FEDERAL MINISTRY OF HEALTH

National Guidelines for State-Funded Pr ocurement of Family Planning Commodities

November 2021


UNFPA

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FOREWORD

The Federal Government of Nigeria endorses a well implemented Family Planning Programme as a contributor to the reduction of maternal and infant mortality ratios, as well as acceleration of economic growth and development. As such, critical steps are being taken to reposition and strengthen our National Family Planning Programme, with a view to ensuring sustainable delivery and uptake of quality and affordable family planning services across the country. In line with the above, family planning information, services and commodities are being provided free at all public sector health facilities to increase modern Contraceptive Prevalence Rate to 27% by 2024.

Given the saying in health commodity supply chain management that "No Product, No Programme", we are facilitating the uninterrupted availability of family planning commodities, to assure the long-term sustainability of the National Family Planning Programme. Procuring needed family planning commodities however, comes with heavy financial burden, which some Donors have been sharing with the Government of Nigeria.

To assume greater responsibility for procurement of family planning commodities and the National Family Planning Programme, Federal Government has been making Counterpart Contribution since 2011 and have also made a commitment to increase domestic funding over the coming years. However, the COVID-19 Pandemic has had serious negative impact on donor funding, which has led to cuts in procurement support by donors. This comes at a time when Nigeria is experiencing increase in demand for family planning services and huge, steady deficit in procurement funds. It is imperative to fast-track initiatives that immediately support the desired increase in domestic funding for family planning, particularly for procurement of commodities.

This National Guideline for State-funded Procurement of Family Planning Commodities has been developed to serve as a standardized framework for harnessing and utilizing financial resources from the States and Federal Capital Territory as well as other entities to compliment current investments in family planning commodities. It will also ensure that present high standards in terms of quality and affordability are maintained and continuously improved, for the benefit of family planning acceptors in Nigeria.

I hope that given the valuable provisions of this National Guideline and working collaboratively, we can change our narrative on family planning commodities' procurement financing in Nigeria from perennial funding gaps to one fully funded and supporting effective delivery of family planning.

I therefore urge all stakeholders especially the Chief Executives of the 36 States, the Federal Capital Territory (FCT) and the 774 LGAs of the Federation to adopt and support the implementation of this Guideline as one of the ways for promoting the sexual and reproductive health and rights of men and women of reproductive age.

Dr. Osagie Ehanire, MD, FWACS
Honourable Minister

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- Clinton Health Access Initiative (CHAI)
- Pathfinder International (PI)
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- Marie Stopes International Organization Nigeria (MSION)
- John Snow Incorporated (JSI)
- Planned Parenthood Federation of Nigeria (PPFN)

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Dr. Salma Anas Ibrahim MMBBS, FMCPH, MWACP
Director, Family Health Department

LIST OF CONTRIBUTORS

The following person and consultant made major contributions to the development of this National Guidelines for State-Funded Procurement of Family Planning Commodities.

Name	Organisation
Federal Ministry of Health	
1. Dr. Salma Ibrahim Anas	Director, Family Health Department
2. Dr. Kayode Afolabi	Director, Reproductive Health Division
3. Pharm. Olubunmi Aribeana	Director, Food & Drug Services Department
4. Mrs. Tinuola Taylor	Director, Vesico Vaginal Fistula Branch
5. Mr. Lawrence Anyanwu	Director, Family Planning Branch
6. Mrs. Remi Bajomo	Deputy Director, Safe Motherhood Branch
7. Pharm. Alex Ugochukwu	Assistant Director, Family Planning Branch
8. Dr. Gabriel Ortonga	Assistant Director, Family Planning Branch
9. Mrs. Patricia Isikong	Assistant Director, Family Planning Branch
10. Pharm Wosilat Abdulhameed	Assistant Director, Food & Drug Services Department
11. Mrs. Zainab Edun	Assistant Director, Nursing
12. Mrs. Elizabeth Oluyomi	Chief Nursing Officer, Family Planning Branch
13. Mrs. Temitope Bombata	Chief Nursing Officer, Family Planning Branch
14. Mrs. Zainab Garba	Chief Nursing Officer, Family Planning Branch
15. Pharm. Amina Hammawa	Principal Pharmacist, Family Planning Branch
16. Pharm. Adeladun Omolade	Pharmacist, Food & Drug Services Department
17. Mrs. Fatima Giwa	Nutrition Officer I, Vesico Vaginal Fistula Branch
18. Mrs. Opeyemi Atoyebi	Nursing Officer I, Family Planning Branch
19. Mrs. Stella Adebayo	Population Programme Officer, Family Planning Branch
20. Mr. Aliu Oyedokun	Nutrition Officer, Family Planning Branch
21. Mr. Ode Obagu	Scientific Officer II, Family Planning Branch
22. Mr. Chuks Alozie	State LMCU Consultant, Food & Drug Services Department
National Primary Health Care Development Agency	
23. Dr. Ngozi Nwosu	Director, Human Resources for Health
National Population Commission	
24. Ms. Margaret Edison	Director, Population Management Department
National Agency for Food and Drug Administration and Control	
25. Mrs. Simidele Onabanjo	Deputy Director/SA to D-G
States and the Federal Capital Territory	
26. Jonathan Osuji	Honourable Commissioner, Abia State Ministry of Health

27. Juliana Bitrus	Honourable Commissioner, Borno State Ministry of Health
28. Betta Edu	Honourable Commissioner, Cross River State Ministry of Health
29. Amina Mohammed Baloni	Honourable Commissioner, Kaduna State Ministry of Health
30. Lar-Ndam Nimkong	Honourable Commissioner, Plateau State Ministry of Health
31. Umma Mohammed Lawal	Representative, Honourable Commissioner, Zamfara State Ministry of Health
32. Christian Tetsola	Representative, Honourable Commissioner, Delta State Ministry of Health
33. Wisdom Sawyer	Permanent Secretary, Bayelsa State Ministry of Health
34. Muhammed A. Ghuluze	Permanent Secretary, Borno State Ministry of Health
35. Akinyele Akinjide mni	Permanent Secretary, Ekiti State Ministry of Health and Human Services
36. Livinus Miapkwap	Executive Secretary, Plateau State Primary Health Care Development Agency
37. Achi Ada Kalu	Director, Pharmaceutical Services, Abia State Ministry of Health
38. Uchechukwu Onyejimbe Director,	Public Health & Disease Control, Anambra State Ministry of Health
39. Ali Atabo	Director, Pharmaceutical Services, Borno State Ministry of Health
40. Nsa Eyo	Director, Pharmaceutical Services, Cross River State Ministry of Health
41. Justina Omonigho Ofonaikechukwu	Director, Pharmaceutical Services, Delta State Ministry of Health
42. Paul Akpotunemughan Yinkore	Director, Community Health Services and Immunization, Delta State Ministry of Health
43. Osa Afe Tivere Onome	Director, Pharmaceutical Services, Edo State Ministry of Health
44. Adetunji Kolawole	Director, Pharmaceutical Services, Ekiti State Ministry of Health & Human Services
45. Stephen Omoniyi	Director, Public Health, Ekiti State Ministry of Health & Human Services
46. Casmir Odo	Director, Pharmaceutical Services, Enugu State Ministry of Health
47. Edwin Okechukwu	Director, Primary Health Care, Enugu State Primary Health Care Development Agency
48. Ruqayya Moh'd-Tahir Wamakko	Director, Primary Health Care, FCT Primary Health Care Board
49. Gali Sule	Director, Pharmaceutical Services, Kano State Ministry of Health
50. Yusuf Nasiru	Director, Pharmaceutical Services, Katsina State Primary Health Care Development Agency
51. Musa Kakale	Director, Pharmaceutical Services, Kebbi State Ministry of Health
52. Ahmed Suberu	Director, Pharmaceutical Services, Kogi State Ministry of

	Health
53. Barakat Olarewaju	Director, Pharmaceutical Services, Kwara State Ministry of Health
54. Absalom Madawa	Director, Primary Health Care, Nasarawa State Primary Health Care Development Agency
55. Salimat Sanni	Director, Primary Health Care, Ogun State Primary Health Care Development Agency
56. Haruna Yarep	Director, Pharmaceutical Services, Plateau State Ministry of Health
57. Mamman Bello Kakulu	Director, Primary Health Care, Taraba State Primary Health Care Development Agency
58. Bello Maccido	Director, Community and Family Health Services, Zamfara State Primary Health Care Board
59. Ismail Tukur	Director, Primary Health Care, Zamfara State Primary Health Care Board
60. Muhammed Alhaji Hamidu Ag.	Director, Essential Drugs, Vaccines and Logistics, Yobe State Primary Health Care Development Agency
61. Firdausi Muhammad	Public Health Officer, Niger State Primary Health Care Development Agency
62. Kelechi Akobundu	LMCU Coordinator, Abia State Ministry of Health
63. Naghanbofa Adomokeme	LMCU Coordinator, Bayelsa State Ministry of Health
64. Adamu Usman	LMCU Coordinator, Borno State Ministry of Health
65. Ezong Sunday Johnson	LMCU Coordinator, Cross River State Ministry of Health
66. Anthonia Ekiemute Ebebi	LMCU Coordinator, Delta State Ministry of Health
67. Alfred Abah	LMCU Coordinator, Ebonyi State Ministry of Health
68. Ogbeide Isioma Oriohan	LMCU Performance Improvement Coordinator, Edo State Ministry of Health
69. Uche Maduike	LMCU Coordinator, Imo State Ministry of Health
70. Inuwa Bello	LMCU Coordinator, Jigawa Primary Health Care Development Agency
71. Muslima Folaranmi Adeyemi	Logistics Officer, FP/RH, LMCU, Kaduna State Ministry of Health
72. Kayode John Shotunde	LMCU Coordinator, Ogun State Ministry of Health
73. Aminu Bashir	LMCU Coordinator, Kano State Ministry of Health
74. Muhammad Danladi Chonoko	LMCU Coordinator, Kebbi State Ministry of Health
75. Rose Tukura	LMCU Coordinator, Kogi State Ministry of Health
76. Margaret Oluwayemi Adedapo	LMCU Coordinator, Lagos State Ministry of Health
77. Ahmed Sabi Hamidu	Logistics Officer State LMCU, Niger State Ministry of Health
78. Obube Motunrayo Ibukun	LMCU Member, Ogun State Ministry of Health
79. Ayodele Adedeji	LMCU Coordinator, Ogun State Ministry of Health
80. Goselle Nansel Emmanuel	LMCU Coordinator, Plateau State Ministry of Health
81. Mas'ud Isah	LMCU Member, Zamfara State Ministry of Health
82. Confidence Ogboso	State Family Planning Coordinator, Abia State Primary Health Care Development Agency
83. Chioma Okedo	State Family Planning Coordinator, Anambra State Ministry of Health
84. Hajara Yahaya	State Family Planning Coordinator, Bauchi State Primary Health Care Development Agency

85. Tomfamoworio Jeremiah	State Family Planning Coordinator, Bayelsa State Ministry of Health
86. Lucy Bassey Enakirerhi	State Family Planning Coordinator, Cross River State Ministry of Health
87. Maria Uduma Orji	State Family Planning Coordinator, Ebonyi State Ministry of Health
88. Patricia Osasuwa	State Family Planning Coordinator, Edo State Ministry
89. Olukemi Akinleye	State Family Planning Coordinator, Ekiti State Ministry of Health
90. Maureen Nwankwo	State Family Planning Coordinator, Enugu State Primary Health Care Development Agency
91. Eniola Awoniyi	FCT Family Planning Coordinator, FCT Primary Health Care Board
92. Saádatu Sambo	State Family Planning Coordinator, Gombe State Primary Health Care Development Agency
93. Rejoice Bala	State Reproductive Health Coordinator, Gombe State Primary Health Care Development Agency
94. Helen Oriaku	State Family Planning Coordinator, Imo State Ministry of Health
95. Aliya Adamu Ahmad	State Reproductive Health/Family Planning Coordinator, Jigawa State Primary Health Care Development Agency
96. Nafisat Musa Isah	State Reproductive Health/Family Planning Coordinator, Kaduna State Ministry of Health
97 Aisha Sani Faruk	State Family Planning Coordinator, Kano State Ministry of Health
97. Aisha Adamu Yaro	State Reproductive Health/Family Planning Coordinator, Katsina State Primary Health Care Development Agency
98. Florence Abiodun	State Family Planning Coordinator, Kogi State Ministry of Health
99. Grace Afolabi	State Reproductive Health Coordinator, Kogi State Ministry of Health
100. Bilkis Ibrahim	State Reproductive Health/Family Planning Coordinator, Kwara State Ministry of Health
101. Victoria Omoera	State Reproductive Health/Family Planning Coordinator, Lagos State Ministry of Health
102. Esther Waryit Yonah	CHIPS Coordinator, Nasarawa State Primary Health Care Development Agency
103. Dorcas Talatu Abu	State Family Planning Coordinator, Niger State Ministry of Health
104. Elizabeth Ikeobi	State Reproductive Health/Family Planning Coordinator, Ogun State Primary Health Care Board
105. Rosemary Adegbulu	State Reproductive Health Coordinator, Ondo State Primary Health Care Development Agency
106. Ololade Abatan	State Reproductive Health/Family Planning Coordinator, Osun State Ministry of Health
107. Adeola Awakan	State Reproductive Health/Family Planning Coordinator, Oyo State Ministry of Health

108.	Rahila Telfim	State Family Planning Coordinator, Plateau State Ministry of Health
109.	Joyce Haruna Idris	State Reproductive Health/Family Planning Coordinator, Taraba State Primary Health Care Development Agency
110.	Mairo Yakubu Hassan	State Reproductive Health/Family Planning Coordinator, Yobe State Primary Health Care Management Board
111.	Hussaina Abdulsalam	State Reproductive Health/Family Planning Coordinator, Zamfara State Primary Health Care Board
112.	Aisha Garba Abubakar	State Assistant Family Planning Coordinator, Adamawa State Primary Health Care Development Agency
113.	Geraldine Mbagwu	Family Planning Technical Assistant, Bayelsa State Ministry of Health
114.	Hajia Jalo Ahmad	Deputy Reproductive Health Coordinator, BSPHCDA
115.	Hauwa Hassan	Deputy Reproductive Health Coordinator, Jigawa State Primary Health Care Development Agency
116.	Aisha Musa Timta	State Family Planning Coordinator, Borno State Ministry of Health

Development Partners

117.	Erika Godson	Deputy Representative	UNFPA
118.	Audu Alayande	Assistant Representative	UNFPA
119.	Joachim Chijide	FP/RHCS Specialist	UNFPA
120.	Amaka Anene	National Program Analyst	UNFPA
121.	Sabrina Pestili	Maternal Health Advisor	UNFPA
122.	Ikeonu Chinedu	IT Associate	UNFPA
123.	Musa Elisha	Gender/RH Specialist	UNFPA
124.	Motunrayo Adegbite	Data Assistant	UNFPA
125.	Fred Atsenokhai	FP Supply Chain Specialist	UNFPA
126.	Florence Ojo	FP Supply Chain Specialist	UNFPA
127.	Gertrude Odezugo	Senior RH Manager	USAID
128.	Oyetunji Jaiyeola	Program Manager	USAID IHP
129.	Mariya Saleh	Director, RMNCH	GHSC-PSM
130.	Ayoyese Dehinbo	FP Program Manager	GHSC-PSM
131.	Anthonia Ibeme	Quantification Manager	GHSC-PSM
132.	Ogheneruno Ugboduma	FP Program Advisor	GHSC-PSM
133.	Ogechukwu C. Agwagah	Quantification Advisor	GHSC-PSM
134.	Olumuyiwa A. Ojo	Program Manager	WHO
135.	Lekan Ajijola	Program Officer	CCP/TCI
136.	Aiwanose Odaten	Program Officer	CHAI
137.	Zainab Saidu	FP Program Manager	CHAI
138.	Nkasiobim Nebo	Program Coordinator	DKT Nigeria
139.	Chibugo Okoli	Deputy Country Director	Jhpiego Nigeria
140.	Elizabeth Azikhia	Executive Officer	Jhpiego Nigeria
141.	Kemi Oluwagbohun	Consultant	JHUCCP/SUPPoRT Initiative
142.	Anne Sigbeku	Consultant Oyo State	JHUCCP
143.	Miranda Gynggyang	Supply Chain Program Manager	JSI
144.	Adewale Adefalu	Country Director JSI/Access Collaborative	
145.	Olajimi Latunji	Program Officer JSI/Access Collaborative	

146.	Yemisi Omekeh	Program Manager	MSION
147.	Sada Danmusa	Country Director	MidSpace
148.	Okey Akpala	Program Manager	MidSpace
149.	Olalekan Olagunju	RM&E	NURHI
150.	Ajoke Taiwo	Program Associate	NURHI
151.	Stella Akinso	State Technical Lead	NURHI
152.	Okai Abubakar H. Aku Ag .	Executive Director	PPFN
153.	Segun Otitoju	Logistics Officer	PPFN
154.	Malik Balogun	Program Associate	Women Friendly Initiative
155.	Salem Igyundu	AYFHS	Women Friendly Initiative
156.	Prof. Ikechukwu Onyishi	Consultant for Guideline Development	University of Nigeria Nsukka

LIST OF ACRONYMS

3PL	Third Party Logistics Service Provider
BHCPF	Basic Health Care Provision Fund
CCW	Central Contraceptives Warehouse
CHAI	Clinton Health Access Initiative
CIDA	Canadian International Development Agency
CMS	Central Medical Store
CPR	Contraceptive prevalence rate
DHS	District Health System
DFID	Department for International Development
DKT	Dharmendra Kumar Tyagi
DMPA-SC	Depo-Medroxyprogesterone Acetate Sub-cutaneous
DPRS	Department of Health Planning, Research and Statistics
DRF	Drug Revolving Fund
FCDO	Foreign Commonwealth and Development Office
FCT	Federal Capital Territory
FGON	Federal Government of Nigeria
FHD	Family Health Department
FMOH	Federal Ministry of Health
FP	Family Planning
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria
GH	General Hospital
GHSC	Global Health Supply Chain
GHSC-PSM	Global Health Supply Chain Programme – Procurement and Supply Management
HMB	Hospital Management Board
INGOs	International non‑governmental organizations
JSI	John Snow Inc.
KPI	Key Performance Indices
FCT	Federal Capital Territory
FCT	Federal Capital Territory
FP2020	Family Planning 2020
LARC	Long-acting Reversible Contraceptive
LGA	Local Government Area
LHD	Long-Haul Distribution
LMD	Last Mile Distribution
LMIC	Low- and Middle-income Countries
LMIS	Logistic Management Information System
M&E	Monitoring and Evaluation
mCPR	modern Contraceptive Prevalence Rate
MoU	Memorandum of Understanding
MOH	Ministry of Health
MSD	Merck Sharp & Dohme Corp
MSION	Marie Stopes International Organization of Nigeria
NDHS	Nigeria Demographic and Health Survey
NBS	National Bureau of Statistics

NGOs	Non-Governmental Organisations
NHLMIS	National Health Logistic Management Information System
NPC	National Population Commission
NPSCMP	National Products Supply Chain Management Programme
NRHTWG	National Reproductive Health Technical Working Group
NSCIP	Nigeria Supply Chain Integration Project
NURHI	Nigerian Urban Reproductive Health Initiative
NWAC	National Warehousing Advisory Committee
PHCs	Primary Health Centres
PMA	Performance Monitoring and Accountability
PSM	Procurement and Supply Chain Management
PSB	Procurement Service Branch
RHCS	Reproductive Health Commodity Security
RAPID	Resources for the Awareness of Population Impacts on Development
SDGs	Sustainable Development Goals
SSA	Sub-Saharan Africa
SPARHCS	Strategic Pathway to Reproductive Health Commodity Security
SDP	Service Delivery Point
SLMCU	State Logistics Management Coordinating Unit
SMOH	State Ministry of Health
SOML	Saving One Million Lives
SDGs	Sustainable Development Goals
TFR	Total fertility rate
TPP	Third Party Procurement
UNFPA	United Nations Population Fund
USAID	United States Agency for International Development
WHO	World Health Organization
WRA	Women of reproductive age

PART 1: INTRODUCTION

1.1. BACKGROUND

The use of modern and conventional FP commodities for contraception saves lives by preventing maternal and infant mortality and morbidity associated with unintended pregnancies[1]. Limited access to family planning commodities is a contributing factor to unmet needs for contraception by over 225 million women of reproductive age (WRA) in developing countries that are not using effective contraceptive methods[2]. Access to contraceptives, is recognized to play a key role in the achievement of national and international development goals including the Sustainable Development Goal 3 and FP2030 targets and objectives.

