

‘Workforce excellence is essential for sustainable health supply chains’

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A business case to support investment in supply chain cadres?

Eric Mallard – World Bank

October 30th, 2014

Financial sponsors:



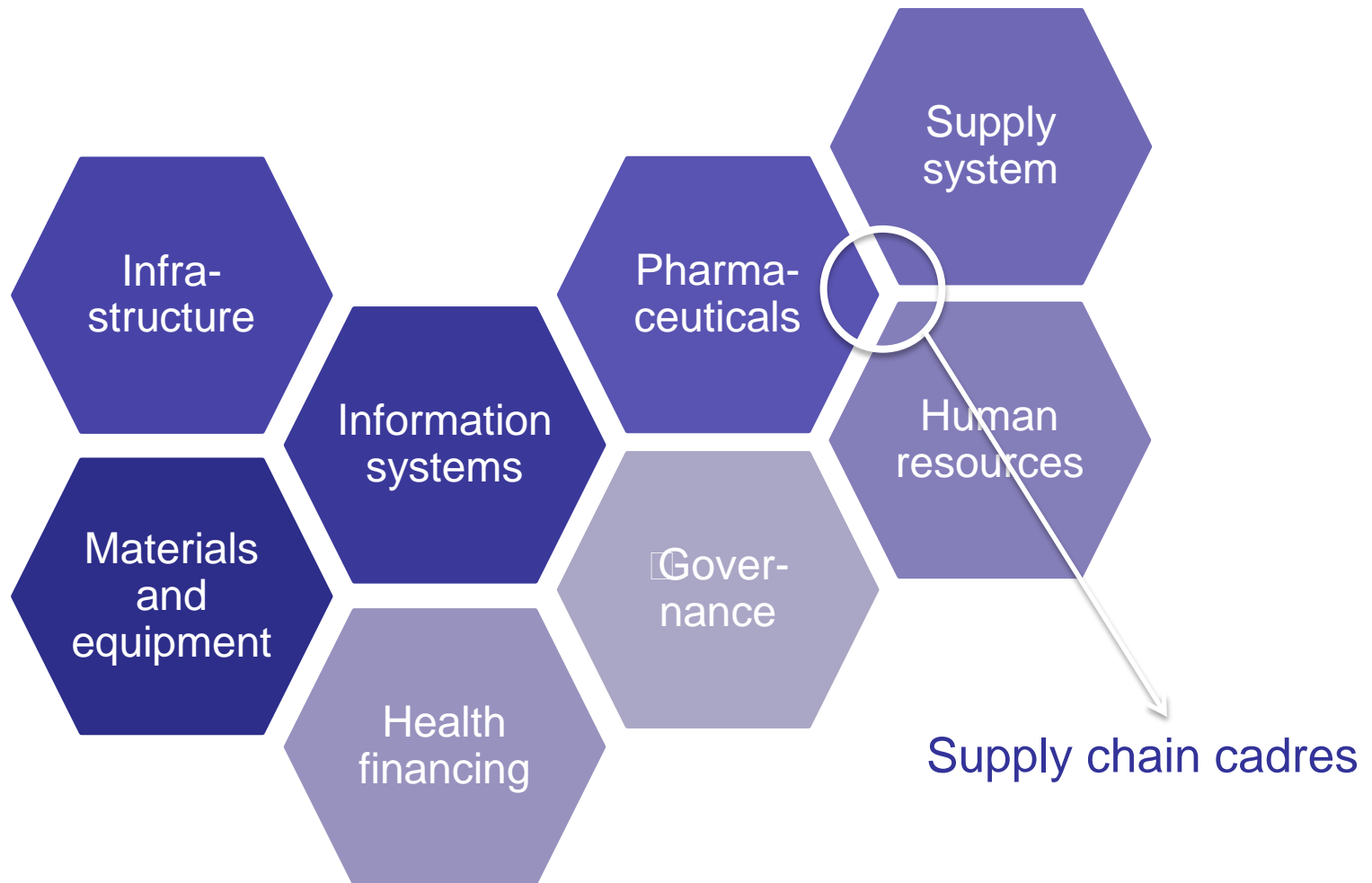
Context

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- *Decision-makers in developing countries must continually cope with limited resources hence have to choose between different investments in their pursuit of public health goals*
- *Investing in human resources for supply chain is not considered obvious by many of them*

