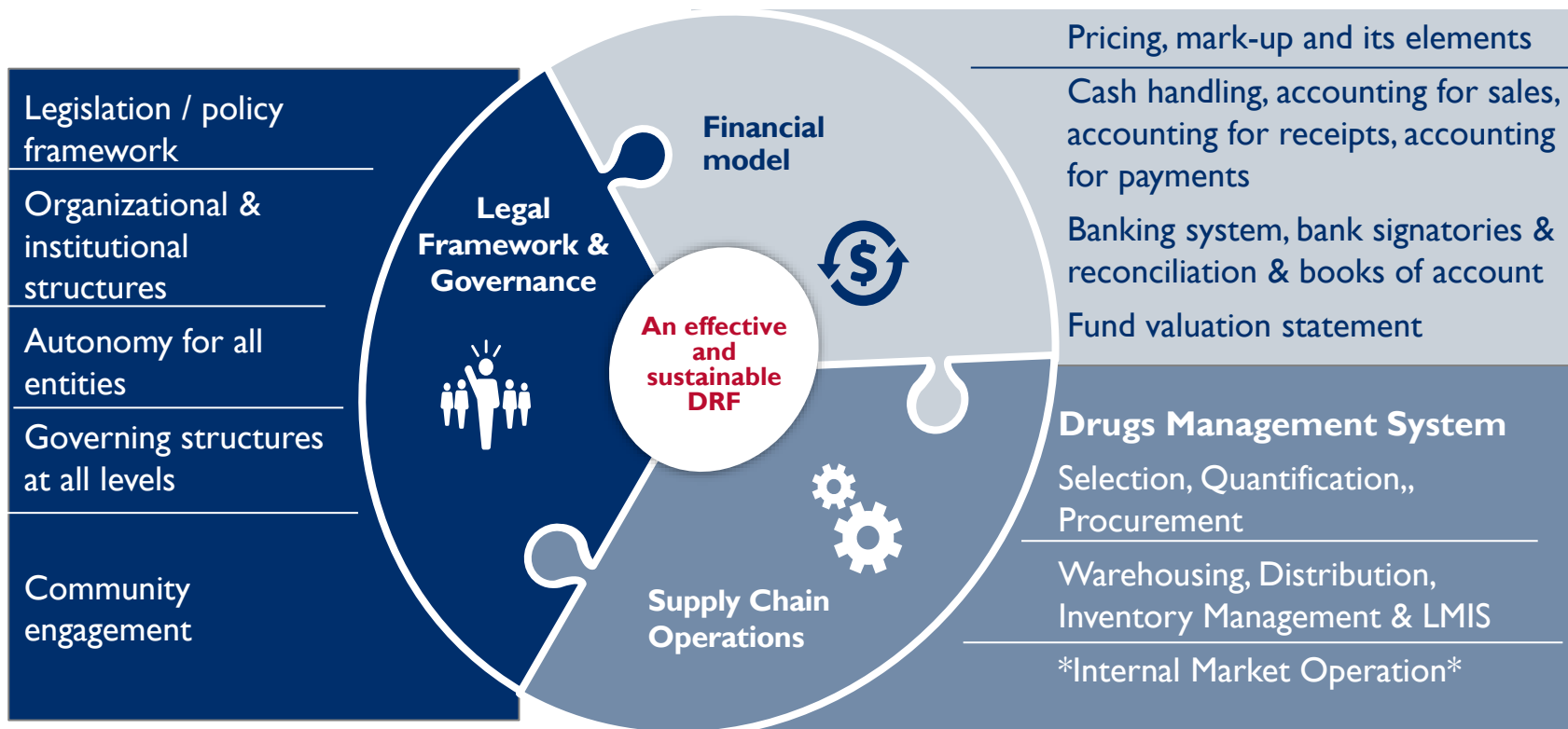


\* *Under-5 mortality rate = 102*  
\* *Neonatal mortality rate = 34*  
\* *Infant mortality rate = 63*

\* MICS 2021



# DRF System Design - Governance, Supply Chain Operations, and the Financial Model



## Guiding Principles:

**Access:** Availability, Affordability, Accessibility, Quality product

**ACTA:** Anti-corruption, Transparency, Accountability

**Value:** efficiency and value for money



# Flow of DRF Funds and Commodities

MEDICINES PROCURED FROM LOCAL QUALITY MANUFACTURERS AND WHOLESALERS

Funds for medicines procurement



DRF INITIAL CAPITAL INVESTMENT (SEED STOCK) BY USAID AND MANAGED BY DRUG MANAGEMENT AGENCY AND DRF COMMITTEE

Capital Base: Commodities + Revenue



CENTRAL MEDICAL STORE / ZONAL MEDICAL STORE

+7.5%

Revenue from sales to Health Facilities



HEALTH FACILITY

+9%

Revenue from sales



HEALTH INSURANCE

BHCPF

OOP



User pays total cost and the markup charged through various mechanisms

REVENUE MOVEMENT



DRF is a cost recovery scheme where health products (drugs and medical consumables) are sold at cost-price + plus a mark-up.

