

Public-Private Partnerships & The Last Mile: Feasibility & Long Term Outlook



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Presentation:

- Can it be done sustainably ?
- What were the results?
- How does it contribute to the broader discussion on Market Shaping?

End Discussion Point:

Given the concerns, implications, and contextual factors involved in the application of the PPP model in Tete, Mozambique, to what extent can we justify using donor money in terms of the exceedingly positive humanitarian impact of the project?

Is the “humanitarian spirit” getting lost by donor fatigue and ambitious demands for sustainability?

Can It Be Done Sustainably? : A Framework for Practical Analysis

Three categories to define the Feasibility:

- 1) Capacity of the Local Market to provide the service
- 2) Capacity of the Local Health Structure to manage the outsourced agreement
- 3) Capacity of the partnership to provide Added Value



Capacity of the Local Market to Provide the Service: Why ARVs & Vaccines?

Why Tete Province Mozambique?

1) Availability of local transport providers:

- Extractives sector boosted local infrastructure development to a higher level than the rest of the country
- Meeting with International Freight Forwarders confirmed the presence of some local transport providers



2) Established relationship between NGO's (MSF, VillageReach) and all levels of government:

- Progressive provincial health authority, open to PPP.
- MSF had been working in Tete province for 10 + years.
- VillageReach SC partnerships with MoH throughout the country

Practical Facts:

- 5 service providers responded to the Call for Tender of which only 2-3 were considered real options
- Distribution routing of the ARV's were changed to match the vaccines
- Baseline data of ARV stock outs was collected via health centre survey but difficult to get a statistically sound representation
- Time taken between initial action and alignment with partner donors and local government was over 1 year
- Project timeframe is 1 year before projected handover to MoH

Capacity of the Local Market to Provide the Service: Why ARVs & Vaccines?

Why Tete Province Mozambique?

3) Availability of items in-country:

- ARVs and vaccine provision in-country are guaranteed by international donors
- In-country reception largely covered as well as ongoing transport to various points

4) Two commodity sets:

- Limiting to two commodities made less demands on the fleet mix of the service provider
- Less than full integration of all commodities reduced risk dependency
- Supply Chain for both commodities were parallel

Added Capacities to Facilitate the Agreement:

Human Resources & Technical Support from VillageReach and MSF were used to:

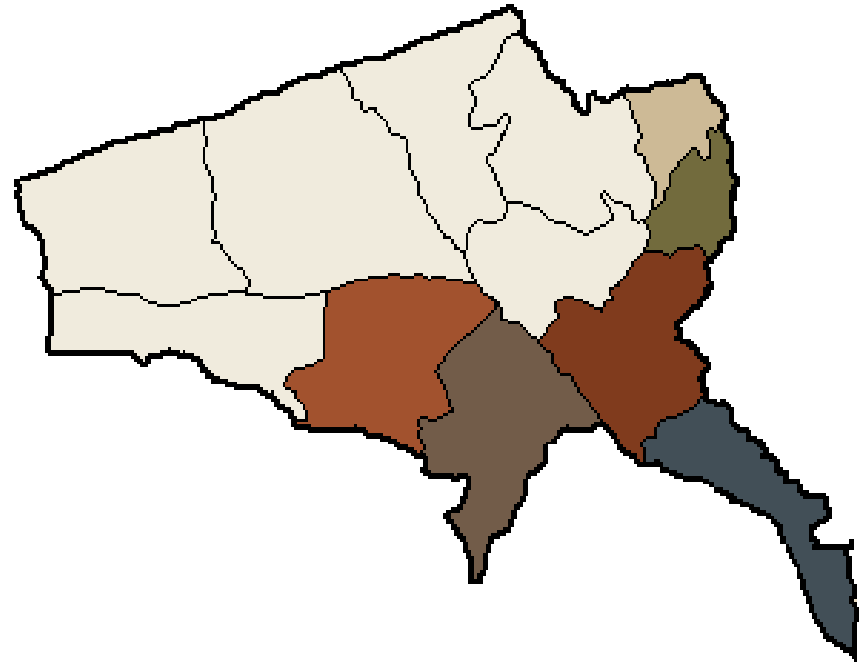
- Develop the Call for Tender
- Assess the feasibility of the bids
- Facilitate the Contract
- Follow-up and Monitor Quality and Performance



Capacity of the Public Health Structure to support the agreement

Human Resources:

- 1 Project Manager to follow up and monitor the agreement.
- Number of tasks expected to decline once project and processes have been defined -> Plan to pass on the responsibilities to MoH without the need to hire additional staff.
- Monitoring of ARV stockouts still supported by MSF – Is this something that could be followed up by a collaboration?