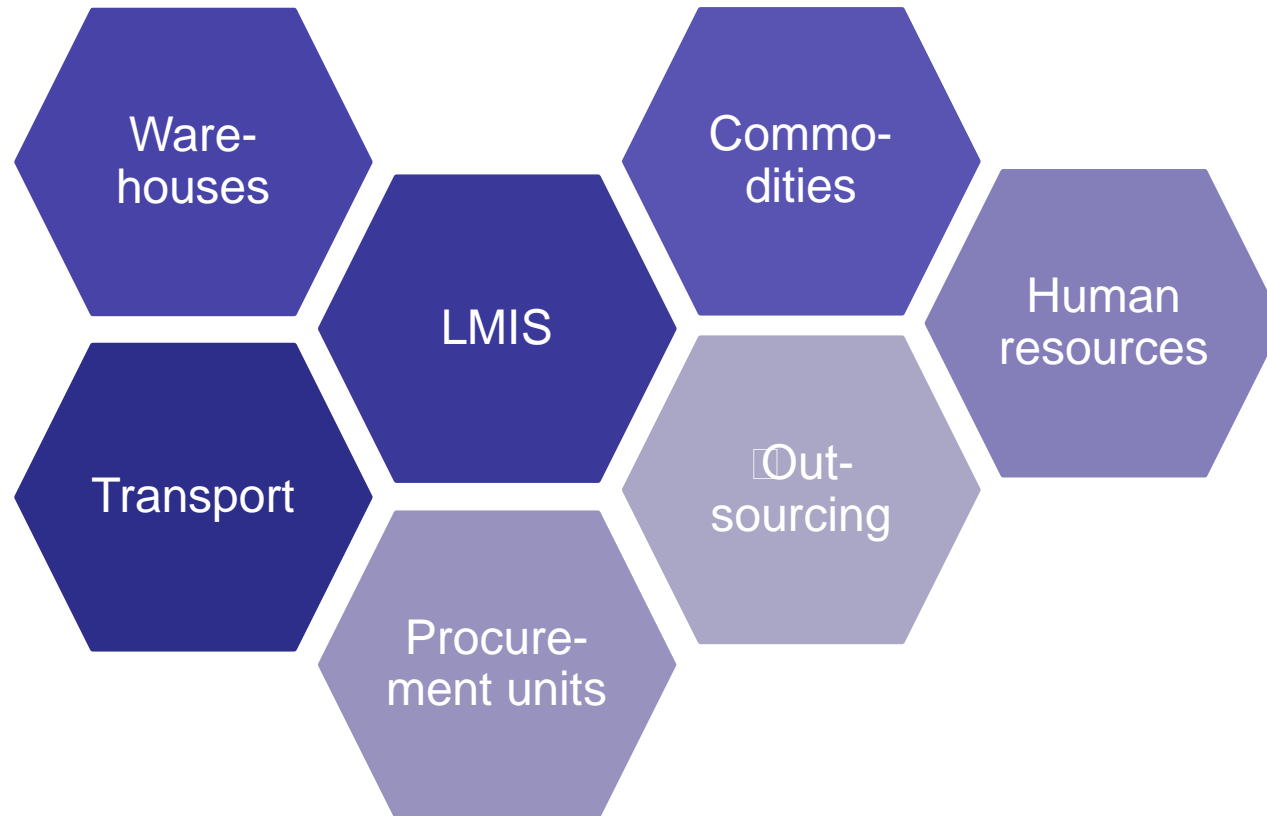
Priority setting is required across the health system...