The Government of Nigeria (GoN) through the Federal Ministry of Health (FMOH), in collaboration with Development Partners, is one of the first countries in Sub-Saharan Africa to incorporate Reproductive Health Commodity Security (RHCS) into its programmes in 2002. In 2003, the Strategic Plan for Reproductive Health Commodity Security (SPRHCS) was developed and rolled out to ensure sustained universal access to and use of family planning (FP) commodities by men and women of reproductive age including young people [3].

The Federal Government of Nigeria (FGoN) is committed to ensuring that reproductive health services are accessible to all Nigerians. This is spelt out in the various Reproductive Health Policies from 1988 to date. Effective governance and regulatory frameworks are among the main vehicles through which FMOH achieves its family planning targets. The governance of health is guided by several legal frameworks including the 1999 Constitution as amended, the National Health Act of 2014, the Procurement Act (2007), etc.

The focus is on reliability of supply of quality FP commodities to meet clients' needs and prevention of stock-outs, addressing the sustainable supply of quality FP commodities at all levels of the supply chain. This is meant to enhance the right-based approach which entails implementing programmes that aim to fulfill the rights of all individuals to choose whether, when, and how many children to have, to act on those choices through high quality FP information, services and commodities.

Most states do not have any funds dedicated to FP or a budget line for procurement of additional FP commodities or for extensive FP programming, training, awareness creation, supervision or last

[1]UNFPA (2012). Contraceptives save lives Updated with technical feedback Dec, 2014. https://www.unfpa.org/sites/default/files/resource-pdf/EN-SRH%20fact%20sheet-Contraceptive.pdf

[2] Singh S, Darroch JE and Ashford LS, Adding It Up: The Costs and Benefits of Investing in Sexual and Reproductive Health—2014, New York: Guttmacher Institute, 2014.

[3] Tien, Marie, Sylvia Ness, Ugochukwu Amanyeiwe, Echendu Adinma, Uzo Ebenebe, and Azubike Nweje. 2009. Nigeria: Reproductive Health Commodity Security Situation Analysis. Arlington, Va.: USAID | DELIVER PROJECT, Task Order 1.

mile distribution (LMD). The FMOH has set a precedence at the central level in the creation of a budget line for FP programmes and using part of those funds to purchase FP commodities for all health facilities across the nation. This is translating commitment into action that has provided an example for states to follow.

1.2 GOAL OF THE GUIDELINES

The goal of the Guidelines is to standardize, document and institutionalize the processes of forecasting, quantification, procurement, warehousing & inventory management, distribution, pipeline monitoring, service delivery and utilization of FP commodities in the country.

1.3 AIM AND OBJECTIVES OF THE GUIDELINES

The aim of the Guidelines is to provide basic reference/procedure for state-funded procurement of family planning commodities in Nigeria. The Guidelines shall:

- Define state procurement qualification criteria and the processes
- Determine how best to align with the existing National Family Planning Supply Chain System (commodity flow) to avoid a more complex system
- Document the mechanism to ensure procurement of quality FP commodities
- Define reporting line for data visibility of commodities procured at national and state levels.
- Identify the Technical Assistance needed from UNFPA, USAID and other Partners.
- Define the roles of States and FMOH in monitoring and evaluating the implementation of the Guidelines.

1.4 SCOPE OF THE GUIDELINES

Family planning commodities' supply chain management revolves around various processes undertaken by the Family Health Department (FHD) to achieve commodity security namely: forecasting, quantification, procurement, warehousing & inventory management, distribution and pipeline monitoring with varied levels of efficiency. The National Guidelines for State-Funded Procurement of FP commodities is designed to relay the FMOH (FHD) practices in respect of Commodity Procurement and Supply Chain Management to help States institutionalize the steps required for their participation. The Guidelines will also cover two key aspects of FP commodity supply management: State level redistribution and last mile distribution.

1.5. Principles for National Guidelines for State-Funded Procurement of FP Commodities

There are three identified risks facing the procurement process in public health sector in Nigeria[4] that the basket fund and pooled procurement mechanism has helped to mitigate:

1. **Enhancing risk mitigation and compliance in procurement** – This reduces the financial and reputational risks associated with procuring FP commodities by limiting the opportunity for fraud or misconduct and preventing deficiencies in quality. This is achieved by enhancing regulation in key processes which includes segregation of duties of procurement to enhance accountability, fair competition, transparency, use of neutral parties to ensure control and monitoring as will be explained under pipeline monitoring. A centralized approach or pooled procurement of commodities and use of WHO prequalified manufacturers reduces the risk of non-compliance.

2. **Increasing cost–effectiveness** – To further reduce costs and manage supply risk in the procurement of FP commodities. This represents key areas for financial resource allocation and choice of implementation. Available resources will be directed to choices that will have the highest potential to reduce the unmet need for FP. In case of a funding gap between resources required and those available, the principle should be prioritized to ensure that the greatest impact is achieved. The activities that will help to achieve these include: choice of procurement method, product selection and effective quantification resulting from a sound pipeline monitoring data, etc.

National Guidelines for State-Funded Procurement of FP Commodities shall:

- **Enhance risk mitigation and compliance in Procurement**
- **Increase cost effectiveness in procurement**
- **Enhance operational excellence**

3. **Enhancing operational excellence:** To enhance operational capability by developing and improving systems and staff. This will entail:
   i) capacity building for states in quantification (forecasting, supply planning) of FP commodities for the public sector to ensure they have the capacity to develop accurate forecasts for FP commodities,
   ii) pipeline monitoring to ensure uninterrupted supplies,

[4] Nigeria reported procurements that averaged 3 times international prices (range 0.2 to 30.7 times). This implies that price negotiations are not efficient and an average of 75% of savings could be made with review of the procurement processes. (National Health Supply Chain Strategy and Implementation Plan, 2021-2025)

iii) biennial reviews of forecasts and supply plans under the stewardship of FHD
iv) strengthening and supporting the national PSM and RHTWG and the State PSM-TWGs to undertake monthly pipeline monitoring and update the FP Dashboards at National and State levels to ensure uninterrupted flow of FP commodities.

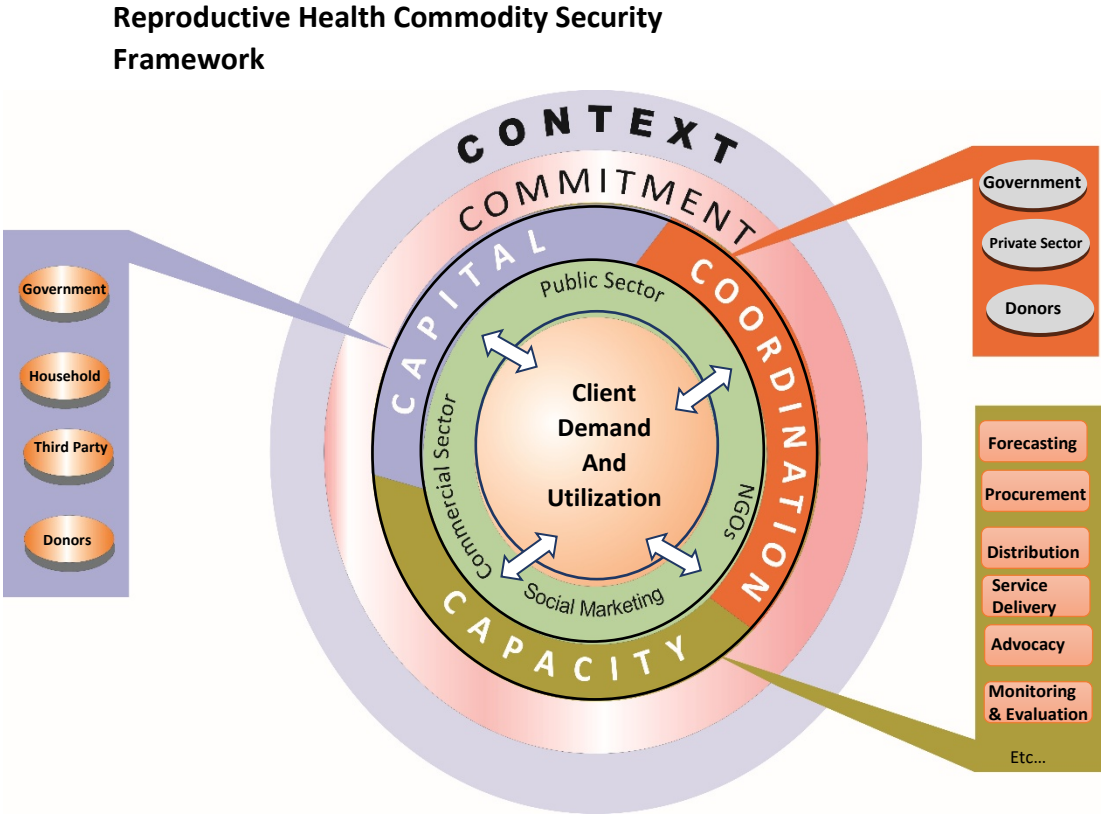
1.6 CURRENT CONTEXT AND POLICY ENVIRONMENT

The Federal Republic of Nigeria comprises 36 States and the Federal Capital Territory (FCT), comprising 774 Local Government Areas (LGAs). The National Health Policy (2016), following the nation's constitution, provided for a three-tier structured health system of primary, secondary, and tertiary care:

- Primary health care level—which is primarily the responsibility of the LGAs. At this level, general health services that are preventive, promotive, protective, curative, and rehabilitative in nature can be accessed.
- Secondary health care level—the level consists of general and Specialist Hospitals usually established and run by State Governments.
- Tertiary health care level —This level is the apex level of health care in Nigeria and includes Teaching Hospitals, Federal Medical Centres, etc. The Federal Government takes responsibility for tertiary health care and is expected to provide at least one tertiary facility in each state of the federation. Some States in Nigeria and some Faith-Based Organizations also own some tertiary hospitals across Nigeria.

Health is in the legislative concurrent list in Nigeria's 1999 Constitution as amended. The devolution of health care to the State and Local Government levels is challenging partly because of limitations in both human and financial resources to train or hire skilled personnel for various types of health services including family planning. Access to health services in rural areas is difficult though it is estimated that two-thirds of Nigeria's population live in rural areas.

Figure 1.1. Reproductive Health Commodity Security Framework



Source: SPARHS

Figure 1 depicts how seven essential RHCS elements (context commitment coordination, capacity, capital, and client use and demand) influence client RHCS. In every country, there is a Context that affects the country's prospects for achieving RHCS including national policies and regulations that bear on reproductive health particularly on the availability of FP commodities) and on broader factors such as socioeconomic conditions, political and religious concerns and competing priorities

Nigeria has various policy documents and strategies that recognize FP as a crucial investment for health and development. The Nigeria Health Policy (2014-2030) identifies the need to manage population growth, achievable through utilization of effective FP commodities, as a key pillar in achieving economic growth and sustainability. Other guiding documents include:

- Nigeria Family Planning Blueprint (FP Scale Up Plan) 2020 – 2024;
- Government of Nigeria updated commitment at the Family Planning Summit in London, UK on July 11, 2017[5]
- National Long Acting and Reversible Contraceptives (LARC) Strategy and Implementation Plan (2013-2015)- Its 12 targets for Implants and IUDs were linked to six RHCS components: Context, Capital, Coordination, Capacity, Commodities, Client Demand and Utilization.

[5] Govt. of Nigeria http://www.familyplanning2020.org/nigeria

- National Strategic Health Development Plan (2010-2015) and revised for 2018-2022 - developed through inputs from Federal, States and LGAs included health service delivery, human resources for health, financing for health, etc.

The measure of progress and guide to future policy development for FP in Nigeria is embedded in the last three mentioned national plans. The existence of these policies and strategic plans presents a favorable policy environment. However, the fact that the plans are allowed to lapse, and the subsisting policies are not adequately financed, indicate a need for increased visibility and funding for RH and FP commodities. The existing strategic plan at the national level includes provisions for state-level activities but often no counterpart plan exists at that level. These plans should respond to the needs and context of each State. State and LGA RH targets should be made to exist to give direction and introduce accountability to their RH Coordinators.

1.7. CURRENT CONTEXTS FOR PROCUREMENT AND SUPPLY CHAIN MANAGEMENT OF FP COMMODITIES

The aim of this component is to ensure uninterrupted availability of commodities to support quality and affordable FP services across the country. The FMOH monitors FP supply chain through the Procurement and Supply Chain Management (PSM) Subcommittee of the National Reproductive Health Technical Working Group (NRHTWG). This is comprised of the Reproductive Health (RH) Department of the FMOH and Partners involved in FP supply chain. This Contraceptive PSM is responsible for the contraceptive commodity security through annual forecasts, tracking and reviewing annual forecasts, contraceptive procurement process, distribution to States and service delivery points (SDPs).

The FGoN through the FMOH has made considerable progress in ensuring equitable access to quality FP commodities and health services by improving commodity security with a goal of achieving modern Contraceptive Prevalence Rate (mCPR) of 27 % by the year 2024. The supplies and commodity component are a key part of the supply chain that requires consistent review. This is with a plan to ensure uninterrupted and sustained availability of financial resources/commodities that will in turn improve FP commodities' availability.

1.7.1 QUANTIFICATION

Currently quantification for FP commodities is carried out annually by the National Quantification Team (NQT); a subcommittee under the procurement and supplies committee (PSM-TWG) and reviewed biannually. The NQT is led by FHD with technical assistance from GHSC-PSM, UNFPA, CHAI and JSI. A 3-year rolling forecast is developed annually and reviewed every six months. That is, a supply plan review (SPR) is conducted every six months. Each SPR covers all the commodities

included in the FP programme and any new product as necessary. UNFPA and GHSC-PSM provide further technical assistance to the NQT in forecasting and supply planning, procurement monitoring, inventory management, storage, and distribution; all of which are driven by a Logistics Management Information System.

1.7.2 PROCUREMENT

The United Nations Population Fund (UNFPA) serves as the procurement agent for FP commodities using a Basket Fund (see section on Funding Landscape) which is guided by a signed Memorandum of Understanding (MoU) between the FGoN and UNFPA. The Federal Government, UNFPA, Foreign Commonwealth and Development Office (FCDO) (formerly DfID) and United States Agency for International Development (USAID) and other donors contribute to the Basket Fund. UNFPA places procurement orders on behalf of the FGoN in accordance with approved supply plans developed by the FHD/PSM-TWG subcommittee and delivers to the nation's Central Contraceptives Warehouse (CCW) in Lagos. This procurement arrangement by the FMOH and Partners has been beneficial in improving contraceptive commodity security (see funding landscape). This is due to a pooled procurement mechanism that the UNFPA Supply Programme uses to procure commodities for 46 countries (including Nigeria) at the most competitive negotiated prices with manufacturers, while ensuring the highest quality and standards of FP commodities.

Some of the challenges in the procurement process include the delays in approving the supply plan to commence procurement, untimely release of funds, recent global shortages of some FP commodities which has led to increasing lead-times and difficulty getting necessary waivers for customs clearance and administrative bottlenecks at the ports. All these occasionally cause depletion of stock levels to below minimum of 9 months of stock at the central warehouse.

1.7.3 WAREHOUSING

Storage of FP commodities according to a standard guideline is a critical component of the Nigerian FP supply chain. The country has a Central Contraceptive Warehouse (CCW) in Lagos into which all FP commodities procured for the Nigerian public sector are stored. For maximum efficiency and to ensure uninterrupted commodity supply to States with minimum wastage - a minimum of 9 months and maximum of 18 months' stock is stored centrally at any given time. All States and the FCT have warehousing facilities, which serve as storage units for securing and distributing FP commodities. However, some State Warehouses may be congested and in sub-

optimal conditions in most cases. To mitigate some of the challenges, the country in line with integration of health disease programmes is deploying six zonal hubs (axial stores) to ensure integrated commodity LMD with other programmes.

1.7.4 DISTRIBUTION

The current distribution of FP commodities can be divided into two categories: Long-haul distribution (LHD) from CCW to state stores and Last Mile Distribution (LMD) from State Stores to service delivery points (SDPs) or via LGA stores. The FMOH is responsible for long-haul distribution, while the States, the FCT and Local Governments are responsible for the LMD. The long-haul distribution while largely effective, is plagued with bottlenecks related to delayed State Reports, limited funding, commodity unavailability and delay in implementing scheduled distributions.

Similarly, there are challenges with the last mile distribution to the SDPs. Presently, LMD of contraceptives across the 36 states and the FCT are saddled with sustainability challenges as they are majorly donor/partner driven. Key challenges in the state-level commodity distribution include inadequate resources/funds, particularly funding for commodity transportation. Previously, States raised money through a cost-recovery model derived from user fees charged for providing family planning services in public health facilities. However, the removal of user fees in 2011 resulted in a loss of this income at state level. This limitation in funds to support distribution costs to health facilities has stalled distribution and increased stock out rates.

Ensuring the regular distribution of contraceptive commodities to SDPs in the long-term, requires each state to establish and fund its own process for the LMD of family planning commodities. There is an ongoing effort by the FMOH to promote and support state ownership of and responsibility for LMD of contraceptives via integrated distribution. Part of these efforts include system wide strengthening interventions, such as the formation of a State Logistics Management Coordination Unit (LMCU) and the planned integration of parallel health supply chains in the country through the National Product Supply Chain Management Programme (NPSCMP).

1.7.5 LOGISTICS DATA MANAGEMENT

In recent past the national FP commodity quantification has been faced with poor and or inaccessible data from service delivery points (SDPs). Presently, consumption data which is based on the quantity of products dispensed or consumed during past periods, across the states, is the "gold standard" for forecasting were used by the NQT. It deals with actuals rather than assumptions on FP commodity use and considers the capacity of the system (service delivery and supply chain) to get the product into the hands of the client. However, when such data were not available, due to delayed, inaccurate or incomplete reporting from SDPs and the other levels up the reporting chain or inadequate to support quantification of FP commodities, demographic and logistics-based forecasts were considered as key inputs into the final demand forecast. In addition, the lack of access to private sector data for modelling and forecasting due to its proprietary nature has resulted in greater focus on public sector forecasting, rather than applying a total market approach that will give a national picture of the true demand.

