

# USAID MEDICINES, TECHNOLOGIES, AND PHARMACEUTICAL SERVICES (MTaPS) PROGRAM

*Improved Access. Improved Services. Better Health Outcomes.*

## BEST PRACTICES IN SUBNATIONAL PROCUREMENT OF MNCH COMMODITIES IN THE PUBLIC SECTOR

In response to political reform or problems with centrally controlled health product supply, many low- and middle-income countries have decentralized the procurement of health commodities, including those for maternal, newborn, and child health (MNCH), to a province, district, or even facility level. However, if good procurement practices are not in place, such as appropriate standard operating procedures, oversight, and management of conflicts of interest, subnational procurement can compromise product quality, affordability, and ultimately, availability. A 2022 study of subnational procurement of MNCH medicines in **Nepal**, for example, found widespread use of direct purchasing and weak procurement methods that resulted in a wide range of prices, with lower levels of the health system generally paying substantially higher prices.

These core objectives of good procurement practices should be an integral part of both central and subnational procurement:

- Value for money and optimized use of available resources
- Transparent, impartial, and accountable processes followed with integrity.
- Use of formal, written procedures
- Systems supporting the achievement of good procurement practice and assurance of product and service quality

[A Guide to Best Practices in Subnational Procurement of MNCH Commodities in the Public Sector](#) uses case studies and other examples to describe best practices to procure quality-assured, low-cost MNCH medicines and supplies plus three mechanisms to address subnational procurement challenges:

- **Central framework agreements** for frequently procured essential pharmaceuticals and supplies aggregate demand across multiple health facilities, into national or regional contracts, to leverage the buying power of larger volumes. The guide shares three countries' experiences with using framework agreements—**South Africa, New Zealand, and Liberia**.
- **Prime vendor programs**, where a government contract establishes a private sector pharmaceutical wholesaler/distributor as the primary supplier of medicines and medical supplies for public health facilities. In **Tanzania's** public-private partnership, Jazia, health facilities procure priority medicines directly from a prime vendor through a regional contract, which complements regular government supply from the central level.
- **e-procurement systems** provide subnational governments with easy access to framework agreements and prices as well as facilitate transparency and standardization. The guide describes **Indonesia's** e-procurement system, which was launched in 2012.

In addition, performance-based financing can bolster efforts to decentralize procurement responsibilities by shifting decision-making to health facilities and pairing it with incentives to improve service quality, including the availability of essential medicines and supplies. Programs in **Tanzania** and **Cameroon** had some success under this approach.

Decentralized procurement can improve the availability of essential medicines including those used for MNCH; however, if implemented without good procurement practices, the method may compromise quality, affordability, and ultimately availability, which would have a detrimental effect on access and quality of care. Subnational procurement systems, therefore, need measures to guarantee product quality and affordability and a transparent, fair process, although those measures require significant time, financial resources, and political capital, in addition to stakeholder collaboration.