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... and within the supply system too

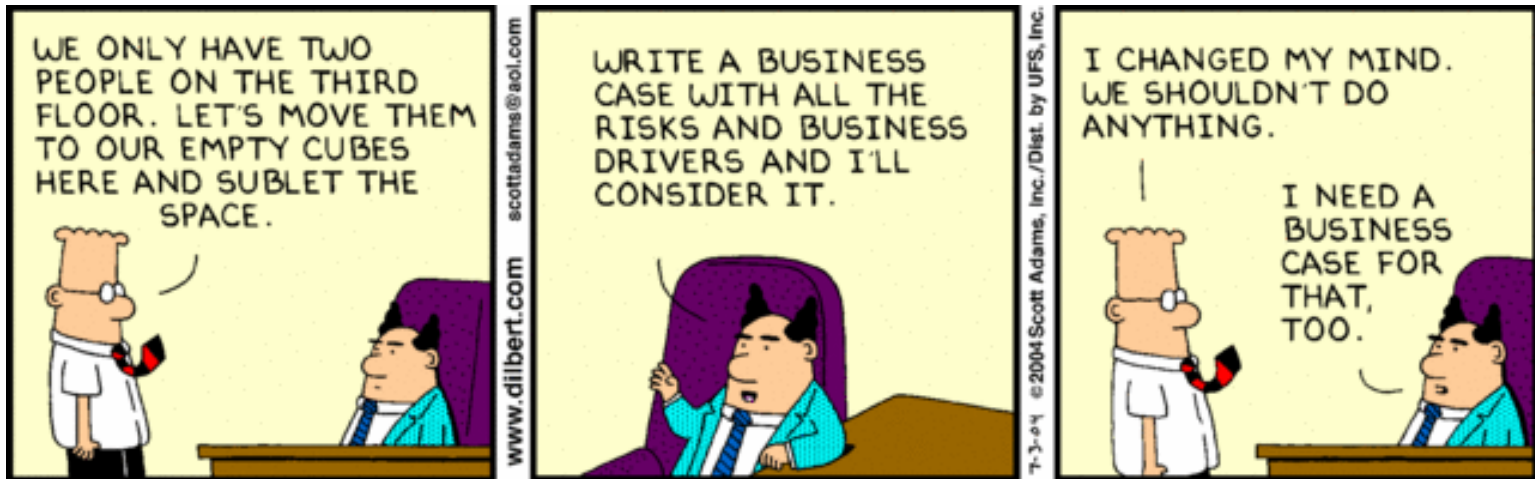
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Investments in human resources for supply chain compete with many others!

Would a business case help support investments in supply chain cadres?

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Zambia supply system design

Pilot supply chain project



Model	Average stock availability	Cost / district /month	Cost of eliminating a stockout day /district
Standard	79%	\$3,878	
A (commodity planner)	82%	\$7,357	\$14.50
B (commodity planner + cross-docking)	91%	\$7.849	\$4.18

value of **\$22 per YLL** (malaria-only) averted for a national scale-up of Version B operating over a 5 year period

What would such a business case look like?



- Complement the advocacy toolkit developed by People That Deliver
- Primary customer: Minister of Finances
- A generic business case:
 - Including an economic evaluation
 - Backed by factual, real data
 - Including different scenario allowing for potential variation
- Illustrated by a few case studies

What are the essential elements of a compelling business case?

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Robust economic evaluation

Cost-Effectiveness Analysis (CEA)

Cost-Benefit Analysis (CBA)

Realistic scenario
development



Risk analysis (including the
risk of no investment)

Tangible implementation plan

Which economic evaluation?