Capacity of the Public Health Structure to support the agreement

Technical Knowledge:

- Mechanism to continue KPI collection and quality monitoring needs to be easy and relevant to the public health professionals
- Risk that the transport service provider could take advantage of the dependence for distribution
- Relevance of a parallel distribution for these two commodities will need to be addressed

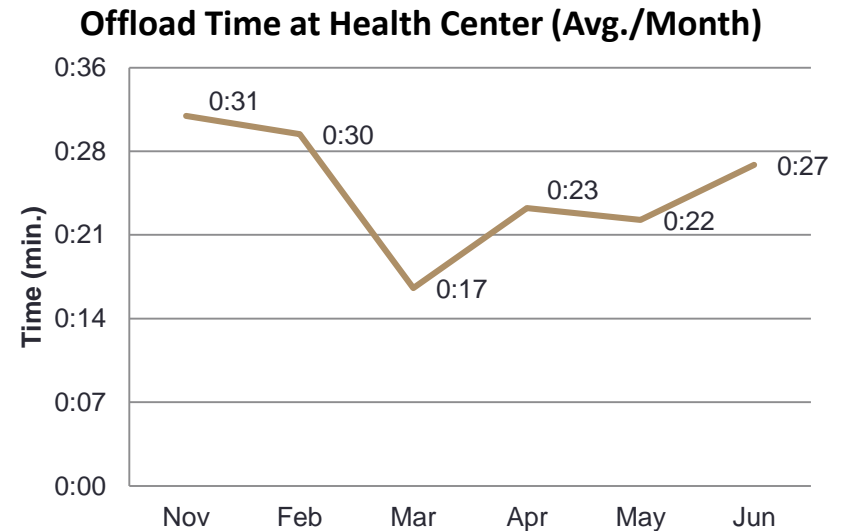
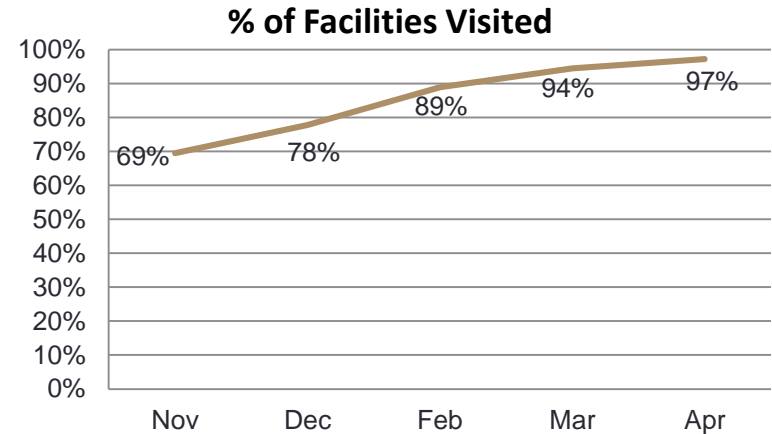


Budget:

- Qualitative variables make the strongest business case for the agreement
- Are there any advocacy mechanisms available that would make it possible to justify the relatively small increase in cost to the public health structure?