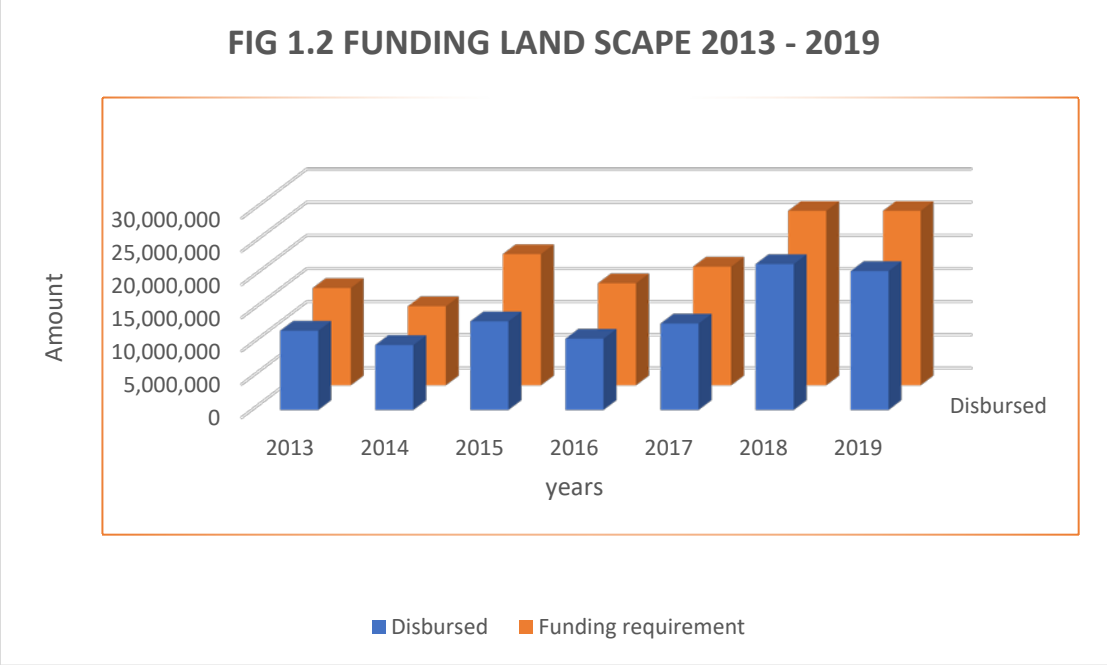
FP logistic data reporting is carried out using the Nigeria Health Logistics Management Information System (NHLMIS). The NHLMIS is a recently deployed integrated data visibility system for health supply chain in Nigeria which is expected to improve the quality and availability of data for quantification. However, at the state level there have been reports of lack of required LMIS tools and where available, limited capacity to use the available tools. All SDPs use hard copies of a standardized Requisition Issue and Report Form (RIRF) to replenish their stocks based on validated usage figures. Manual calculations in the RIRF at SDPs increase the chances of errors including consumption figures, which has an impact on resupplies decision. This, along with the poor reporting rates equally present a challenge to the use of consumption data for quantification.

1.8. NIGERIA FAMILY PLANNING FUNDING LANDSCAPE

Successive Governments in Nigeria have long recognized the potential of Family Planning (FP) and its contribution to economic empowerment and development. The Family Planning Branch in the FMOH coordinates interventions that promote FP but huge reliance on funding from Development Partners for procurement of FP commodities persists.

In Nigeria, family planning financing was entirely donor-driven until 2011 when the FGoN committed to providing a budget annually from 2011 to 2014 for procurement of FP commodities for the public sector. Following the London summit in 2012, the Nigerian Government made a further pledge of providing an additional US$8.3 million for the same reasons. The United Nations

Population Fund (UNFPA) is the leading procurer of contraceptives for the public sector in Nigeria, (Tien et al. 2009)[6].



Financing for health and by extension for FP, in Nigeria, is the responsibility of all the three tiers of government (Federal, States and LGAs). Although FP funding is increasing every year, it has consistently been inadequate over the years and had to be augmented by external donors. Overall FP commodities, has largely been financed by external donors. This however excludes the costs for infrastructure and human resources, which is borne jointly by the three levels of government. In addition, the federal government has been paying for the purchase of FP commodities through a 'basket-funding' mechanism with external donors and in line with the nation's policy of free contraceptives at all public facilities. In the past three years, the federal government has augmented its share of the 'basket funds' in line with its FP 2020 commitment to increase its share to $4m annually.

In addition to the problem of low level of allocation to FP, is the prevalence of incomplete or late release of resources for procurement. This leads to significant delays in purchase of commodities and recurrent need for external donors to fill the gaps. Establishing mechanisms that enable sustainable domestic financing for FP, including leveraging private sector networks to deliver FP services and information, represents a bold new approach to meeting the health needs of clients.

[6] Tien, M., et al. 2009. "Nigeria: Reproductive health commodity security situation analysis." Arlington, VA: USAID/DELIVER PROJECT, Task Order 1.

Organizations that have not traditionally been involved in health or FP nevertheless have a significant role to play.

The widening gap between funding requirements for FP commodity needs and the available funds for procurement is a cause for concern (see Fig 1.2). There is also much uncertainty on the sustainability of Donors' support for procurement of FP commodities. To achieve long term commodity security down to the Last Mile in Nigeria requires an innovative and sustainable funding mechanism that would be expected to bridge the current funding gaps. A robust financial mechanism is the basis for smooth implementation of any programme. Hence, there is an urgent need for an innovative and functional conceptual framework on sustainable financing for FP in Nigeria. Three pillars for securing sustainable investments in family planning requires:

i) Making the case for investing in family planning, or seeking a fresh approach to advocacy or "reframing" the concept. This involves making a business case for family planning as a development "best buy" demonstrating the benefits in multiple areas of development and across the SDGs, including in education and poverty reduction. This line of advocacy should be supported as a step towards developing policies to increase access and financing, and forging mutually reinforcing links to other development priorities;

ii) Expanding the sources of financing with an emphasis on domestic resource mobilization. Developing countries should move towards the point where domestic fiscal resources can accommodate investment in family planning, but in addition they should play a leading role in mobilizing donors to support this transition. In most African countries, including Nigeria, despite significant progress in extending family planning services, unmet need remains persistent and programmes heavily dependent on donor funding, which supplies about 74 per cent of total spending on contraceptive procurement; and

iii) Ensuring the best, most efficient use of all available resources, from procuring FP commodities to reach those with unmet need.

A number of other options to achieve this have been considered by stakeholders. These options include:

- **A re-introduction of user fees for FP commodities and services**: This will increase the out-of-pocket expenses on healthcare and potentially could bring about reduced access to FP commodities and services but could as well be a source of financial resources to fill the gap. A re-introduction of user fees will make it easier to integrate FP commodities into a kind of revolving fund that could bridge the current financial gaps currently experienced across most states in Nigeria. Stakeholders during the presentation of the zero draft stoutly supported a re-introduction of user fees, even if it has to be with some level of subsidization.

- **Continued reliance on Donor/Federal Government of Nigeria's working arrangement**. This is already experiencing diversification of donor funds to other areas including Covid-19 leading to yearly unfulfilled release of funds from the FGoN. The sustainability of donor funding cannot be guaranteed.
- **States and local governments to compliment funding provisions from the FGoN** as a way to increase domestic funding for FP commodities and services. The State and LGAs have been the beneficiary of FMOH and donor support. If the subnational levels (states and LGAs) make donation into the basket fund it will be a welcome development.

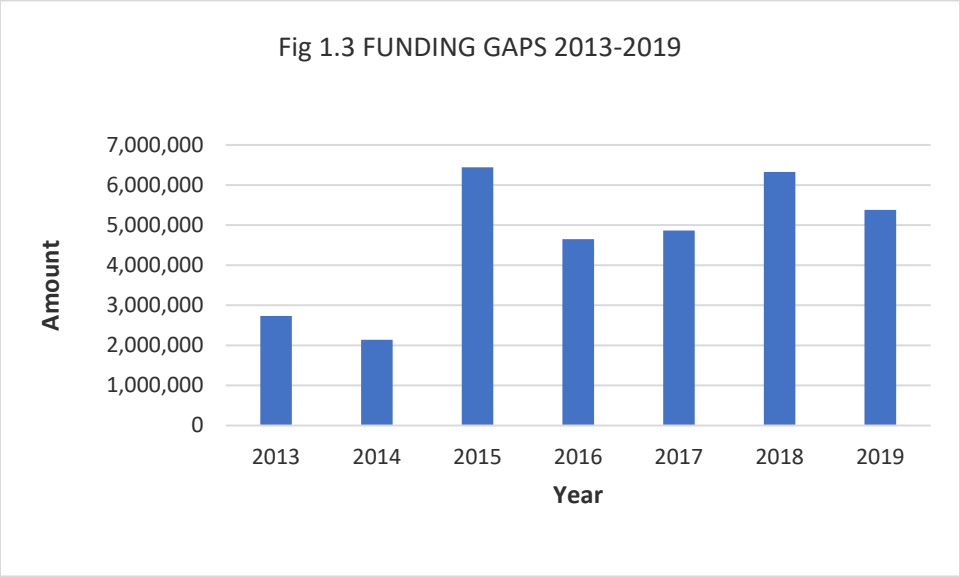


Table1.1: Challenges to Funding FP Commodities' procurement.

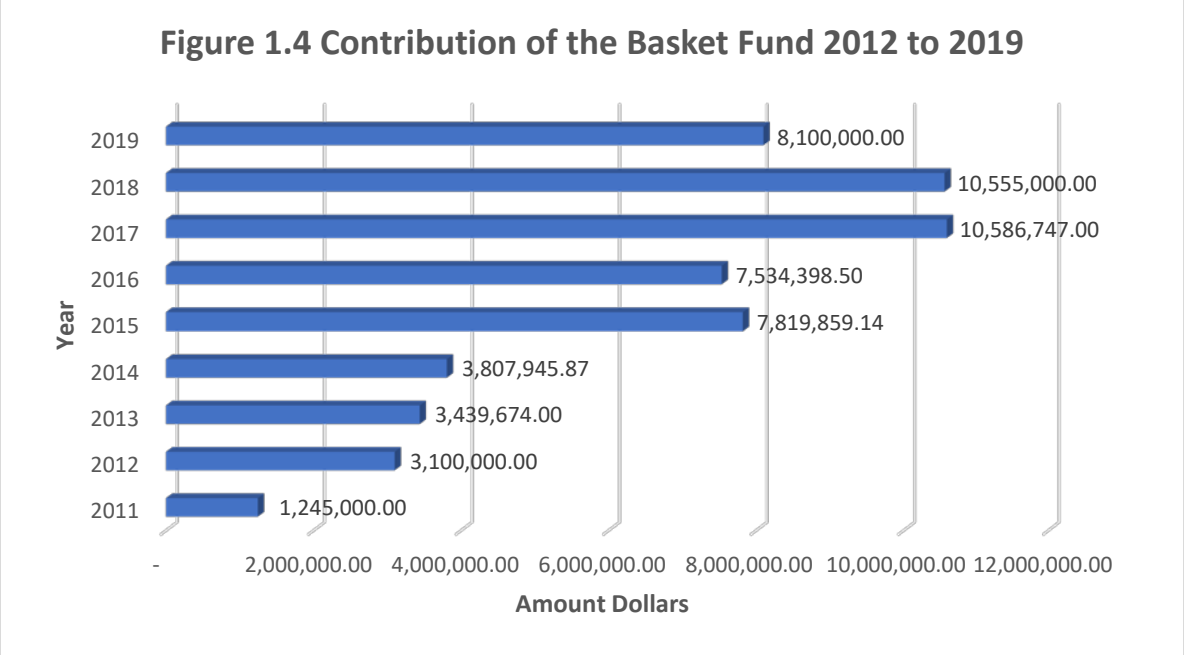
CHALLENGES

INADEQUATE FUNDING FOR FP ACTIVITIES	• Inadequate domestic funding for FP • Untimely releases of budgeted funds for FP • Lack of FP budget lines at sub-national level (State and LGAs)

1.9 BASKET FUNDING FOR FP COMMODITIES

Basket Fund is known as pooled funding. It is a funding mechanism whereby financing entities place their funds into a single account (Basket Fund) and withdraw funds to meet specified objectives. A basket fund pools resources from various actors, such as governments and donors. Donors use basket funds approach to increase country 'ownership' of family planning programmes, which is essential for sustainability and also strengthen country leadership; support market shaping to reduce market inefficiencies. From Figure 1.3 there is a clear evidence of increased funding courtesy of the basket Fund. Prior to 2012 there was paucity of funds as shown

against the year 2011. The Basket Fund attracted donors and FGoN funding but the increase in fund were of geometric proportion.



1.9.1 THE CHALLENGE OF SUSTAINABILITY

It is recognized that the gains made in the past several years to improve access to family planning commodities and services could be stalled by limited buy-in and increasing funding gaps at the state level. The Federal Government renewed its agreement to continue to contribute to the Basket Fund for the period 2017-2020 (this is done every four years). It is expected that this will also encourage partners to renew commitment to the basket fund in the next four years. Continued advocacy is needed to ensure that commitments are realized, and funds are actually released. The efforts at improving financing for commodities have mainly focused at federal level through the commodity basket fund. Sub-national level (state and LGA) financing should be explored by all stakeholders. For example, with the planned Basic Health Care Provision Fund (BHCPF), states and LGAs should be able to allocate for family planning commodities through State Primary Health Care Development Agencies (SPHCDAs), based on their forecasted need and demand creation plans.

1.10 POOLED PROCUREMENT FOR FP COMMODITIES

Nigeria has 36 States and the Federal Capital Territory (FCT). To reach the impact envisaged by this initiative, increasing availability of FP commodities would require support and technical assistance to all 37 entities. In addition, purchase risk would be high as many state-based procurement systems are unable to execute a procurement process, distribute and manage

supplies in a timely manner. This option would not allow for economies of scale. It has been reported that Nigeria's public procurements of medicines averaged 3 times the international prices (range 0.2 to 30.7 times). This implies that price negotiations are not efficient. However, an average of 75% of savings could be made with review of the procurement processes[7] in support of 'pooled procurements' process. Furthermore, it has been established that thirty (30%) percent of procurement processes delivered products which had remaining shelf life below the recommended 80%. The medicines purchased with suboptimal shelf life ranged from 1.1 to 21.7 times international prices.

The Pan American Health Organization (PAHO) Strategic Fund is a regional pooled procurement initiative under the umbrella of WHO. It is based on the concept of linking technical cooperation in procurement and supply management (PSM) with acquisition of strategic public health supplies[8]. The Global Drug Facility (GDF), which is a global pooled procurement programme, is the initiative of the Global Partnership to Stop TB and is housed in WHO headquarters in Geneva. It was established with the aim of supplying quality-assured, affordable drugs where and when they are needed[9]. These are examples of pooled procurement arrangements that have worked and from which we could draw some useful lessons.

This procurement arrangement by the FMOH and Partners has been beneficial in improving contraceptive commodity security in Nigeria. This is due to a pooled procurement mechanism that the UNFPA Supply Programme uses to procure commodities for 46 countries (including Nigeria) at the most competitive negotiated prices with manufacturers, while ensuring the highest quality and standards of contraceptives. The potential opportunities inherent in pooled procurement appear to far outweigh any threats. The potential benefits of pooled procurement include:

- Reductions in unit purchase prices, as distinguished from total costs
- Improved quality assurance through preventive measures
- Reduction or elimination of corruption in procurement
- Rationalized choice through better-informed selection and standardization
- Reduction of operational costs and administrative burden
- Creation of a professional network and increased equity between members
- Improvements in other aspects of supply chain management
- Strengthened role of the host organization
- Improved supply of commodities to populations in need.

UNFPA is the Procurement Agent for the GoN through FMOH and works directly with the Family Health Department to undertake this in compliance with set standards and national regulatory

[7] National Health Supply Chain Strategy and Implementation Plan 2020
[8] https://www.who.int/medicines/publications/PooledProcurement.pdf
[9] https://www.who.int/medicines/publications/PooledProcurement.pdf

controls. Currently, all procured FP commodities in Nigeria must be manufactured by a WHO certified facility. Many barriers to implementation of a multi-state pooled procurement system (consolidated procurement for states) are eliminated when the mechanism is established within a nation, especially where participating states are viewed (and view themselves) as clients/members of the pool, so that they have some sense of ownership over the procurement mechanism.

The various States willing to procure FP commodities could consolidate their resources and procure as a single entity taking advantage of pooled procurement or contribute their FP commodities budgetary value to the basket fund used by FGoN[10].

1.11. COMMODITIES COVERED BY THE GUIDELINES

The national FP programme has identified key FP commodities recommended for use in Nigeria. These include:

- Male condoms
- Female Condoms
- Progestin Only Contraceptive Pills
- Combined Oral Contraceptive Pills
- Injectable Contraceptives (DMPA IM/SC)
- Contraceptive Implants (Etonogestrel and Levonorgestrel implants)
- Intra-Uterine Devices (Copper-T and LNG Hormonal-IUD)
- Cycle Beads
- Other new methods approved by FMOH

[10] This was voted 92 % by all states and stakeholders that participated in the earlier workshop to define the zero draft for National Guidelines for State-Funded Procurement of Family Planning Commodities

PART 2: QUANTIFICATION

2.0 COORDINATION AND OVERSIGHT FOR QUANTIFICATION

The Family Health Department of Federal Ministry of Health at the national level provides leadership and coordination for all FP commodity security efforts in the country. It delegates this function to one of its technical arm Contraceptive Procurement and Supply Management Subcommittee of RHTWG that takes the oversight role for FP commodity resource mobilization and quantification. The membership of PSM subcommittee is outlined below.

- FMOH
- Development Partners / Donors – UNFPA, FCDO, USAID, BMGF, etc
- Implementing Partners involved with commodity management
- Other select co-opted stakeholders.

2.1 ROLES AND RESPONSIBILITIES

FMOH plays the coordination and oversight role while UNFPA and GHSC-PSM are the technical and the co-technical leads for the sub-committee. FMOH convenes bi-monthly PSM Subcommittee Meetings to review contraceptive PSM activities.

The PSM Subcommittee appoints a NQT that carries out quantification and executes the routine FP logistics management tasks. Following the chosen method mix, the forecasting and supply planning of FP commodities will continue to be carried out centrally, and the state and LGA capacities for forecasting and supply planning will be strengthened. The FHD will review the method mix consistently in line with consumer preferences. The various steps in quantification are shown in figure 2.1.

At the state level, leadership and coordination for FP commodity security are provided by the State Ministry of Health or State Primary Health Board or Development Agency based on the State structure. Each State PSM-TWG coordinates all PSM activities in the States that include FP commodity security.

For States desiring to procure commodities, the Leadership of the State is to appoint the coordinating body to work with National Coordinating body.

2.2 NATIONAL QUANTIFICATION TEAM (NQT)

A multi-disciplinary quantification team comprising of members with various sets of skills and expertise that will carry out the estimation of annual requirements and generate a supply plan is appointed by the RHTWG. The members of the team at the national level are outlined below.

- FMOH - FHD, NPSCMP/FDS
- Contraceptive PSM technical leads – UNFPA and GHSC-PSM (USAID)

- Other Implementing Partners involved in FP commodities management- CHAI, Marie Stopes, PPFN, JSI, MSD
- Private FP commodity players and social marketers- SFH, MSD Representative
- Any other persons co-opted.