Mark up Element

Losses and Expiry

M&E

Sustenance Costs

Inflation

Deferrals & Exemptions

COMMODITY MOVEMENT



# Phases of DRF Project Implementation

There are five phases of DRF implementation



1

## Diagnose

The ongoing DRF activities and essential medicine supply chain strengths and challenges



2

## Design

Design or strengthen state-specific plans for effective, sustainable DRF



3

## Operationalize

Develop or strengthen required structures and systems for a functional DRF



4

## Roll out

Roll out DRF operations across facilities (DRF start)



5

## Sustain

Provide light-touch support to ensure DRF sustainability

# Phase I. Diagnose

## Used Four Sources of Data to Measure the Strength of State Systems

*Information gathered on what exists in the state*

### Sources of insight

### Description

#### Facility Diagnostic

- Type I: ~2-hour interview and observation at each of ~20 health facilities per state
- Type II: Readiness assessment

#### State stakeholder Interviews

- 1–2-hour interview with 20+ central-level stakeholders (e.g., CMS/DMA staff, SPHCDA leadership, etc.) per state
- Observation of central-level structures / processes
- Report based on interview and observation

#### Other stakeholder Interviews

- Interviews with other relevant stakeholders including partners and community leaders
- Report based on interviews

#### Document Review

- Review of any documents the state has developed (e.g., text of laws, SOPs, etc.)

### Sources used to evaluate the strength of what exists in the state

#### Supply chain diagnostic tool

Supply chain diagnostic tools that rate processes as weak, medium, and strong, developed in consultation with supply chain experts

#### DRF expertise

Nigerian and international DRF expert practitioners with experience across governance and operations



# Phase II. Design

## State Example – Bauchi Design Choices

By the end of its design workshop, Bauchi had aligned on 4 design choices and identified possible risks and mitigation strategies for each design choice

### Design choice

Distribution to health facilities



### Risks

Increase in transportation costs

Decrease in staff productivity

Markup to cover operational costs



Too little means some costs are not covered and too high makes the medicines unaffordable

Single layer supply chain (CMS to HFs)



Difficulty accessing the central store and vice versa

Stock-outs of some product lines at the central store

Payment models HFs pay central store upfront (“cash and carry”)



Delayed reimbursement by health insurance agency





# Phase III. Operationalization

## Major Technical Assistance Nodal Points

Each state has four major interactions during this phase

### A. Quantification exercise



Weeklong multistakeholder activity to quantify the stock (MNCH and essential medicines) required in each state

### B. Capacity Building



Development of SOPs, followed by comprehensive capability-building rollout covering State Governance Committees, Central Medical Stores and health facilities. Modules include DRF Operations, Governance, Supply Chain Operations and **Financial Management**

### C. CMS & Facility upgrade verification



Verification of the readiness of all eligible facilities and Central Medical Stores

### D. Seed stock release



Seed stock to be released to Central Medical Stores and relevant Health Facilities



# Readiness for DRF

## Roll-out in the Three States

	Bauchi	Sokoto	Kebbi
1. Facility assessment & selection	●	●	●
2. Inauguration of governance structures	●	●	●
• State Level (including functional DMA)	●	●	●
• Facility Level	●	●	●
3. Development/Amendment of DMA law	●	●	●
4. Upgrade of health facilities and CMS	●	●	●
5. Opening of DRF Accounts	●	●	●
6. Development of SOPs	●	●	●
7. Capitalization with seed stock	●	●	●
8. Monitoring and Evaluation	●	●	●

**Each state will complete 8 major activities to ensure that adequate systems are in place for the DRF**

● Completed ● In progress ● Delayed ● Not yet started



## Phase IV. DRF Roll-out

- **DRF training**
  - Alignment with the government's primary health care revitalization strategy
- **Site activation**
  - Seed stock capitalization
  - Tools deployment
  - Onsite mentoring