Results: Transport Performance

	Total Districts		
	DPS	TSS	Δ%
Distance (km.)	3694	1,884	-49%
Driving Time (hrs.)	87.85	31.9	-64%
Handling Time (hrs.)	66.6	20.6	-69%
Total Time (hrs.)	154.45	52.4	-66%
Fuel (liters)	564.6 L	280 L	-50%
Days	22	8	-64%

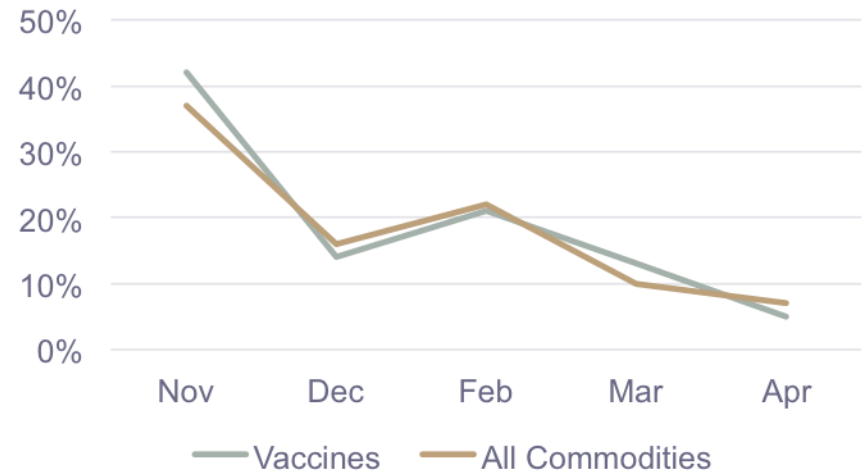


Results: Health System KPIs

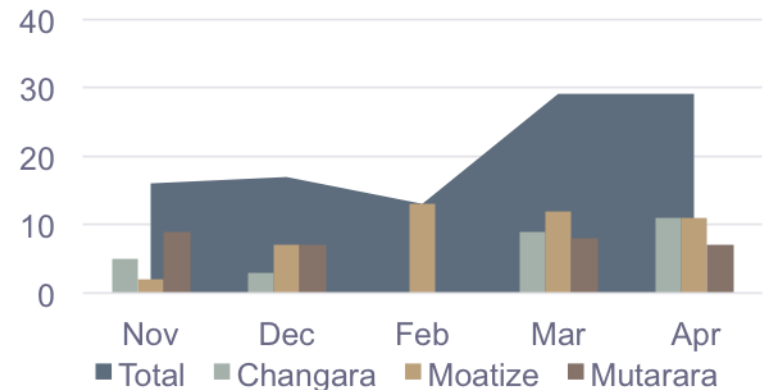
During the first six months of operation, the TSS contributed to:

- Decreased stockouts in vaccines and other commodities
- Increase in data reporting for both stock levels and cold chain performance

Incidence of Stockouts (%)



Cold Chain Data Collection
(# of facilities)



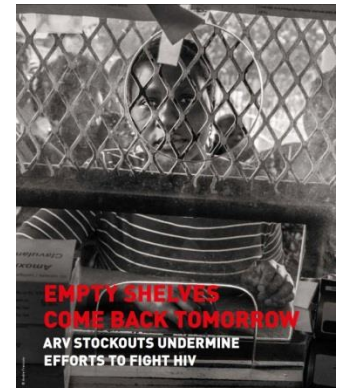
Capacity to Add Value

General Factors Used to Determine a Business Case:

Increase Service & Capabilities	Reduce Costs
Increase flexibility and responsiveness of transport	Reduce capital investment
Improve quality and reliability of transport	Transform fixed into variable costs
Obtain new value added services from outsourced transport provider (which were not part of the in-house transport system)	Reduce overall operating costs
Gain access to new technology, advanced skills which the outsourced transport provider has and would help organization in the long-run	

Contextual Variables:

- How do you place a cost value on a stockout of life-saving medications?
- What does a business case look like in a Humanitarian Aid context?



Market Shaping in an Unregulated Environment

- In markets with small demand for organized transport services, even small outsourcing projects have the potential to change the structure of local market competition among private transport providers.
- Studying and being aware of the real or potential impact of outsourcing decisions on local market competition and the availability, cost, and quality of transport services is important to avoid the creation of a two-tiered economy:
 - I. Common with limited high quality transport providers to see the outsourced provider selected by a large agency increase in capability and scale pushing all others out of the market.
 - II. Has the potential to hurt the local transport market: For the outsourcer, it takes away leverage on cost or quality due to the creation of a private monopoly
 - III. Over-dependence can pose high risks to quality and cost control specifically when there are few capable transport providers.

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Links:

www.stockouts.org

www.msf.org.za

www.villagereach.org