Besides providing the overall leadership for this team, the key roles for PSM subcommittee in particular are to:

- Initiate the formation of a National Quantification Team
- Convene the team meetings as appropriate
- Liaise with other state agencies and stakeholders involved with procurement of FP commodities
- Carry out an annual quantification and meet biannually at National level to review quantification
- Determine commodity requirements and resources needed to procure, warehouse and distribute the commodities
- Determine any resource gaps and communicate with the relevant stakeholders involved in resource mobilization

RECOMMENDATIONS ARE AS FOLLOWS:

- The FMOH will continue to play the coordination and oversight role and take leadership in communication to States leadership
- The State PSM–TWG to continue coordination as it is established in all the States
- The composition of the NQT for FP commodities participation would include states desiring to procure
- The participants from States desiring to procure FP commodities can mirror the composition national committee and based on each state structures
- The quantification exercise would include capacity building of the State teams for gradual transition of functions
- The procurement update presented at national PSM subcommittee meeting should be communicated to states
- States to conduct initial quantification which would be aggregated to the national level. This is to take into consideration State characteristics i.e. preference for short acting vs long acting
- Factors to consider would be timelines and uniformity of forecast across all 36 States plus the FCT
- State-level quantification will be conducted with support from the national i.e. a bottom to top approach
- Inclusion of consumable kits to contraceptive quantification process
- Its key to implement this transition in phases.

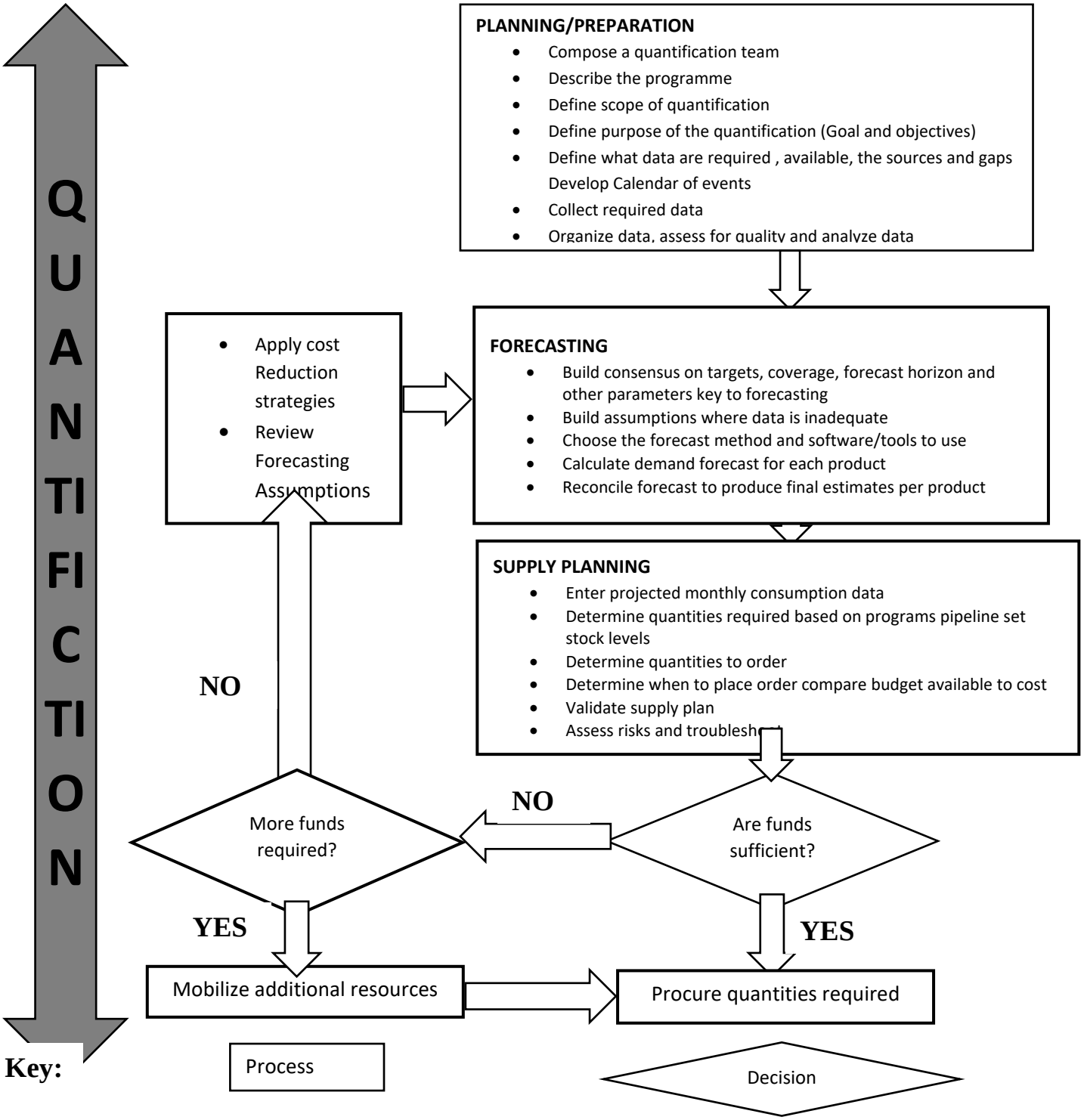
Table 2.1 Roles and Responsibilities during Quantification

S/N	FHD (PSM Subcommittee)	State
1	and identify key stakeholder that will give technical support	Apply and obtain a permission from the Honourable Commissioner/Minister to procure FP commodities based on a predetermined gap in the state supply of FP commodities and budget meeting procurement threshold for the listed FP commodities.
2	Plan for stakeholders meetings, working group meetings and any other relevant meeting for quantification	Receive an invitation to join the FHD NQT meeting. (see Part 2.2.1)
3	Attend the planning, stakeholders and working group meetings	On invitation
4	Identify and gather data required, gaps and provide guidance on how the gaps can be filled where feasible	The states should pay attention to the quality of data coming from their states
5	Analyze data for trends and past performance	
6	Lead in consensus building on inputs for quantifications as well as assumptions	
7	Document consensus building process	
8	Lead in estimation of commodity requirements (forecast) and supply planning for the FP commodities	
9	Write a report for forecast and supply planning process	

Quantification Deliverables (made available to the FHD at the end of the quantification exercise)

1	Aggregation of data required in forecasting and supply planning and analysis of past records
2	List of stakeholders for participation in quantification process
3	Report for consensus building on targets, coverage and assumptions, quantification report (forecasting and supply planning process and output) and technical report on quantification process

Figure 2.1: Steps in Quantification Process



Source: Adapted from Quantification of Health commodities: USAID/DELIVER project, Task Order 1. 2008

PART 3: PROCUREMENT

3.0 POLICY ENVIRONMENT, REGULATION AND PUBLIC PROCUREMENT IN NIGERIA

Nigeria has a robust system in place for contraceptives' procurement, pricing, and quality control across the public, private non-profit, and private commercial sectors. Because UNFPA procures commodities for the public system, pricing and quality control are done according to international standards. The processes for the private non-profit system are based on the World Health Organization (WHO) standard and pricing is done through a very competitive process. The interest of various states to procure FP commodities, when introduced, could easily feed into the existing structures and obviate the need for establishing parallel procurement, pricing, and quality assurance systems.

One of the major contributions made by FMOH was the initiation of a pooled basket of funds to support the financing of contraceptive commodities for public health facilities. The basket fund was necessitated by the Free Contraceptive Commodity Policy in 2011 by the FGON (of which all States and LGAs are beneficiaries). Prior to this, local financing for commodities came from a drug revolving fund (Cost Recovery Scheme) supported by user fees. UNFPA supported the establishment of the fund and supported advocacy efforts together with other Development Partners, including a review of FGON resource flows for population activities that resulted in Counterpart Contribution from the Government of three million USD (USD3M) annually. This was subsequently increased to four million USD (USD4M) annually in view of growing demand for family planning services. While initial advocacy had mainly focused at the national level for funding of procurement of family planning commodities through the basket Fund, the current interest arising from sub-national Governments' (States) requests/need to procure FP commodities requires an understanding that States' funds for procurement should also cover financing for programme costs related to LMD to ensure commodities are delivered to service delivery points (SDPs) where family planning clients access services.

3.1 QUALITY AND PUBLIC SECTOR PROCUREMENT IN NIGERIA

Public sector procurement by donors and multilaterals, in Nigeria, is restricted to products that have WHO prequalification to guarantee their quality. Public sector procurement may also include products that have been approved by the WHO Expert Review Panel (ERP), which provides temporary approval for products that are close to prequalification. UNFPA manages the ERP

process for reproductive health medicines[11]. In addition to WHO prequalification, Nigeria through NAFDAC, has its own registration process for contraceptives.

3.2 COORDINATION FOR PROCUREMENT OF FP COMMODITIES IN NIGERIA

The FMOH monitors FP supply chain through the Procurement and Supply Management (PSM) subcommittee which is under the leadership of the Reproductive Health (RH) Division of the FMOH and partners involved in FP supply chain. This Sub-committee is responsible for the contraceptive commodity security through annual forecasts and supply plans, tracking and reviewing annual forecast and supply plans, contraceptive procurement progress, warehousing and distribution to States and Service Delivery Points (SDPs).

The Procurement and Supply Management (PSM) subcommittee plays the following key roles to support the procurement process:

- Specify the product and quantities to be procured.
- Provide desired receipt dates.
- Provide products' technical specifications

3.3 PROCUREMENT METHODS

Procurement methods include: competitive bidding (which can be national or international); request for quotation (RFQ); and Sole-source procurement. The choice of procurement method is informed by the size and complexity of the procurement and procurement regulations. Other considerations are total value for procurement, procurement thresholds as defined in regulations, delivery timelines, current stock position, and the type of procuring entity. Overall, the method chosen must match the risk and complexity of the transaction. Note needs to be taken that UNFPA still remains the sole procurement agent for FP commodities for FGON.

Pooled Procurement Models

The World Health Organization (WHO) describes four different pooled procurement models which form a continuum of increasing cooperation in the procurement process. These are:

- Informed buying: defined as information sharing, in which purchasers share information on prices and suppliers but procurement is done individually;
- Coordinated informed buying: is also defined as information sharing, whereby purchasers conduct joint market research, share information on supplier performance and prices, but procurement is done individually;

[11]UNFPA (2017) UNFPA Supplies Annual Report 2016. p.46.

- Group contracting: member states negotiate prices collectively and select suppliers based on the agreement that procurement will be from the selected suppliers, while the actual purchase can be conducted individually;
- Central contracting and procurement: this generally involves a central buying unit established by the members of the pool to act as their procurement agent in the tendering and award of contracts.

The Group Contracting and Central Contracting are similar as they both involve bulk purchasing of FP commodities on behalf of a group of states or the country. With Central Contracting, members of the pool jointly conduct tenders and award contracts through a centralized procurement agent, which pools the financial resources from the members. It also reduces the costs of FP commodities and contributes to a more cost efficient and transparent procurement system.

Pooled procurements requirements

- Political will and commitment supported by the implementation of required policies and reforms at the operational level;
- Adequate and predictable financial resources for the regular and timely allocation of funds and manage payments;
- Opportunities to achieve greater pricing efficiencies through bulk purchasing as main justification basis.
- A subsisting robust supply systems to deliver products to the end users;
- Adequate Logistics Management Information System, which impacts the accuracy and availability of information, has a substantial positive impact on quantification of needs and further improves information sharing;

Pooled procurement enables larger orders and gives good leverage for negotiating price reductions with manufacturers, who can reduce prices when they have higher production volumes. It is the basis of price reduction initiatives, such as for Sayana® Press and under the Implant Access Programme.

Pooled procurement, often referred to as joint purchasing, is increasingly being regarded globally as an efficient strategy to resolve challenges of high pharmaceuticals and vaccines prices, poor quality and other bottlenecks generally associated with Procurement and Supply Chains of Medicines. A number of sub-regional and regional blocs as well as global initiatives have adopted the pooled procurement mechanisms with success stories to share.

The Gulf Cooperation Council (GCC), which is carrying out pooled procurement for about three decades reported that it had reduced costs and made millions of dollars in savings, whilst the East

Caribbean Islands reported an average cost savings of 37 % for 25 selected items over a five-year period. Other successful pooled procurement initiatives, including the WHO Pan American Health Organization (PAHO) Strategic Funds and the WHO Global Drug Facility for TB medicines, have shown significant achievements in lowering medicines prices, improving procurement process and quality of medicines[12].

The Organization of Eastern Caribbean States (OECS) has a Pharmaceutical Procurement Service based in the OECS Secretariat that has a centralized tendering and procurement system based on a drug revolving fund for the public sector of its nine member countries. It was established with a USAID grant in 1986 and is financed by members' contributions. The service procures approximately 700 items, 70% of them pharmaceuticals, representing an estimated 80% of the member countries' public sector needs. Between 1997 and 2006, the value of annual purchases increased by more than 100%. The average cost savings for 25 selected items over a five-year period (1998- 2002) were reported to be 37 %. The OECS system has increased bargaining power, enhanced quality control and led to sharing of information and experiences and measurable increased access to medicines[13].

3.4 POOLED PROCUREMENT MODELS USED BY UNFPA FOR COUNTRIES

Co-financing procurement; These are procurement undertaken by UNFPA Procurement Services Branch (PSB) for UNFPA funded activities/projects and all procurement requests are funded from co-financing agreements, e.g. Basket Fund or Core-funds managed by UNFPA. In such procurements, UNFPA is the consignee. The implementing partners the UN/ UNFPA benefits like VAT exemption, importation waivers from NAFDAC and waivers in custom clearance. The quality is granted as WHO prequalified commodities are procured. The commodities have above 90 % shelf life as freshly produced commodities are procured from Manufacturer(s). UNFPA as consignee take care of monitoring shipment and in-country custom clearance and delivery to IP warehouse. This reduces overall lead times and delays due to the ability to perform procurement activities in advance and proactively; provides efficiency in the use of resources and prevents non-compliance with regulations, rules and procedures.

Third Party Procurement (TPP). These are procurement undertaken by PSB when a third party/implementing partners (government, other agencies or institutions) outsource procurement to PSB that is send commodities request to PSB. In this case the partner, government or group of states providing the money is the consignee. They are responsible for tracking shipment, in-

[12] Pooled Procurement, Implementation of the WTO Decisions on TRIPS and Public Health COMESA Member States – Seminar Series Papers; 31 January 2011

[13] Pooled Procurement of Medicines & Allied Commodities; Joint WHO, WIPO, WTO Technical Symposium Access to Medicines: Pricing and Procurement Practices - Zafar Mirza, Secretariat Public Health, Innovation and Intelectual Property; Geneva 16 – 20 July 2010;

country port/custom clearance, delivery and such procurement does not enjoy waivers on import duty which are extended to procurement made under the UN/UNFPA. In TPP, the State Fund for the FP commodities must be sufficient to reach the International Procurement Threshold for each of the FP commodities (the minimum order quantity for each of the commodities)

For states to meet the minimum order quantities, States could aggregate their funds to meet up with procurement threshold of FP commodities for consolidated TPP. But issues of who manages the fund, the tracking and clearing must be clearly defined. Generally speaking, countries with health in concurrent legislative list makes it more difficult.

The benefits of pooled procurement include:

- Lower overall procurement costs
- Fewer direct labour, operational and administrative expenses
- Augmented freight
- More efficient custom clearance
- Quicker response to market shifts
- Easier access to new markets
- Greater ability for the client to focus on core activities and processes
- Improved quality assurance;
- Reduction or elimination of procurement corruption;
- Rationalized choice through better-informed selection and standardization;
- Reduction of operating costs and administrative burden;
- Increased equity between participating members;
- Augmented practical utility in the role of the host institutions (regional or international) administering the system; and finally,
- Increased access to FP Commodities

Recommendations on Annual Procurement planning through the Basket Fund:

- Procurement planning for state funded procurement of contraceptive should align with the national quantification and supply planning exercise
- The states must ensure timely and quality data validation and submission for the procurement planning process
- Distribution plan to have a clear picture of the SDPs where the FP commodities will be distributed
- States that want to procure should make provision for relevant officers to attend the national quantification and procurement planning processes
- All guidance on defining requirements, particularly related to specifications and quality standard requirements, including product and country-specific requirements (e.g., product registration and requirements for obtaining special permits), the

responsible programme person in the state should first consult the FMOH

- International procurement takes 6 to 8 months to complete and states procuring through the basket fund must adhere strictly to the details in Part 4 of this guidelines on pipeline monitoring for ease of identifying needs across all SDPs in the state.
- : *States that have a funded distribution plan for the existing commodities or an integrated distribution plan *Availability of a signed MOU between state and UNFPA – which could indicate commitment for 3-5 years
- As this will be a pooled procurement process, threshold for national procurement would be utilized and extended to include the states.

Recommendations on Finance:

- States desiring to procure FP commodities should have a budget line that will be funded annually to cover the funding gaps for procurement and LMD for FP commodities based on their state-specific annual quantification
- There must be timely and complete release of the said funds from the states taking into consideration the procurement process lead time.
- States should establish a budget tracking and accountability framework for reporting on expenses incurred for FP commodity procurement and LMD

Table 3.1 Procurement Process roles and responsibilities

Key Activities	Strategic Objectives	Actions	Responsible Persons
Selecting and Forecasting	Need to know what to and how much to procure and for what periods	Details of action is in Figure 3.2	NQT
Supply planning, Specifications, Budgeting and financing	To align the supply plan to actual day to day supply chain operations by matching demand for commodities to supply Indicate funding gap over the next 12 months and guide the PSM subcommittee in fund mobilization	Compare commodity demand (as captured in consumption reports) against commodity held in stock to determine if there is a need to vary planned and pending procurements.	NQT
Validation of Quantification and Supply plan output and approval	Need for stakeholder validation of outputs	Quantification output validated and agreed on the best assumption. Submit for RHTWG approval	PSM Sub-committee & RHTWG FMOH
Procurement planning	Communicate PSB to inform manufacturer/ supplier of procurement intention for next year	Guest estimates submitted 6 months to Placing orders Request for waivers from NAFDAC and IDEC from Ministry of Foreign Affairs	FMOH/UNFPA, NAFDAC
Initiate Procurement	Place orders to commence procurement	FMOH to formally communicate to UNFPA to commence procurement with the validated supply plan UNFPA submit the quantification report and supply plan to CSB/PSB UNFPA raise requisition and send to PSB	FMOH, UNFPA
Preparation of tender documents	Compliance with guidelines	Identifying qualified suppliers	UNFPA PSB
Managing of bidding process	Transparency	Bid evaluations and award decisions	UNFPA PSB

Contract Preparation	Legal compliance	Preparation and signing of contract, payment	UNFPA PSB
Contract Management	Contract performance	Shipment schedule, Receipt of FP commodities	UNFPA PSB
Receive and Check FP Commodities	Verify deliveries against contract terms and technical specifications	Ensure compliance with all import process requirements[14]	UNFPA PSB
Quality Monitoring	Quality Assurance of commodities	Quality reporting by batch testing, verify Certificate of Analysis, inspection certificate, sampling procedure and results	Quality Assurance Branch of PSB/NAFDAC

[14] Import declaration form, Import permit, pre-shipment inspection / certification, etc.