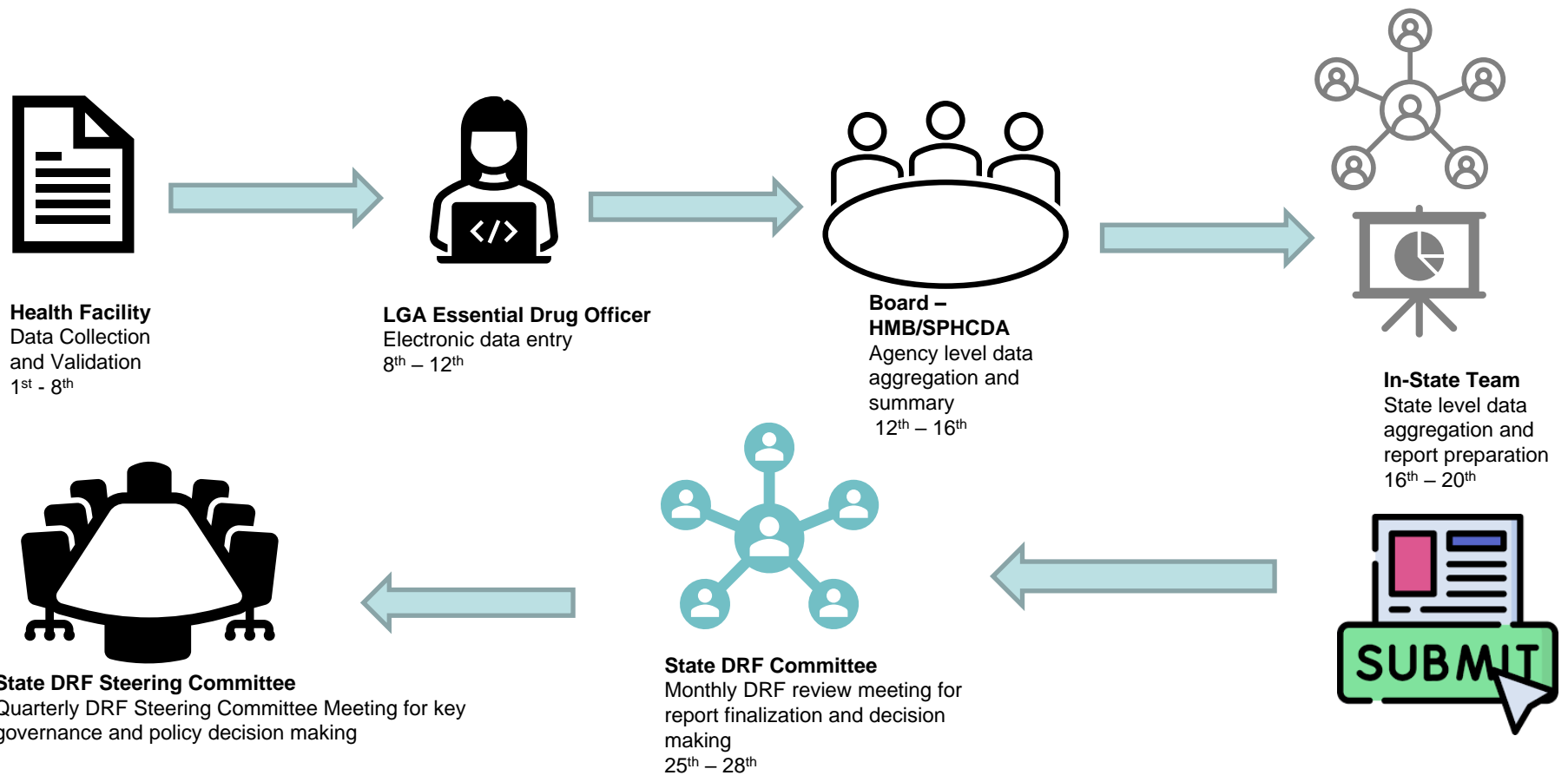
Category trained	# of health facilities trained	# personnel trained
<b>Total Trained Bauchi</b>	<b>323 PHC (100%) 25 SHF (100%)</b>	<b>3,400</b>
<b>Total Trained Sokoto</b>	<b>99 PHC (40%) 24 SHF (100%)</b>	<b>1,474</b>
<b>Total trained Overall</b>		<b>4874 (F – 1,444) (M – 3,430)</b>

### **Supportive systems strengthening interventions (sustainability)**

- Procurement technical assistance
- Warehouse operations
- Support for state-led distribution
- Linkage to QA manufacturers and suppliers
- Supervision
- Monitoring and evaluation