Cost-effectiveness Analysis

Compares the costs of different approaches to a common measure of effectiveness (e.g., \$/YLL averted)

useful in cases where major outcomes are either intangible or difficult to monetize

no absolute value for the output, leaving that to the subjective judgment of the policymaker

Good starting-point, good enough to compare investments across health systems

Cost-Benefit Analysis

Determines whether the program's total benefits to society exceed the costs

Allows comparison of investments across sectors (and NPV calculations)

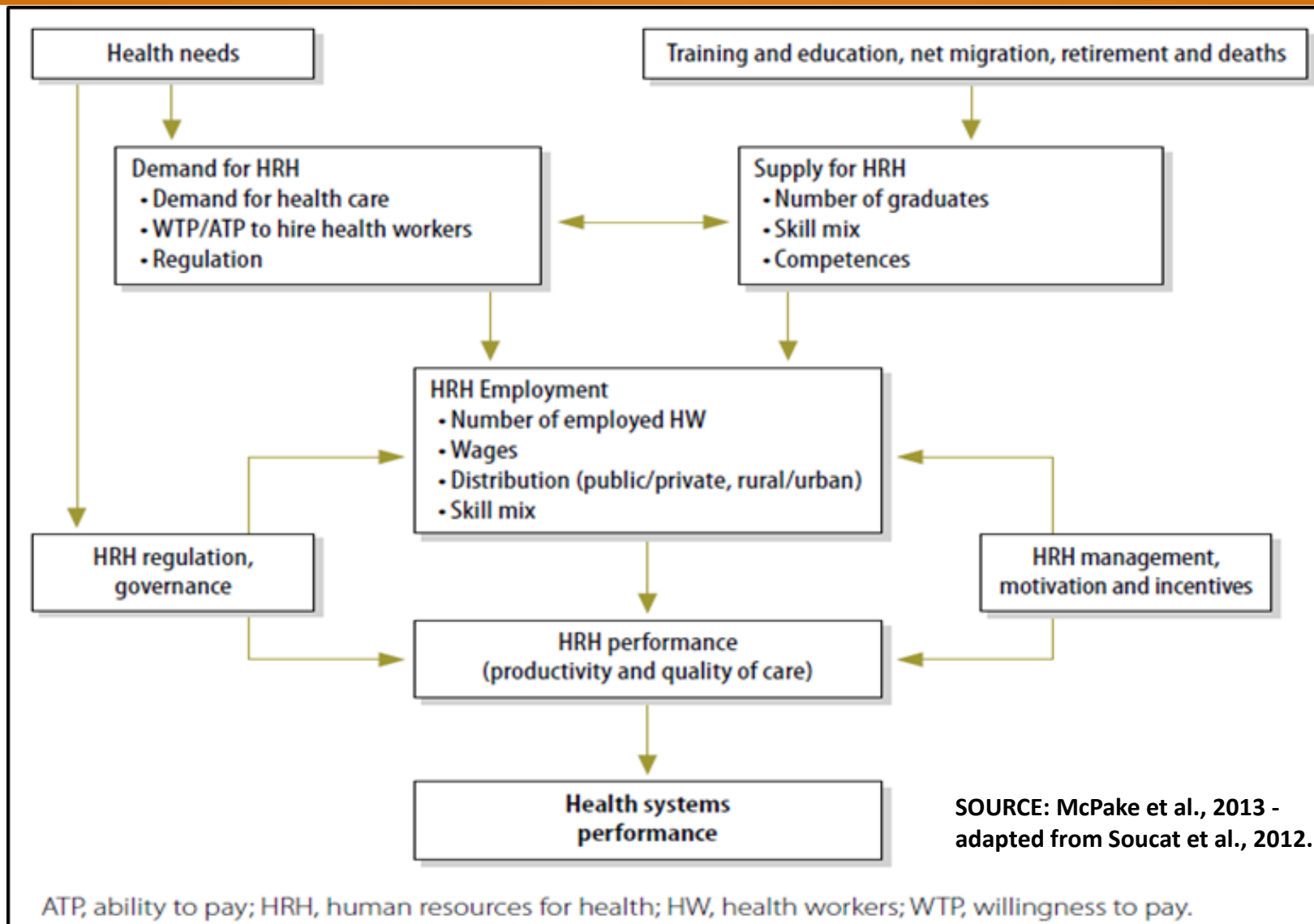
Often difficult to monetize all costs and benefits, time-consuming