Figure 3.1. Procurement Process

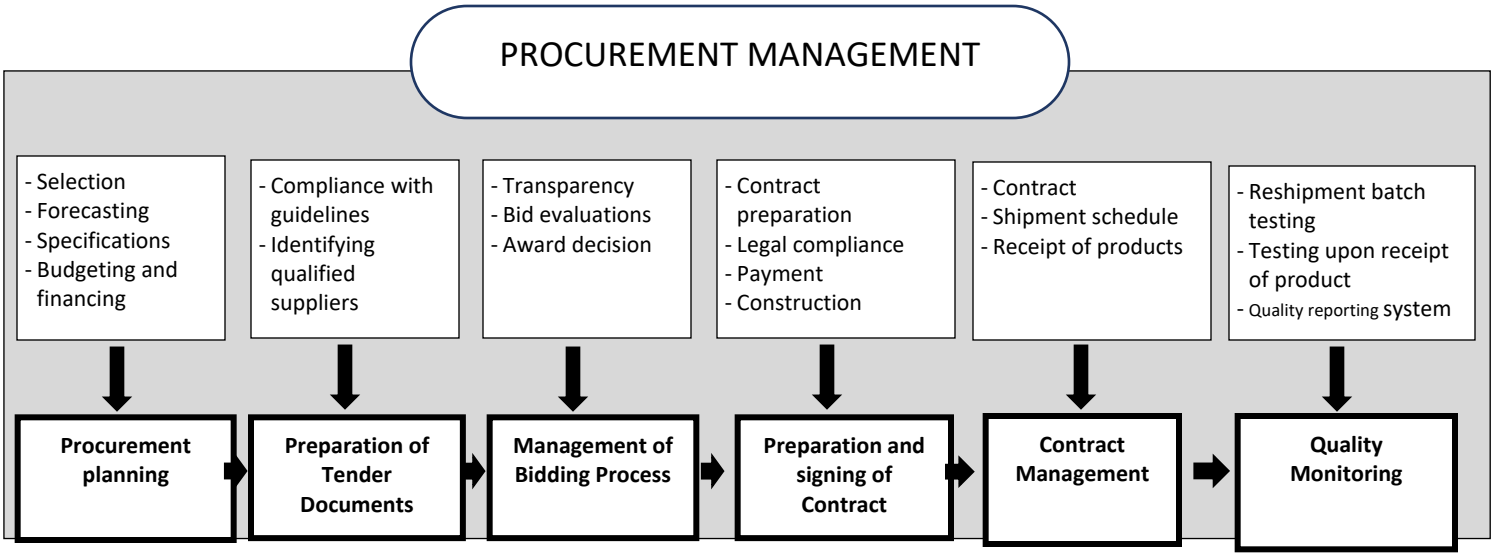
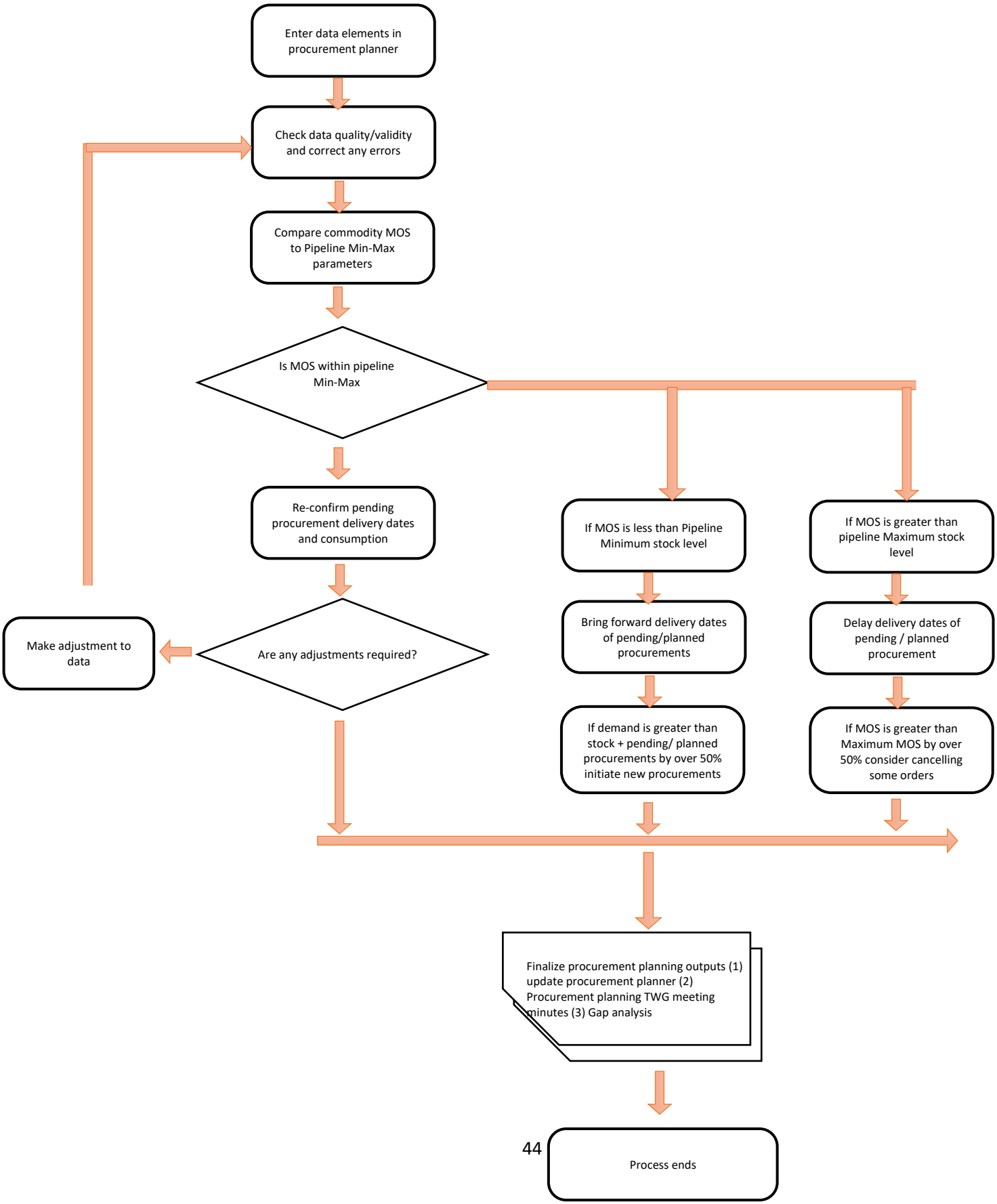


Figure 3.2: Summary of procurement planning Process



3.5.0 WAREHOUSING AND INVENTORY MANAGEMENT

Among the core functions of the Family Planning Branch of the FHD is to ensure availability of FP commodities for provision of quality family planning Services at all levels of healthcare delivery in Nigeria through appropriate warehousing and distribution of procured commodities to the 36 States of the Federation and Federal Capital Territory, Abuja.

3.5.1 COORDINATION FOR WAREHOUSING, DISTRIBUTION AND INVENTORY MANAGEMENT

The FHD ensures the storage of procured FP commodities at Central Contraceptive Warehouse (CCW) in Lagos. All FP commodities procured for the public sector is considered a critical component of the Nigerian FP supply chain and are first held at the CCW within the Federal Central Medical Stores, Oshodi in Lagos State. Current distribution of FP commodities is divided into two. The first is the Long-Haul Distribution (LHD) from the CCW to State Central Medical Stores and Zonal Distribution Centers (ZDCs). The second is the Last Mile Distribution (LMD) from State Central Medical Stores (CMS) to Service Delivery Points (SDPs) or via LGA Stores. The FMOH is responsible for long-haul distribution, while the States and Local Governments are tasked with the responsibility for LMDs in the respective States.

3.5.2 ROLES, RESPONSIBILITIES AND GUIDANCE

- FMOH (FHD) receives all procured FP commodities at CCW Oshodi, Lagos and distributes to State Medical Stores
- FMOH (FHD) should ensure that appropriate receipt and distribution records are maintained at the CCW, FMOH (FHD) should ensure that the recommended WHO storage conditions for Nigeria – Zone IVb, 30˚C/75% RH (relative humidity) is maintained in storage and distribution of FP commodities.

Recommendations for States on Warehousing, Distribution and Inventory Management for State funded FP commodity

- The commodities procured with State funds will be delivered to functional State CMS for receipt and proper storage together with the free FP commodities from FMOH
- States should ensure appropriate staff mix for storage, inventory management and distribution of the procured FP commodities
- States will take delivery of commodities associated with the original requisition number of the State funded procurement process.
- State funded contraceptives should be managed using the LMIS system - this will include individualized tracking using their batch numbers and expiry dates -
- SMOH (CMS) should ensure that the recommended WHO storage conditions for Nigeria – Zone IVb, 30˚C/75% RH (relative humidity) is maintained in storage and distribution of FP commodities

- SMOH (CMS) to ensure that appropriate receipt and distribution records are maintained, throughout the supply chain in the respective States
- States and LGAs should ensure timely Last Mile Distribution of commodities to SDPs using their 7% dedicated fund.

3.5.3 CRITERIA FOR STATE TO PROCURE FP COMMODITIES

The processes of quantification are the first steps in procurement. States desiring to fund the procurement of FP commodities for its citizens need to follow these guidelines:

Guidelines

- The State will apply to the Honourable Minister of Health for permission to procure with evidence of gaps and stock outs of FP commodities across the State
- The State will seek for, and negotiate an MoU with UNFPA, the Partner managing Nigeria's pooled procurement;
- The State's infrastructure for warehousing and inventory management must be good enough for optimum storage space, temperature and humidity conditions;
- A functional LMIS must be in place to provide information on product availability including stock out;
- The State should have a funded budget line for procurement of FP commodities
- The State should set aside or make provision for minimum of 7% of the budget for procurement of commodity to be used for LMD and other related tasks
- The State should have a complement or good mix of staff for management or alignment of its procured FP commodities with the National FP PSM to avoid creation of a complex unwieldy system.
- The State and FMOH should collaborate on monitoring and evaluating of the implementation of the guidelines (See pipeline monitoring).

PART 4: PIPELINE MONITORING AND LAST MILE DISTRIBUTION

4.0 PIPELINE MONITORING

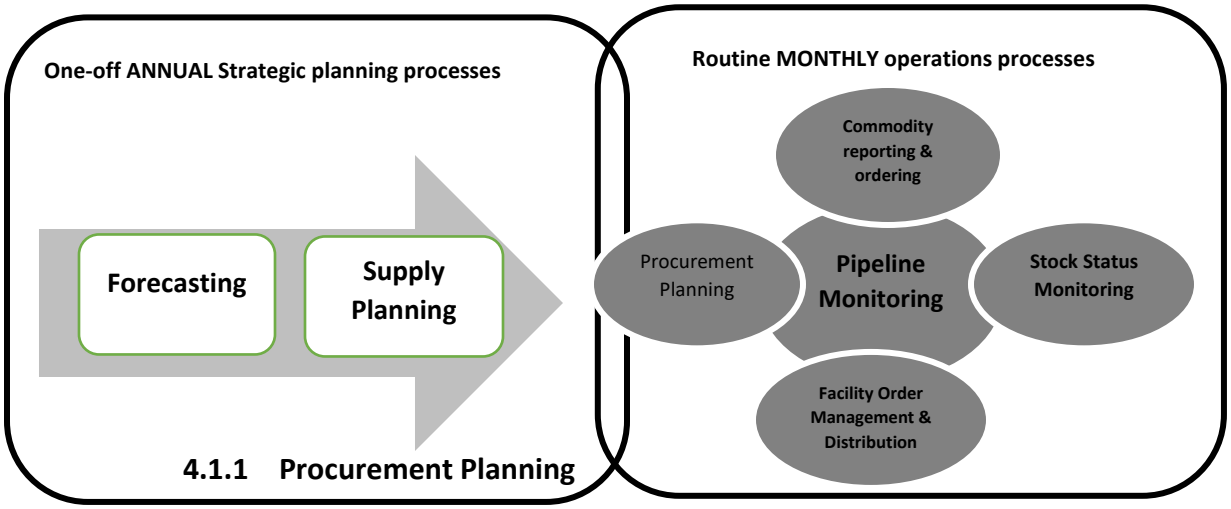
Pipeline monitoring is designed to help programme managers and policy makers monitor the status of their distribution systems (supply channels) regularly. Pipeline monitoring provides the information needed to initiate and follow up actions that ensure consistent availability of all FP commodities at the programme or national level. For each FP commodity, it tracks—

- Rate of consumption: The quantity dispensed to clients by month, either actual or forecasted;
- Shipments of new products: planned, ordered, shipped, or received quantities and their value, either actual or estimated;
- Inventory levels: Total quantity available in the entire programme for dispensing to clients each month, and the maximum and minimum total quantities desired;
- Inventory changes: Losses, adjustments, or transfers into or out of the programme that change the inventory levels.

These are the basic data that any manual monitoring system must gather. Pipeline monitoring identifies actions needed for each proposed shipment and when those actions should be taken; highlights pipeline problems (shortfalls, surpluses, or stock outs) before they occur; and calculates procurement quantities and possibly the estimated costs.

The practice of pipeline monitoring is centered on three key processes: Procurement Planning; Stock Status Monitoring and Facility Orders Management and Distribution. Ideally the processes should flow in the preceding sequence, but the sequence may be varied to enhance operational efficiency or address operational constraints. Pipeline Monitoring facilitates transition from the annual quantification to routine monthly processes as shown in Figure 4.1 to 4.3.

Figure 4.1: Strategic and Operational Supply Chain Process Overlap



4.1.1 Procurement Planning

Procurement Planning is the first process undertaken after Supply Planning, and is intended to align the Supply Plan to actual day to day supply chain operations by matching demand for commodities to supply through a Procurement Plan. This section assumes that there is or will be a team or a person who coordinates all the related activities. To carry out procurement planning, several required data and their sources must be known. Table 4.1 shows the required data and their sources.

Collection of these data should be done on a monthly basis through engagement with designated contact persons in the supply chain– such as National CCW/State CMS Procurement Unit or the State Logistics Management Coordinating Unit (LMCU). For efficiency, a standard data request form should be sent via email to each unit in the first week of the month (requesting data from the preceding month) to ensure the data is available for the Procurement Planning Team meeting that should be held in the second week of the month.

Recommendation on Pipeline Monitoring:

- Pipeline Monitoring must have been a routine procedure in the State that enables the State to upload information to both the National FP Dashboard in FMOH and the State MOH
- A functional quality data entry into NHLMIS showing consumption of FP commodities from SDPs in the state
- Updated DHIS-2 (HMIS summary form) indicating service utilization across SDPs
- These are subsisting processes across the 36 states and FCT
- Where this is lacking the State needs to build necessary capacity for persons that will function in such capacities

Recommendations

The processes outlined from section 4.1 to 4.3 should be functional along the pipeline currently provided with FP commodities from FMOH and Partners. States desiring to procure that lack this functional status for procurement planning process requirements; stock status monitoring and reporting and order management and distribution planning process should:

- Appoint a State LMCU officer with requisite training
- Appoint a State Family planning focal person with requisite training
- Deploy the use of Requisition, Issue and Report Form (RIRF) and Daily Consumption Record (DCR) across the State supply chain up to SDPs
- Complement staff mix for contraceptive logistics management

Table 4.1 Procurement Planning Process Requirements

Requirement	Source
Procurement planner tool template	RH Unit of FHD
Planned procurements/orders Data	Annual Supply plan per last Quantification report
Calculated program scale-up rate for the commodities in each FP commodity category. National and state CPR targets as applicable	Historical programme growth from consumption/issue data over the last 6 to 12 months.
Commodity consumption data (for the previous reporting period) Note: If consumption data is not available or reliable, then central level commodity issues data may be used as a proxy for consumption	FP programme NHLMIS/ reporting platforms. DHIS-2, FP Dashboard
Central warehouses beginning stock balances for the previous reporting period	FP CCW for National and State CMS for States
Central warehouses commodity issues data for the previous reporting period	
Central Contraceptive Warehouse Commodities closing stock on hand (SOH) for the previous reporting period	
Commodity stock in quarantine for the previous reporting period and expected release dates	FP CCW or State CMS
Commodity receipts data	UNFPA/FHD in FMOH or State MOH (relevant / units / departments)
Pending purchase orders /contracts	
Pending deliveries data with estimated delivery dates – Procurement status report	
Current commodity unit prices	
Procurement lead time information	
Program pipeline parameters (min/max) for each level of supply chain	CLMS SOP

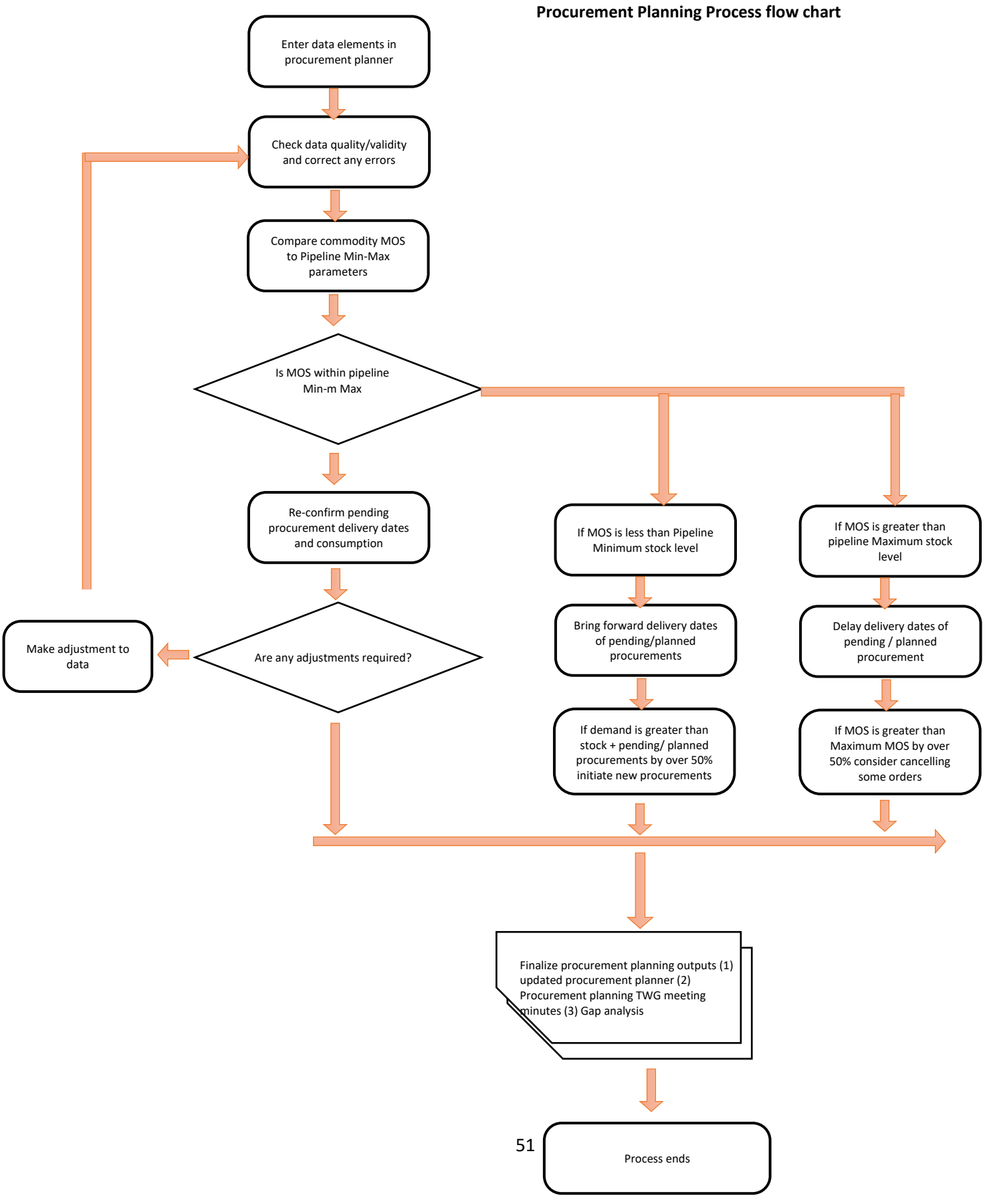
Procurement planning process execution tasks and sequence and process outputs are presented in appendix 4.1

The following likely scenarios and related actions may be required during procurement planning.