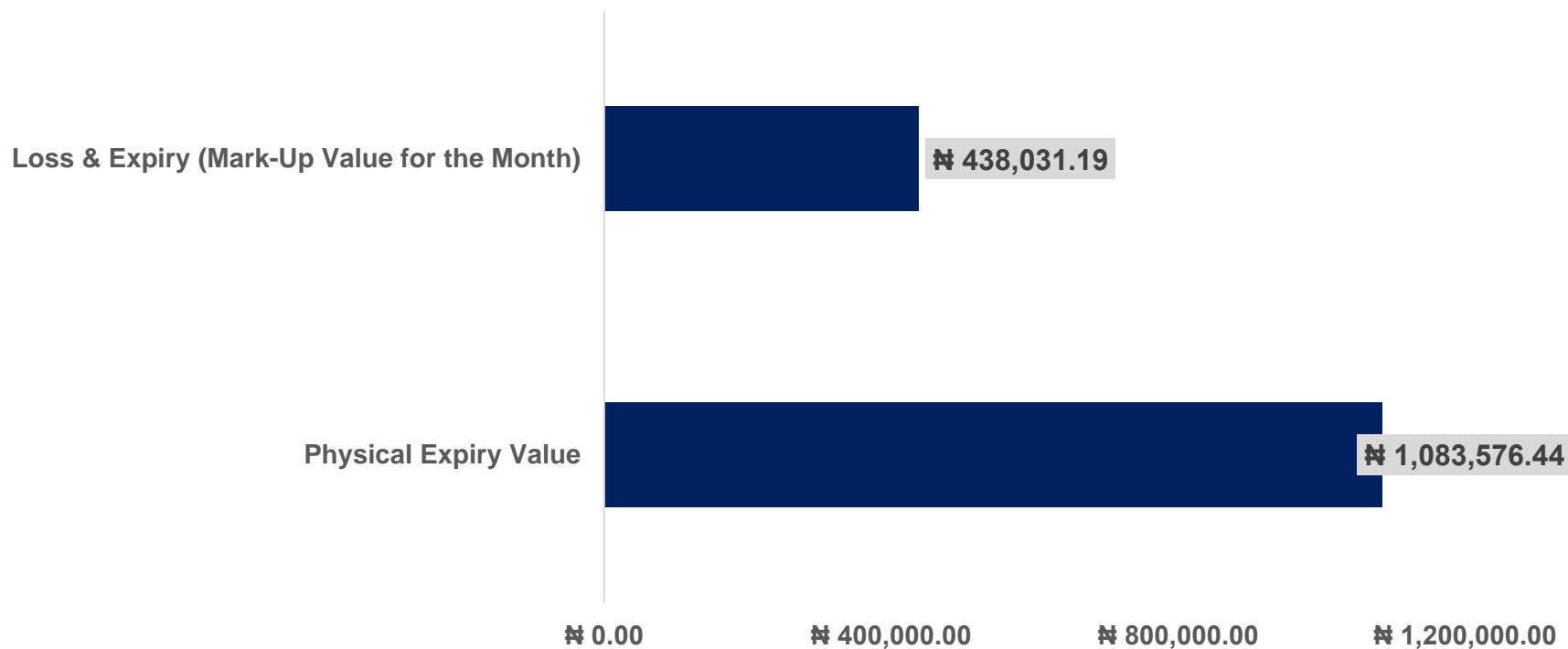
# Phase V: Sustain

## DRF Operations Supervision, Data Flow and Reporting Timelines





# Loss & Expiry vs Physical Expiry Value





# Conclusions

- Overall, the availability of medicines improved significantly; it is higher in DRF facilities compared with facilities not implementing the DRF.
- Through a comprehensive system strengthening approach, the DRF scheme is increasing transparency and accountability in the management of medicines at all levels within each of the states.
- With careful execution of the five stages of the DRF, the Nigerian government can sustain the initiative
- If sustained, the improved availability of lifesaving commodities will reduce preventable maternal, newborn, and child deaths in Nigeria.



**You can find more information on the Drug Revolving Fund (DRF) scheme implementation on our website:**

<https://www.ghsupplychain.org/drug-revolving-funds-drf-playbook>



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The USAID Global Health Supply Chain Program-Procurement and Supply Management (GHSC-PSM) project is funded under USAID Contract No. AID-OAA-I-15-0004. GHSC-PSM connects technical solutions and proven commercial processes to promote efficient and cost-effective health supply chains worldwide. Our goal is to ensure uninterrupted supplies of health commodities to save lives and create a healthier future for all. The project purchases and delivers health commodities, offers comprehensive technical assistance to strengthen national supply chain systems, and provides global supply chain leadership



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