May be necessary to engage Ministers of Finance

A few prerequisites too

- Address governance issues
 - Provide flexibility for more efficiency
 - Promote accountability
 - Align incentives structure
- Deeply understand health labour markets
 - It is a market with its forces, dynamics and failures
 - Learn from other experience:
*Once trained health workers prefer low-priority roles,
engage in dual-practice, migrate, or fail to work
productively in high-priority roles*

Health Labour market



What would it take to develop such a business case?

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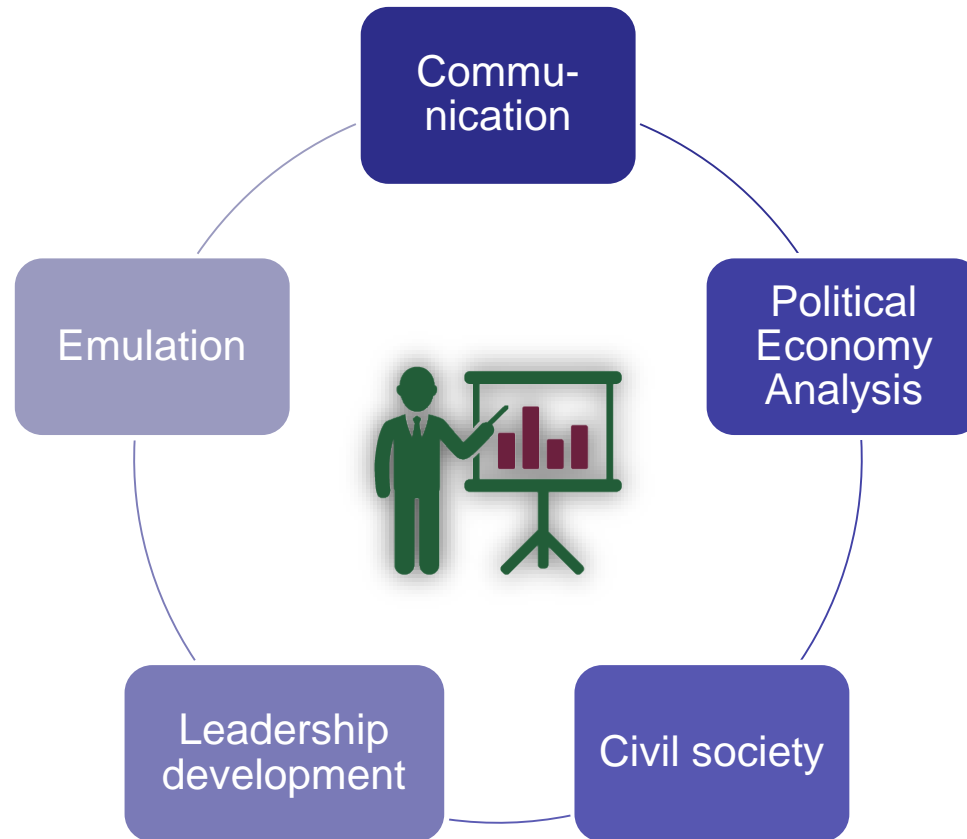
- (Limited) funding
- Collect all available case studies, facts and data related to costs and benefits related to human resources for supply chains
- Analysis led by health economists (development bank or others) supported by an ad-hoc advisory committee (People That Deliver)
- Output and dissemination campaign prepared by communication specialists

A business case alone may not be enough

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Enabling factors for a successful adoption of a business case



The PtD Board:

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