Table 4.2 Possible Scenarios and Required Actions

Likely Scenario	Scenario description	Possible Procurement planning
A	MOS is below Minimum level (or stocked out)	• Review pending and planned Orders; • Review program scale up trend; • Expedite delivery of pending orders • Expedite procurement of planned orders • Inform PSM-TWG that stock is below minimum level; • Review funding commitment to identify any funding gaps; • Inform Commodity Security committee to mobilize additional funding if required; • Inform the facilities order management team to ration supplies to facilities
B	MOS is above Maximum level	• Review pending and planned Orders; • Review programme scale up trend; • Delay delivery of pending orders; • Re-schedule procurement of planned orders; • Negotiate for roll-over of funding commitments if necessary; • Consider facility level demand creation activities; • Redistribution at any level that has excess stocks
C	MOS is within Min-Max level	• Review pending orders (check for delays / cancellations of orders); • Review program scale-up trend; • Monitor MOS trend

Figure 4.2: Summary of procurement planning Process



4.1.2 STOCK STATUS MONITORING AND REPORTING

Stock Status Monitoring and Reporting is undertaken on a routine basis to provide end-to-end supply chain visibility and facilitate the decisions that need to be made to ensure that stocks at all levels of the system are adequate to sustain health service delivery.

The Stock Status Monitoring and Reporting processes track the trends in service delivery and commodity consumption to determine the adequacy of stock held at different levels (SDP, LGA, State CMS, Central Contraceptive Warehouses) of the supply chain relative to pre-determined min-max stock levels.

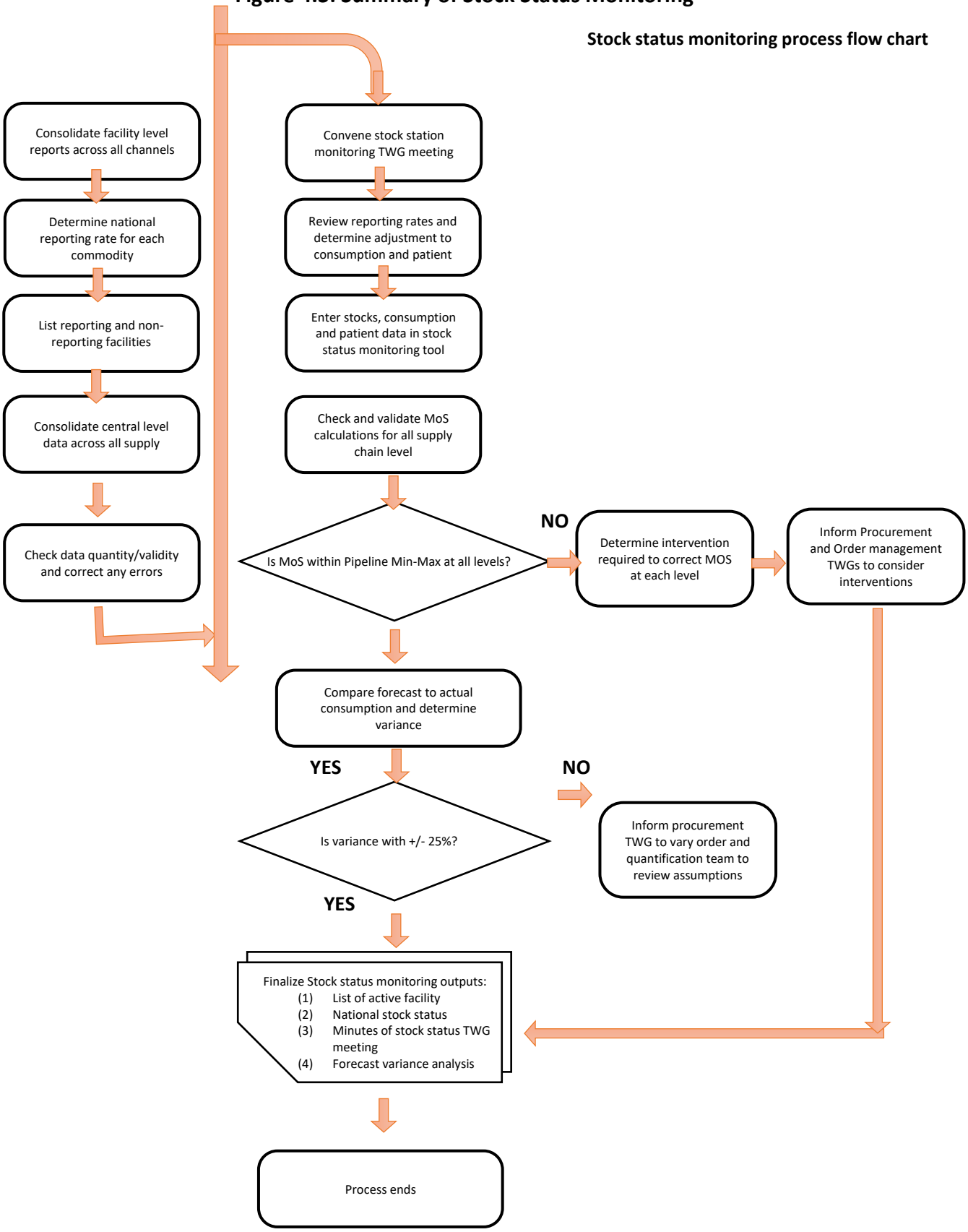
Facility level reporting and aggregation is done through the RIRF. Ensuring that all data are collected on a monthly basis and the reporting rate computed. The procurement related data are obtained from the preceding procurement planning process. This should be followed by stock status monitoring and reporting process.

Table 4.3 stock Status Monitoring and reporting Requirements

Requirement	Source
Aggregated facility data (Stock on Hand (SOH), facility consumption and reporting rates) for the previous reporting periods	NHLMIS, DHIS2.
National level data (Central Contraceptive Warehouse SOH, stock receipts, stock issues, stock transfers)	Warehouse Management Information System (WMIS)
Pending procurements	Global FPVAN/SMoH Procurement Unit
Planned procurements	
Templates – for Stock status analysis, Reporting rate analysis	Stock Status Summary Template

Process execution tasks and sequence for stock status monitoring and reporting and process outputs are presented in appendix 4.2.

Figure 4.3: Summary of Stock Status Monitoring



4.1.3 MANAGEMENT OF FACILITY ORDERS AND DISTRIBUTION PLANNING

The order management and distribution planning process seeks to ensure that the demand for commodities (as captured in facility orders) is realistic and rational, and that commodities distributed match the demand while taking into account any supply side constraints there may be.

Order management and distribution planning is the process of validating commodity orders from SDPs and allocating commodities for distribution based on stock availability. For purposes of order management and distribution planning and execution, there should be a responsible team within the State LMCU and there should be set frequency which could be bi-monthly depending on FP commodity distribution cycle.

Table 4.4 Facility orders and Distribution Planning Requirements

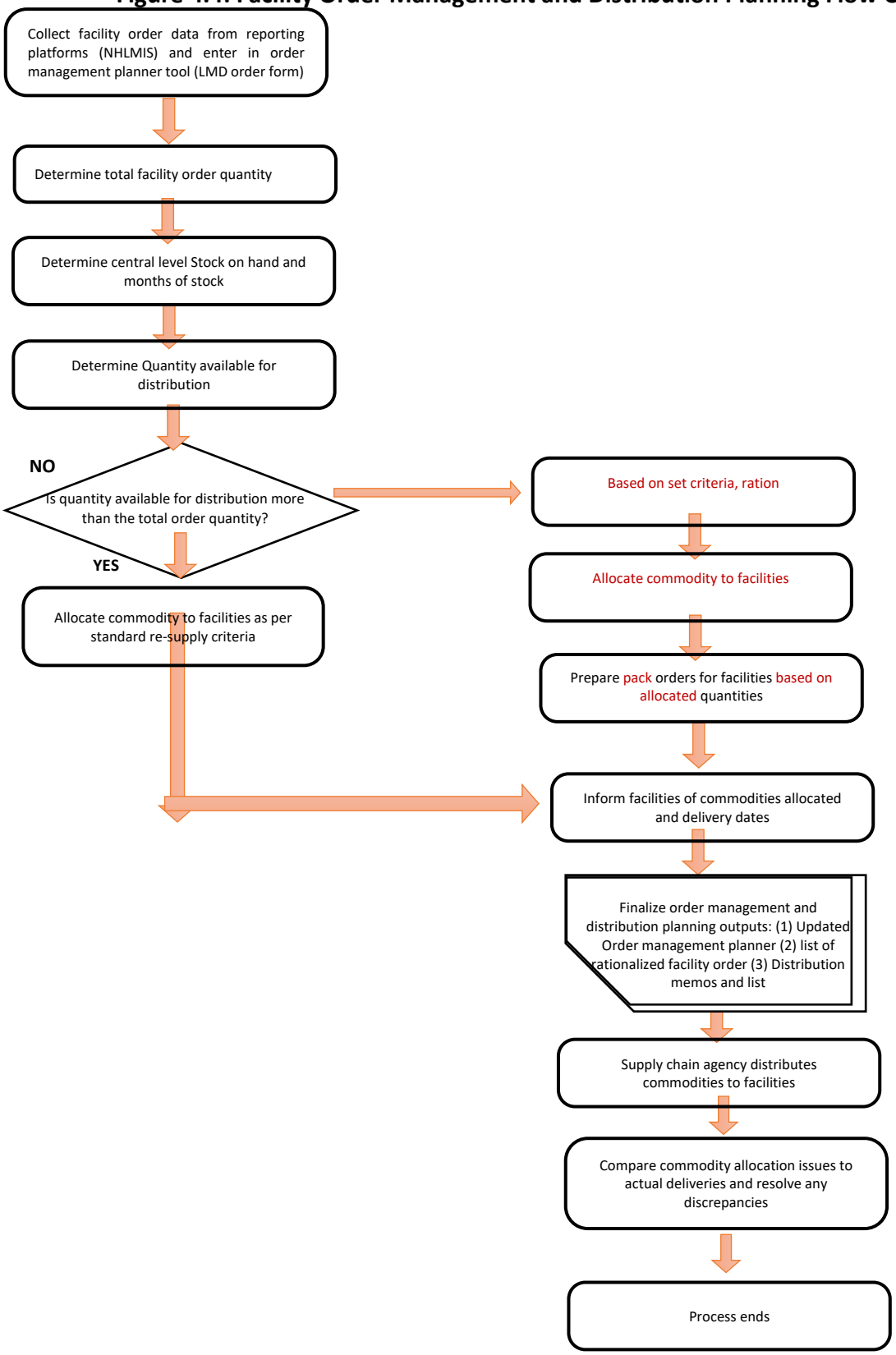
Requirement	Source
1.Central level stock status report –showing: • **Central level SOH and aggregated facility level SOH** • **Pending and planned procurements** **Notes on any special issues /actions – e.g. commodities to be rationed or re-distributed**	PSM- Sub-committee or State LMCU
Facility reports for last three months – showing: ● Facility commodity consumption data over last three months ● Stock on hand, as at the end of the last reporting period ● Facility commodity order quantities (requests) for the next distribution cycle	NHLMIS/Aggregated RIRF
Facility Commodity Order	RIRF, NHLMIS
Commodity Distribution plan	RIRF, NHLMIS ordering platform

Process execution tasks and sequence for Facility orders and Distribution planning are presented in appendix 4.3

Table 4.5 The likely scenarios and possible actions are outlined below:

Likely Scenario	Scenario description	Possible Order management & distribution planning PSM TWG actions
A	Stock on hand greater than Total Facility Orders received	• Review pending pipeline orders – to see dates for next deliveries • Determine quantity available for distribution in the current period • Distribute to facilities as per validated orders •
B	Stock on hand less than Total Facility Orders received	• Review pending pipeline orders – to see dates for next deliveries • Determine quantity available for distribution in the current period • Prioritize and rationalize facility orders based on quantity available for distribution • Recommend to State LMCU/SMoH, to expedite delivery of pending orders • Consider redistribution of commodities from overstocked facilities

Figure 4.4: Facility Order Management and Distribution Planning Flow Chart



4.2 COORDINATION AND OVERSIGHT AT NATIONAL LEVELS

Pipeline monitoring is undertaken as one of the activities that contribute towards FP commodity security. It is therefore within the mandate of the FP PSM team to report to the NRHTWG committee. The activities/tasks under pipeline monitoring are conducted by the FP focal person in the State LMCU on a monthly basis and presented to the various stakeholders. The State LMCU is responsible for convening monthly meetings as necessary and ensuring that the routine tasks are carried out on schedule.

4.3 KEY PERFORMANCE INDICATORS IN PIPELINE MONITORING

Pipeline monitoring processes are major contributors to the availability of FP commodities at all levels of the supply chain. To assess the efficiency and impact of the process, the indicators listed in table 4.7 are tracked at regular intervals and the indicator values are used for informed decision making at National and State levels.

4.4 FP LOGISTICS MANAGEMENT INFORMATION SYSTEM

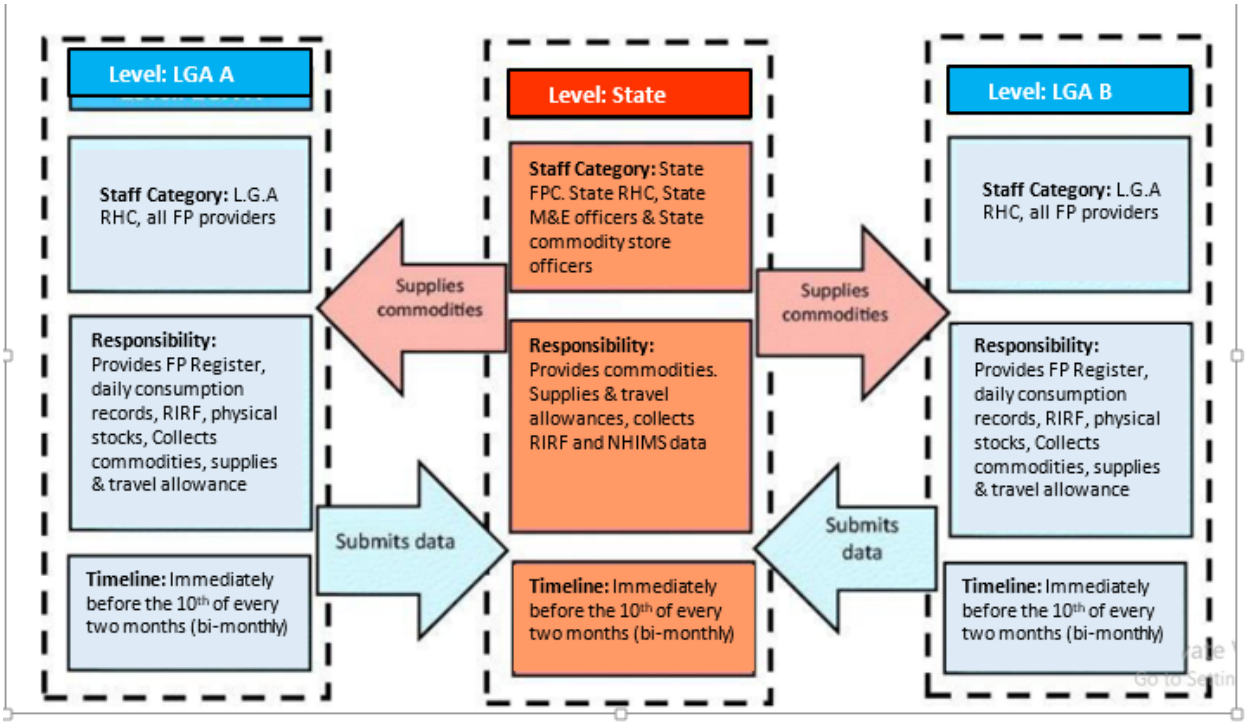
Logistics management information system (LMIS) is a system of records and reports (paper-based or electronic) used to aggregate, validate, analyze and display data (from all levels of the logistics system) that can be used to make logistics decisions and manage the supply chain.

Timely availability of accurate logistics data is critical for effective FP supply chain management. These data are useful in pipeline monitoring, planning distribution and informing procurement processes. In addition, FP commodity consumption patterns and service utilization provide information useful in quantification. The National and State FP Commodity Management Teams should ensure timely and accurate reporting of all FP commodity data. Currently FP logistics data reporting is carried out using the Nigeria Health Logistics Management Information System (NHLMIS).

The NHLMIS is a recently deployed integrated electronic data management system for health supply chain in Nigeria which is expected to improve the visibility, quality and availability of data for quantification. Its effectiveness, may however, be impacted by certain limitations imposed by challenges inherent in the current FP Logistics Management System. At the State level there have been reports of lack of required LMIS tools and where available, limited capacity to use the available tools[15]. SDPs use hard copies of a standardized Requisition, Issue and Report Forms (RIRF) to replenish their stocks based on validated consumption data. Calculations done manually into the RIRF at SDPs increase the chances of man-made errors in reporting, which may impact poorly on resupply decisions. This, along with the poor reporting rates equally affects the use of consumption data for quantification.

[15] National Health Supply Chain Strategy and Implementation Plan 2021-2025

Figure 4.5 Current Bimonthly Review and Resupply Patterns



Process of bimonthly review and resupply meetings, FP family; FPC: family planning coordinator' FPS: family planning service; M&E monitoring and evaluation officer; NHMIS: National Health Management Information System; RHC: reproductive health coordinator; RIRF: requisition, issue and report form

The FP Dashboard currently captures only 8 FP indicators and has similar challenges to LMIS tools due to the low reporting rates on consumption data in the NHMIS and training data from programmes. Low reporting rates are further compounded by the limited capacity of health workers on M&E data management, poor supportive supervision.

There are efforts to strengthen the data collection processes including establishment of the DHIS2 and FP Dashboard. Differing levels of capacity in data management at National, State, LGA and Health Facility levels are reported. Factors contributing to poor data quality include poor health facility reporting rate, inadequate data analysis and supervision.

Recommendations:

- Programme managers and FP coordinators need to ensure up to date data reporting in CLMS tools, NHLMIS, DHIS 2 to improve visibility and analysis which would inform its applications for supply chain decisions
- The basis for need to procure FP commodities, with indicative gaps in supplies, should come from order data analysis and interpretation used in tracking state programme performance and planning.

- If the state requires capacity building in data capture, entry and use of various FP data management tools they should notify the FMOH or implementing partners working in their State and leverage on existing resources within the State such as supply chain master trainers and the State LMCU.

Figure 4.6: FP Logistics data/commodities flow

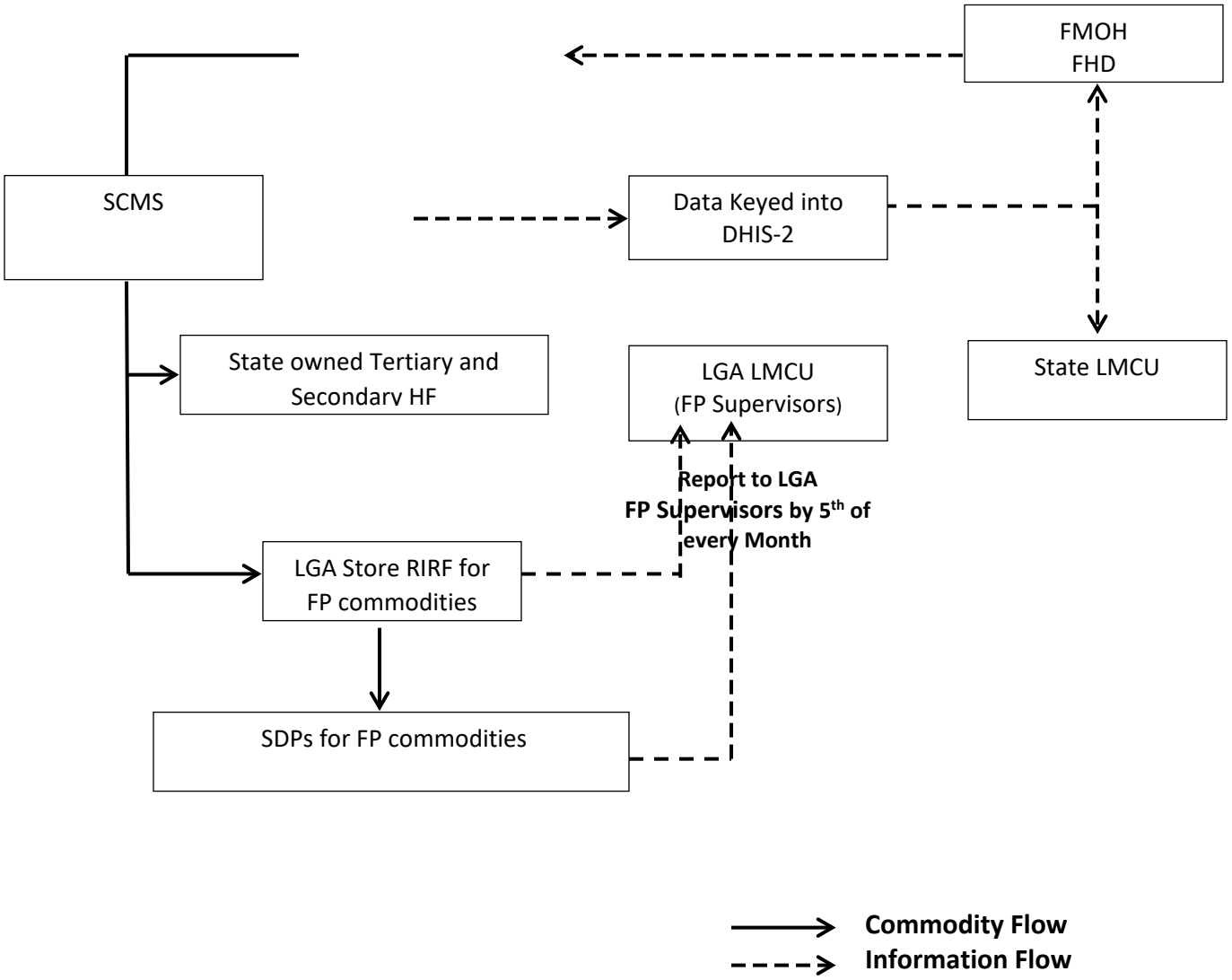


Table 4.7: Pipeline Monitoring- Key performance indicators

What to monitor (Indicator)	Indicators Definition	Data Source(s)	Frequency of Monitoring	Target (%)	Acceptable Result (%)
Commodity Stock/Consumption Status (Stocking according to plan)	Percentage of facilities with stocks within the nationally set Min-Max level – at end of last reporting period. (Measured at National, State and LGA levels)	Facility SOH obtained from facility reports (RIRFs) on DHIS2 and other reporting platforms	Monthly	100	80
Commodity availability	Percentage of health facilities that did not experience a stock-out of the FP commodities* in the last 3 months. (Measured at National, State and LGA levels)	Facility SOH obtained from facility reports (RIRFs) on DHIS2 and other reporting platforms	Quarterly	100	80
Order fill rate	Percentage of SDPs commodity resupply - orders (quantity ordered) that are filled during last mile distribution activity, this is targeted at routine distribution.	Last Mile Delivery Orders and data from POD reconciliation	Bimonthly	100	90
Reporting rate	Percentage of facilities submitting FP commodity consumption reports on the NHLMIS (Measured at National State and LGA levels)	Facility reports (RIRFs) on NHLMIS/ DHIS2 and other reporting platforms	monthly	100	90
Commodity security coordination	National level: Proportion of action points addressed by existing FP PSM Sub-committee of an active FP commodity security committee and its pipeline monitoring TWGs State level: Proportion of action points addressed by existing PSM TWG	Contraceptives PSM meeting note Meeting note PSM TWG	Bi-monthly Quarterly	Yes Yes	Yes Yes

Recommendations to States for Pipeline monitoring:

- Integrate FP commodities into other commodity pipeline monitoring mechanisms currently existing in the States
- Develop SoP for pipeline monitoring to ensure States align with national process
- FMOH/SMOH to develop MoUs to strengthen data reporting across private sector and NGOs
- Strengthen states to ensure the private sector engagement
- Maintain the existing reporting line for commodities received from FMOH

Tools used in Commodities Reporting

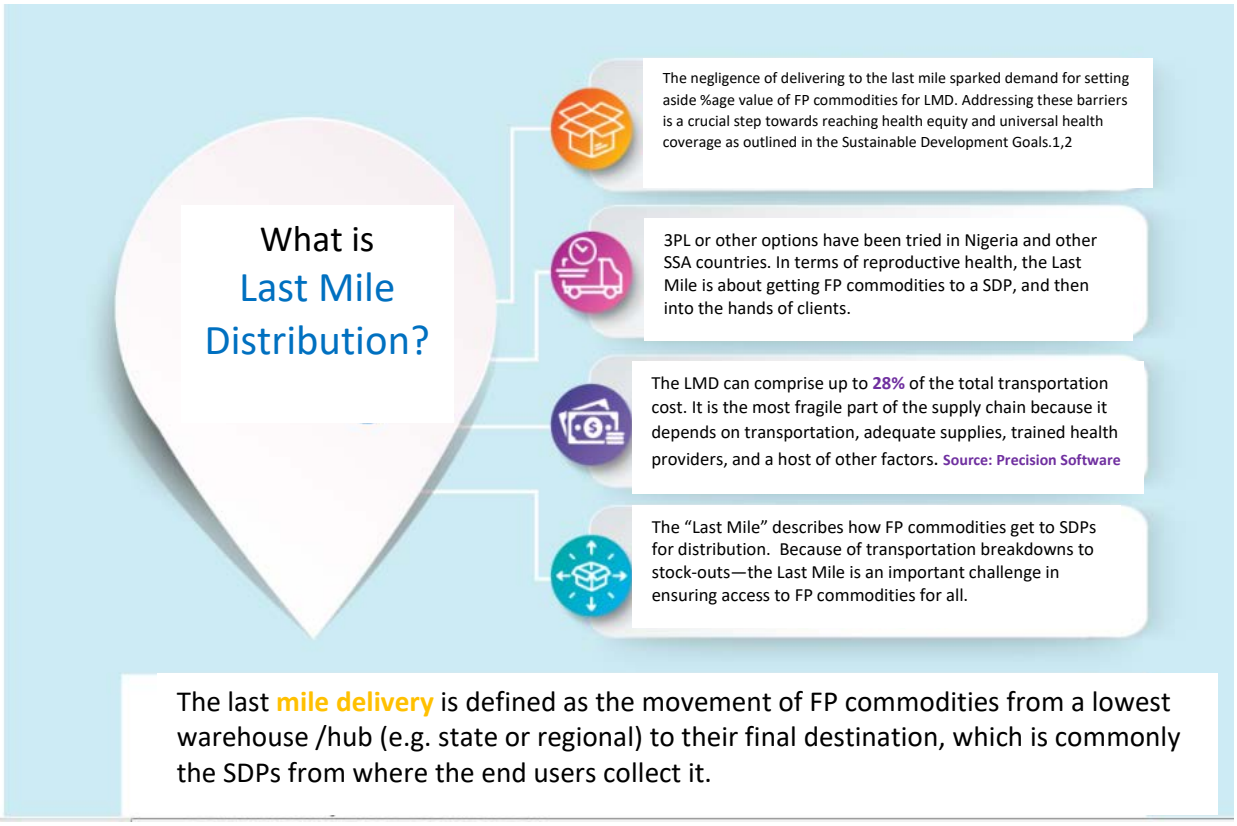
The table 4.8 shows the different tools used in reporting of commodities at facility level.

Table 4.8 Commodity reporting tools at facility level

Tools	Use	Who fills
Facility RIRF – Requisition, Issue and Report Form SDP (RIRF)	To reorder facility FP commodities	Facility staff providing FP services
LGA RIRF **State RIRF**	Aggregation of facility RIRFs Aggregation of LGA RIRFs	LGA RH Coordinator State RH Coordinator
Inventory Control Card		
Bin cards	Closing balances, receipts and issues	Store-in-charge,
Daily Consumption Register (DCR)	For recording daily consumption data	Service provider
Record for return and transfer of commodities	To conduct inter-facility redistribution	Issuing and receiving parties

4.5 LAST MILE DISTRIBUTION

What is the Last Mile and Why is LMD Necessary? Fig. 4.7

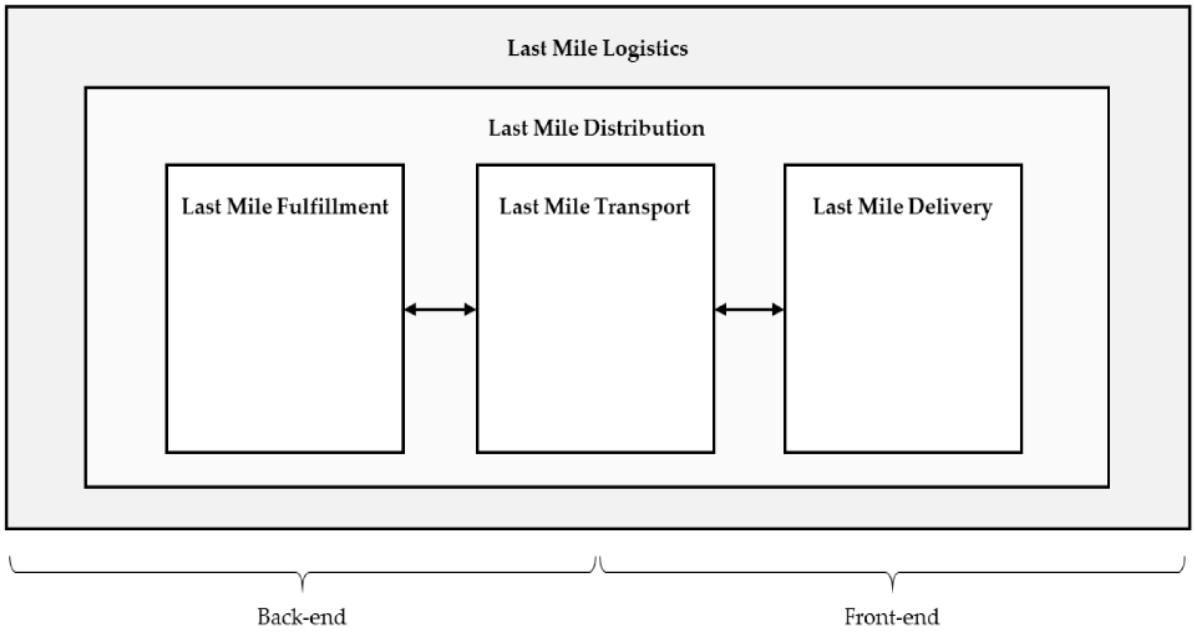


There are five interrelated components in final delivery of FP commodities and they include:

- ✓ last mile logistics
- ✓ last mile distribution
- ✓ last mile fulfillment
- ✓ last mile transport
- ✓ last mile delivery

The last mile distribution can be viewed from the back-end and front-end perspectives (fig 4.8). The activities of the back-end relate to the sender while the front-end relates to the receiver. Last mile logistics involves processes of planning, implementing, and controlling efficient and effective transportation and storage of FP commodities, from the order penetration point to the final client. The LMD is associated with the handling, movement and storage of FP commodities to the point of consumption through multiple channels. The core of last mile logistics system consists of last mile fulfillment, last mile transport and last mile delivery (figure 4.8).

Figure 4.8 Last Mile Logistics Framework



Last Mile Fulfillment is part of back-end of Last Mile Logistics which is the process of executing an order by making it ready for delivery. Last Mile Transport focuses on the movement of FP commodities in the last mile and could be done through different means, such as heavy or light goods vehicles, bicycles, tricycles, etc. Last Mile Transport interfaces between Last Mile Fulfillment and Last Mile Delivery. Last Mile Delivery refers to the activities necessary for physical delivery to the final destination chosen by the receiver. It is the front-end, where the last mile meets the receiver.

The Last Mile Delivery stage, in the logistics process, is more high-priority and its goal is to transport an item (the reason for the supply chain) to its recipient in the quickest way possible. There are important elements in LMD that the receiver of items in transit are always looking for. These are: speed; timeliness; accuracy; and precision of the product deliveries at the end-point. These are reflected in Figure 4.9.

What the Recipients Expect at the last mile Figure 4.9

It could be thought ironic that the shortest and quickest leg of the whole logistics process is also the most crucial, because it covers a lot of territories and delivers the FP commodities to the nearest point for the user. To gain a better understanding of how the last mile delivery process goes, a step-by-step illustration (Figure 4.9) help visualize the whole operation from the logistics or transportation hub (a SCMS) to the end-user fast, with a precise order tracking, through a secure and convenient carrier.

What Happens in The Last Mile Delivery? Figure 4.10

4.5.1 CURRENT CONTEXT IN LMD

The user fees or cost recovery model for contraceptives in public health sector were used to support distribution of contraceptives from the CCW up to April, 2011. In order to improve access to FP commodities, the FGoN in April 2011, abolished the practice of user fees for contraceptives in public health facilities. The Basket Fund for procurement of FP commodities was established by FGoN and Partners in 2012 to increase availability of FP commodities and the State Governments were expected to fund the Last Mile Distribution within their respective States. There have been challenges in moving commodities from State Central Medical Stores (CMS) to SDPs because there are no functional mechanisms for LMDs. This has been reported as resulting from a non-committal attitude of States or outright negligence on the parts of some States[16].

[16] Reaching underserved populations with family planning commodities through strengthening of supply chain and effective data monitoring –The Nigeria Experience 2012 to 2014 International Family Planning Conference, Indonesia, 2016

Upon removal of user fees for contraceptives, the need to ensure availability of commodities to end users was imperative. An intervention programme was implemented through the National CLMS aimed at strengthening the Supply Chain Management System for FP using a cluster model. This was an innovation aimed at demonstrating the cost effectiveness of the models for the State commitment to transportation of commodities from the State Warehouses to SDPs. At this point UNFPA[17] and USAID provided financial and technical support to ensure Last Mile Distribution of family planning commodities to public health facilities. A bi-monthly Review Resupply Meeting was instituted which focused on ensuring LMD of FP commodities and the appropriate documentation of processes at state level.

UNFPA supported FMoH to institute 2-monthly Review and Resupply Meetings where, SDPs presented their requests to their LGA FP Coordinators for 34 states + FCT while USAID supported 2 states. Data on the RIRFs was analyzed during the Review and Resupply Meetings to determine stock levels and the required additional stock. At the end of the meetings SDP staff pick up commodities to stock up to their maximum stock level of four months of stock using a cluster model. The representatives of the Federal Ministry of Health (FMOH), UNFPA and the other NGOs, the State FP Coordinators and LGA FP Coordinators who participate in the Meetings are saddled with the responsibility of collecting, collating and coordinating data from the LGAs and entering the data into Channels software.

The model supported health worker transport reimbursement costs since they had to travel from their SDP to the agreed meeting place. At a point a national annual survey was conducted to assess availability of contraceptives at SDPs and indicators for assessment included (i) no stock out in the last 3 months (ii) facilities offering at least 3 modern contraceptives. Results of the annual surveys were used to monitor effectiveness of the innovation of review and resupply meetings.

The 2014 survey indicated that 78% all facilities reported no stock out of contraceptives in the last three months prior to the survey compared to 67% in 2012. There was little variation in stock outs across facility levels in urban and rural area. Majority of primary facilities (86%) were able to offer at least three contraceptive methods and significant proportions of secondary and tertiary facilities were able to offer at least five modern contraceptive methods (82% and 93%, respectively). About three-quarter (72%) of facilities reported that they are responsible for collecting family planning supplies and medicines from supply sources while about 78% reported that it took less than two weeks between ordering and receiving family planning supplies.

The efforts of USAID and UNFPA to support Last Mile Distribution and capacity building of service providers on logistics management as well as coordination with PSM Sub Committee on tracking

[17] http://www.familyplanning2020.org/entities/61

distribution to states and SDPs in the last 3 years led to 7-fold increase in CYP of commodities issued to lower levels and 5-fold increase in CYP of commodities issued to users at tertiary SDPs. Use of the CHANNEL e-LMIS software improved accessibility and credibility of logistic data for decision making including forecasting, Programme implications/Lessons learnt.

The model is judged as not sustainable means of distribution of health commodities as it is service provider dependent distorting the time for them to provide service in clinic and also it is effective for small volume commodities and therefore cannot be used for integration distribution. Several Development Partners have attempted deploying other models of LMD in various states like Direct Delivery and Information Capture (DDIC) with limited success. Annual FP technical review meetings and advocacy to states were conducted since 2012 to create an opportunity to communicate the progress and challenges on current distribution models to states and need for states to plans to fund state-level distribution. And despite advocacy efforts the States did not take ownership of last mile distribution of contraceptives which led to spirited efforts to explore more sustainable options.

In 2014 Federal Government of Nigeria and a team of Nigerian supply chain experts, including Principal Recipients of Global Fund, Donors, UNFPA and their implementers launched Nigeria Supply Chain Integration Project (NSCIP) with vision to integrate cost effective health supply chain system. This was considered a better process that will ensure greater efficiency, promote integration and avoid duplication of efforts, across the states. The full implementation of the project was challenged throughout the Project life. Currently NSCMP working with partners are working on designing a more appropriate and sustainable LMD model

In 2015, FP2020 reported a decision by FMOH to support states to take ownership of the last-mile distribution of contraceptives using integrated distribution. This could include using private sector contracting as third-party logistics (3PL) and specific methods of distribution, some of which does not deliver the FP commodities to the SDPs but to the LGA stores, avoiding the last mile. The Last Mile Distribution exercises in some states are on ad hoc basis. These models which have been adopted, across supported States, are neither regular nor necessarily effective to prevent stock-out of FP commodities. There is therefore a need to provide further support to these States to prevent stock-out of FP commodities at public health sector facilities. It should be noted that the funding requirements for FP commodity procurement are quantified and national supply plans approved by the FMOH annually. The said plans factor-in commodity costs freight and clearing costs but do not have any fund included for LMD costs for FP commodities. There is need to support a consistent and uninterrupted supply of FP commodities to public health facilities in Nigeria, including the hard-to-reach areas to increase FP uptake and reach National goal of mCPR 27% in 2024. The stakeholders including donors agreed that there is need for contributors into the Basket Fund to set aside some amount for LMD. FCDO through the current 5-years MOU (2019-2024)

signed with UNFPA for the Lafiya project demonstrated its implementation by including, in addition to procuring FP commodities, 7 % of the procurement cost each year for LMD to SDPs across the states. This practice should be a gold standard for all Partners contributing to the Basket Fund and also for States desiring to procure

The States should begin to cost LMD to ensure that the funding requirements are not only known, but also resourced and create intervention that shall focus on supporting states specific activities including capacity gap assessments, supply chain assessments, supply chain design, strengthening of State logistics coordination platforms, deployment of phone enabled and tablet enabled web based logistics management information system for tracking commodity supply chain and FP commodities distribution to the last mile.

Specific LMD Interventions for sustainable supply chain will include:

- It is important to continue to strengthen capacity in logistics management through training, supportive supervision, and the availability of guidelines and/or job aids that enable health workers to do their job more accurately and effectively.
- Efforts should be made to support States to initiate and provide Government led integrated public health supply chains for essential medicines that are feasible and sustainable.
- It is also critical to continue dedicated advocacy efforts to Federal and State Government to ensure budget lines for FP Programming including adequate funding for distribution to the Last Mile and ensuring that the funds are released
- Implementation of tools for greater visibility and accountability like newly rolled–out Last Mile Assurance process.

Recommendations on LMD

- States desiring to procure should have definitive approach for LMD of FP commodities, both for the ones they will procure and what they may receive from FMOH
- Decentralized transportation systems, which results in a high performance across the supply chain, should be adopted across the States
- A minimum of 7 % cash value of all the FP commodities must be set aside for LMD
- LMD cost to be included in State Costed Implementation Plan (CIP)

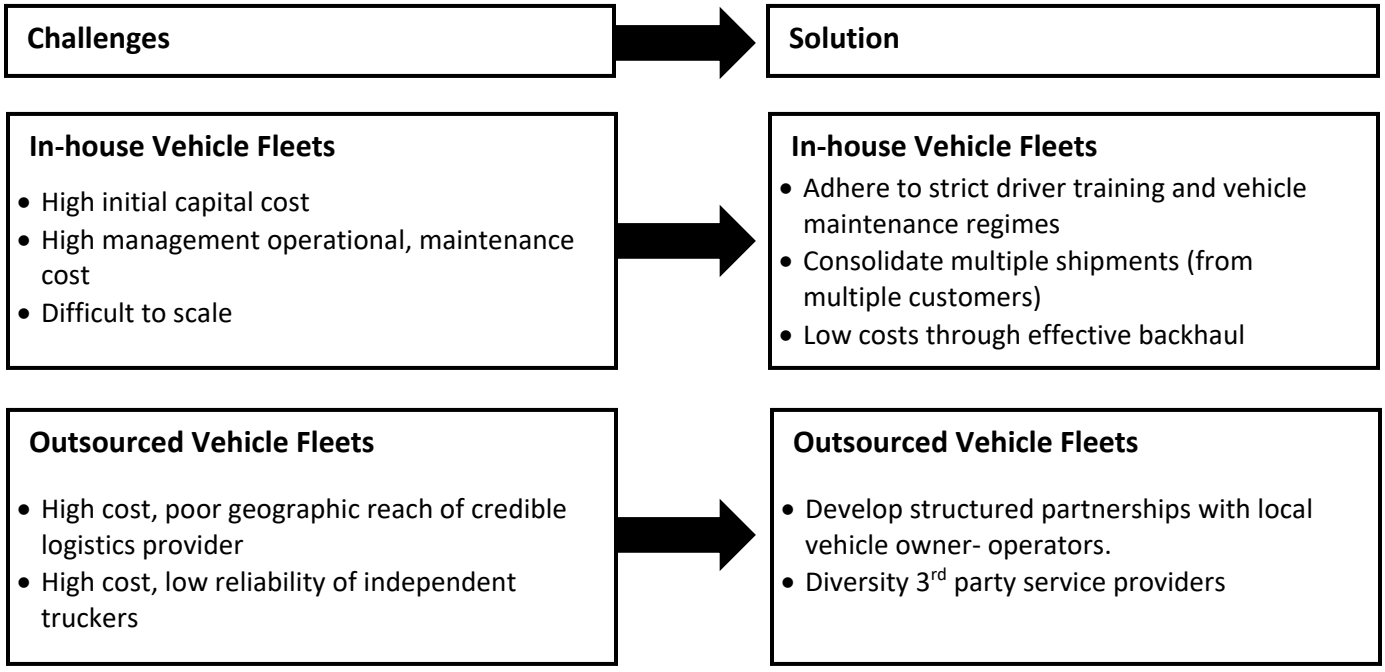
Efficient transportation is a vital requirement for a well-functioning logistics system. Such a system enables commodities to be moved in a timely fashion to where they are required and to ensure continual availability of FP commodities at SDPs. Also, the fact that most personnel use public transportation to collect commodities presents additional constraints in the supply chain, because

the amount that can be carried safely on public transport is limited. These challenges require that States planning to procure contraceptives should have established and running standard LMD model for FP commodities as a prerequisite.

Transportation and distribution challenges include limited funds for vehicle purchase, maintenance, repairs, fuel and driver/s' salaries. In some countries up to 13 % of the stock value of the FP commodities is set aside for logistics costs. There are competing interests between low distribution costs and high service quality. If distribution frequency is high, transportation costs are high, but in a more reliable demand planning horizon leads to less stock-out situations. The consensus after the zero draft workshop is that decentralized transportation systems, which results in a high performance across the supply chain, should be adopted across the States. Each State should factor the cost of LMD (a minimum of 7 % of the total costs of FP commodities to be received by the State) of FP commodities to their FP commodities budget. States could check available options, in the immediate term, and attendant challenges and possible solutions but need to have functional LMD approach to appropriately key into the FMOH FP commodities PSM.

Fig

4.11 Transport possibilities in States



4.5.2 STATE LEVEL REDISTRIBUTION OF FP COMMODITIES

Re-distribution refers to the movement of commodities from one SDP or State to another. The need for re-distribution may be identified during the routine pipeline monitoring at the state level.

It seeks to address facility level stock imbalances such as over-stocks stock outs and short-expiries. The SDPs may be within or across different LGAs. The redistribution process is guided by the following criteria:

- The commodity months of stock (MOS) is greater than 4 months
- The commodity short expiry MOS is greater than 3 months
- Both criteria (a) and (b) are satisfied

Ensure all redistribution is documented in the CLMS tools- Inventory Control Card (ICC), RIRF and the record for Return and Transfer of Commodities. The various redistribution process steps are in appendix 4.4 while the criteria for determining donor or recipient SDP is in appendix 4.5

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APPENDICES

APPENDIX 4.1 PROCUREMENT PLANNING PROCESS EXECUTION TASKS AND SEQUENCE

Procurement planning process execution should follow the following:

1. Create master Procurement planner folder for the current year and within it create folders for each month of the year.
2. Open Procurement planner template and save in the current month folder, along with related source data as listed in table 4.1
3. Populate the Procurement planner template fields with the data collected:
    - Commodity beginning balances, receipts, consumption or issues and SOH
    - Programme CPR targets
    - Commodity unit prices
    - Pending and planned procurements and the expected dates when they should be available for distribution
4. Validate entries in the template and the output numbers:
    - Compare the calculated closing stock in the template with the warehouse physical count and make adjustments as necessary for closing stock on hand to reflect actual physical stock
    - Compare current Months of Stock (MOS) to previous reporting period MOS. The change should correlate to commodity receipts/issues during the month under review.
    - Investigate any anomalous SOH and MOS figures and correct.
5. Convene the Procurement sub-committee meeting where the MOS for each commodity is compared to the pipeline Min-Max levels to determine the procurement actions required and prepare updated procurement planner.
6. Based on detailed evaluation of each FP commodity, the Procurement Planning Team (PPT) makes decisions on: expediting, delaying, initiating or cancelling procurement orders. The decisions made and related information are documented real time in the Global FP Visibility and Analytical Network (GFPVAN).
7. The PPT lead finalizes procurement planner and prepares presentation to state PSM-TWG meeting.

Process Outputs

The procurement planning process has three key outputs:

- Updated Procurement planner – which captures all the adjustments made to procurement orders to reflect the current status of all orders
- Minutes of procurement planning team meeting – which capture the deliberations of the committee and related action points and recommendations
- Commodity funding gap analysis over the next 12 months – which shows the gaps in funding and guides the FP commodity security committee in resource mobilization

APPENDIX 4.2 PROCESS EXECUTION TASKS AND SEQUENCE FOR STOCK STATUS MONITORING

PROCESS EXECUTION TASKS AND SEQUENCE FOR STOCK STATUS MONITORING AND REPORTING

The following tasks and sequence is applied in stock status monitoring and reporting:

a. Create master Stock Status Monitoring and Reporting folder for the current year in computer or paper, and within it create folders for each month
b. Extract facility reports from multiple reporting channels / systems
c. Check facility data quality and validate using historical data
d. Check if all facilities have reported, and follow up non-reporting and late reporting facilities as necessary
e. Determine reporting rate for each commodity
f. Aggregate facility consumption data
g. Aggregate facility stock on hand data
h. Obtain and validate central level stock data – SOH, Receipts, Issues and Transfers
i. Obtain and validate central level procurement data – Planned and Pending procurements
j. Convene monthly stock status monitoring and reporting TWG meeting to undertake the following tasks:
    - Assess commodity reporting rates and determine adjustments to consumption required to cater for non-reporting sites. Adjustment for reporting rate should only be applied to facility consumption (no adjustments should be made to Patient numbers or Stock on Hand)
    - Validate central and aggregated facility level stock data
    - Calculate Months of stock held at each level of the system and assess adequacy of stocks in relation to trends in patient numbers, consumption and pipeline min-max levels
    - Analyze current stock status and provide interpretations and recommendations in relation to commodity security - for each commodity
k. Summarize stock and patient data into stock status reports Logistics TWG lead finalizes the stock status report(s) and sends to the FP commodities focal person for review, approval and circulation to the stake holders via email
l. Send final stock status reports to PSM subcommittee
m. PSM subcommittee Prepares presentation for Commodity Security Committee meeting
n. Save all working documents and outputs in the current month folder created

PROCESS OUTPUT

The Stock status monitoring and reporting process has three key outputs:

a. Aggregated facility data – showing patients, consumption, stock on hand and reporting rates
b. Central level data – showing central SOH, Receipts, Pending Procurement, Planned procurement, Issues, stock transfers
c. Graphs, charts, tables – summarizing stocks, patients and reporting data

APPENDIX 4.3 PROCESS TASKS AND SEQUENCE FOR FACILITY ORDERS AND DISTRIBUTION PLANNING

Process execution tasks and sequence for Facility orders and Distribution planning

The following tasks and sequence is applied in management of facility orders and distribution planning:

1. Create master Order Management & Distribution Planning folder for the current year in computer, and within it create folders for each month
2. Save all source data listed above in the current month folder
3. Validate the data and confirm all data elements have been received
4. Convene the Order Management & Distribution Planning Team meeting to review the aggregated central warehouses stock on hand (based on stocks after the last distribution cycle) and compare commodity stocks to facility orders received. For each commodity determine the quantity available for distribution in the current cycle and produce the commodity distribution schedule.
5. Based on distribution quantities determined in (4) above, the order management team to review facility orders and rationalize them – steps as below:

I. Check data quality of facility reports – by comparing historical consumption with current consumption and orders

II. For facilities with anomalies in consumption or order quantities, contact them to validate data and make corrections

III. Adjust the validated facility order quantities in line with commodities available for distribution, to produce the rationalized facility orders

IV. Circulate the rationalized orders list to the Order Management & Distribution Planning Team or FP focal person.

Depending on the number of commodities and facilities, step 5 may take up to two weeks to complete. For commodities on a monthly distribution cycle, it is therefore critical to establish and adhere to a monthly schedule of tasks

6. After approval of the rationalized orders list by the logistics TWG, prepare the commodity distribution memo(s) and submit for approval and subsequent distribution
7. Save all working documents and outputs for steps 4,5 and 6 in the current month folder created in step 1

Submission of the signed distribution memo(s) to the central stores triggers the actual distribution of commodities to facilities. After distribution, the supply chain should avail actual issues data showing the quantities delivered to each facility. As a final control check, conduct the two steps below:

- Check quantity allocated per facility in distribution memo against quantity delivered per facility as reported in issues data
- Check quantity delivered per facility against quantity received per facility – as reported in facility monthly reports

The checks may be conducted on a random sample of facilities, and any anomalies identified should be followed up and resolved.

PROCESS OUTPUT

The order management and distribution planning process has three key outputs:

a. Order management planner
b. Rationalized facility orders
c. Distribution memos

Details of how the outputs are used are provided in the Use of pipeline monitoring Information section of this guideline.

APPENDIX 4.4 STEPS IN STATE LEVEL REDISTRIBUTION OF FP COMMODITIES

Step 1: Conduct state stock status assessment and identify under stocked and overstocked facilities. During State level stock assessment, facilities with overstocks, under stocks, complete stock-outs and or expiries for each FP commodity should be identified. During this assessment the following data for all SDPs in the state should be obtained either from DHIS2 or other commodity reports: a) Stock on hand (SOH) b) Short-expiry stock on hand (less than 3 months to expiry) c) Average monthly consumption - AMC (over last three months) d) Months of stock (MOS) = SOH/AMC (for normal and short expiry stock)
Step 2: Determine donor and recipient SDPs. The criteria is presented in appendix 4.5.
Step 3: Prepare the redistribution schedules For intra-state re-distribution – the outlined process below should be applied in sequence (aimed at minimizing transport and other costs): 1. Match donors with recipients within the same LGA 2. Match donors with recipients within the same senatorial zone 3. Match donors with recipients in adjacent senatorial zone 4. Match donors with recipients in non-adjacent senatorial zones
Step 4: Communicate to affected SDPs The State LMCU coordinator will communicate the proposed redistribution schedule to the identified facilities via text message and/or paper writing. The relevant National FP programme officials should be copied in this correspondence.
Step 5: Mobilize resources at State level The state LMCU coordinator will compile a list of all the costs to be incurred during redistribution (including packaging and transportation) and mobilize resources from the state government or partners where partners have such budget.
Step 6: Carry out redistribution and document the process applying the outline guidance: • The donor SDPs will prepare excess commodities for redistribution, update their inventory records and fill out the related documentation: RIRF, delivery notes. • The recipient SDPs shall receive the commodities and acknowledge receipt on the RIRF and delivery note

APPENDIX 4.5 CRITERIA FOR DETERMINING DONOR AND RECIPIENT FACILITIES

Recipient (under stocked facilities)	Donor (overstocked facilities)
All facilities with MOS <3 months will be considered for receipt of commodities	. All facilities with MOS > 3 months will be considered for donating of commodities
. Priority will be given to the facilities with the lowest MOS, i.e. facilities that are stocked out will have the highest priority followed by those with MOS < 1 month etc.	Facilities that have MOS > 3 months and short expiry MOS > 3 months will be considered first
	Facilities with higher MOS will have their stocks redistributed first
	Priority will be given to redistribution of short expiry commodities

COMPLETING AND DOCUMENTING THE RE-DISTRIBUTION PROCESS

- The re-distribution process is essential in addressing commodities not stocked according to plan
- and expiries. It needs effective coordination and collaboration intra and inter- LGAs. The
- LMCU coordinator shall compile a summary report outlining the redistribution process and share
- with the relevant stakeholders (State authorities, FP programme Managers or coordinators, partners etc.)

APPENDIX 4.6 COMMUNIQUE ISSUED AT A TWO-DAY STAKEHOLDERS' MEETING ON THE FINALIZATION OF NATIONAL GUIDELINES FOR STATE- FUNDED PROCUREMENT OF FAMILY PLANNING COMMODITIES HELD AT ROCKVIEW HOTELS (CLASSIC), ABUJA, NIGERIA FROM TUESDAY 6TH TO WEDNESDAY 7TH JULY, 2021.

INTRODUCTION

The Two-Day Technical Meeting was convened by FMOH in collaboration with UNFPA for the finalization of the National Guidelines for State funded procurement of family planning commodities as a result of widening funding gap in family planning (FP) commodities procurement. The meeting was attended by Federal Ministry of Health (FMOH), United Nations Population Fund (UNFPA), State Ministries of Health (SMOH – Directors of Pharmaceutical Services, State FP Coordinators and Logistics Management Coordination Unit Coordinators) and other stakeholders.

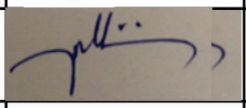
At the end of the meeting the following resolutions were made:

1. All States should be part of the ongoing efforts to address the inadequate funding of procurement of Family Planning (FP) Commodities;
2. States should have a budget line and ensure timely release of funds for the procurement of Family Planning commodities;
3. States should set aside minimum of 7% of funds released for procurement of Family Planning commodities for Last Mile Distribution (LMD) in accordance with the provision of the National Guidelines;
4. States should establish a budget tracking and accountability framework for reporting on expenses incurred for FP commodities procurement and LMD;
5. State(s) without existing Implementing Partner Agreements with UNFPA should develop and sign a tripartite MoU with UNFPA and FMOH.
6. Presently UNFPA serves as the sole procurement agent to the Federal Government of Nigeria (FGN) and States are encouraged to engage UNFPA for their Family Planning commodities procurements.
7. States should establish a functional Procurement and Supply Management Technical Working Groups (PSM-TWG) to handle the issues of procurement guided by the National PSM-TWG
8. States should have a pharma-grade Warehouses with basic storage facilities for storage of both State funded as well as allocated commodities from FMoH and ensure appropriate staff mix for storage, inventory management and distribution of FP commodities.
9. States should build the capacity of FP Focal persons and the LMCU Officers on Forecasting and Quantification with technical assistance from the FMOH, UNFPA and other partners.
10. States should holistically report the utilization of the commodities irrespective of the funding sources through the existing Commodity Logistics Management System (CLMS) tools and national reporting dashboards
11. The FMoH and States should collaborate on Monitoring and Evaluation (M&E) of the implementation of the National Guidelines for State funded FP Commodities' procurement.

This communiqué provides additional guidance on how States can become strong players in Family Planning Commodities' Procurement in a manner that align with the existing National Procurement Policy which has proved effective in providing quality family planning commodities that have served Nigerian men and women.

It is hoped that States would comply with the provisions of the National Guidelines in order to close the widening funding gaps in family planning commodity procurement and also reduce challenges of morbidity and mortality rates associated with child birth across the States in Nigeria.

APPENDIX 4.7 COMMUNIQUE DRAFTING COMMITTEE MEMBERS' SIGNATURES

COMMUNIQUE DRAFTING COMMITTEE MEMBERS AT THE 2-DAY TECHNICAL MEETING TO FINALIZE THE NATIONAL GUIDELINES FOR STATE-FUNDED PROCUREMENT OF FAMILY PLANNING COMMODITIES						
S/N	**NAME**	**STATE**	**PHONE**	**E-MAIL**	**SIGNATURE**	**DATE**
1	Dr. Eyo E. Nsa	Cross River	08037236638	yenosa@yahoo.com		8th July, 2021
2	Pharm. Haruna N. Yarep	Plateau	08039731109	yarep91@gmail.com		8th July, 2021
3	Pharm. Kayode John Shotunde	Ogun	08060690160	Ksho1964@gmail.com		8th July, 2021
4	Pharm. Ali S. Atabo	Borno	08034283467	aliatabo@yahoo.com		8th July, 2021
5	Pharm. Gali Sule	Kano	08062114223	ghalisue@yahoo.com		8th July, 2021
6	Pharm. Ada K. Achi	Abia	08037417572	adakachi4u@yahoo.com		8th July, 2021
7	Pharm. (Mrs) Justina Ofonaikechukwu	Delta	08123509410	jusofo2013@gmail.com		8th July, 2021
8	Pharm. (Mrs.) Osa-Afe Tivere O.	Edo	09095500171	osaafetivere@gmail.com		8th July, 2021
9	Pharm. Batur Sewese	Benue	08036153554	sewubatur@gmail.com		8th July, 2021
10	Pharm. Abdullahi Muhammed Musa	Niger	08034515606	lordokoye@gmail.com		8th July, 2021
11	Pharm. Mohammed Jalo	Gombe	08036048208	jalomohd@gmail.com		8th July, 2021
12	Pharm. Moses Okoro	Ebonyi	08166227176	okmedika@gmail.com		8th July, 2021
13	Pharm. Barakat Olarewaju	Kwara	08062773282	tayoola234@yahoo.com		8th July, 2021
14	Pharm. Suberu Ahmed	Kogi	08062902910	suberuariko@gmail.com		8th July, 2021