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**Public Private Partnerships  
in Supply Chain Management:  
*Lessons for Family Planning Programs***

**International Conference on Family Planning  
November 18, 2009**



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## Objectives

- Provide an overview of outsourcing public health logistics functions
- Highlight possible advantages and consideration
- Describe country example
- Share lessons learned

## Key terms

- PPP: Public Private Partnerships
- 3PLs: Third Party Logistics Providers





## Methodology

- Develop resource: PPP for logistics
  - “What”
  - “When”
  - “How”
- Country examples
  - Largely anecdotal
  - Little objective analysis



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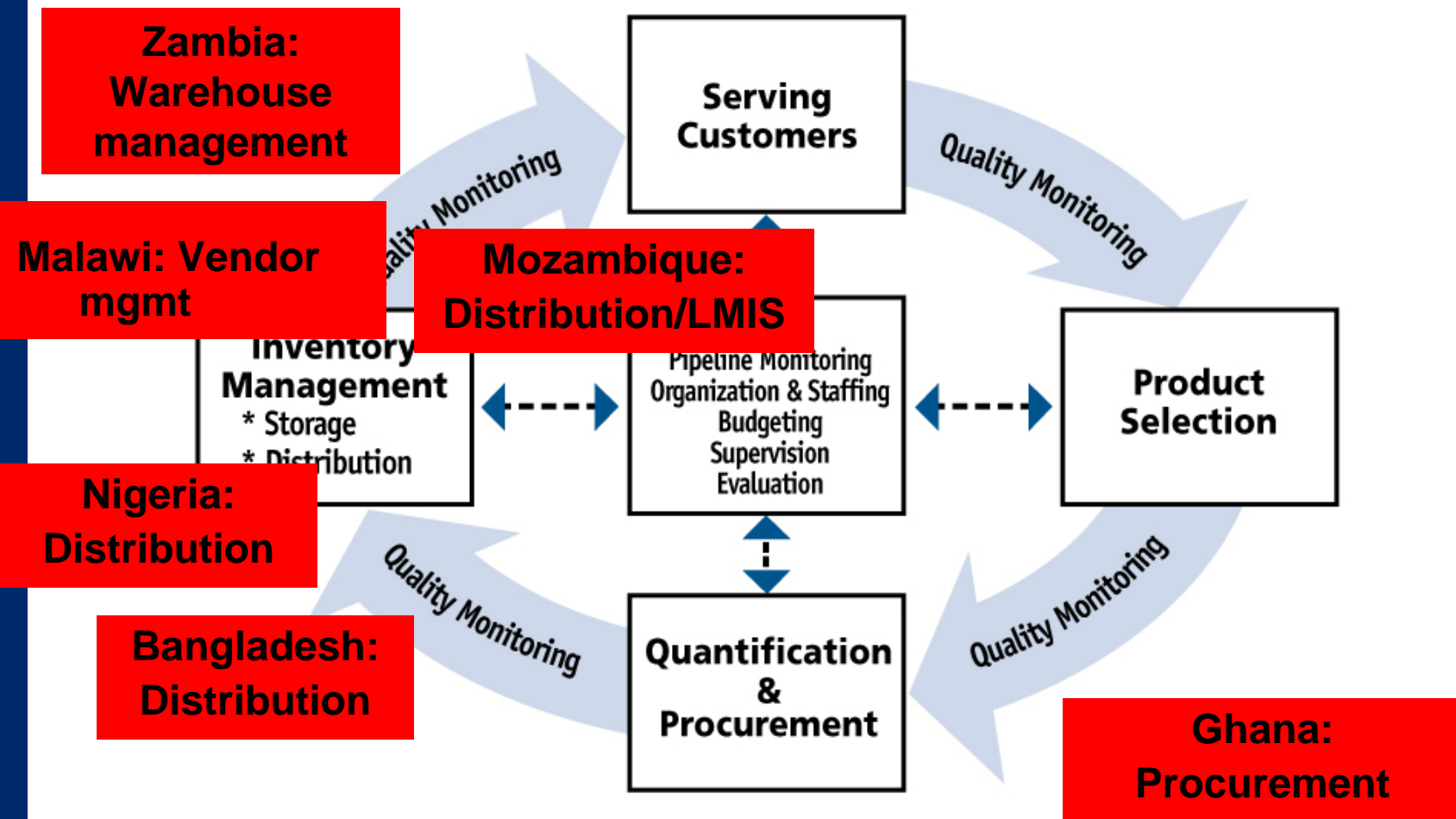
## Context and Rationale

- The goal of the Supply Chain: product availability
- To *serve the customer* by delivering
  - The right goods
  - In the right quantities
  - In the right condition
  - Delivered to the right place
  - At the right time
  - For the right cost.
- Poor Supply Chain performance → stockouts
- One **possible** solution = Outsourcing to 3rd Party Logistics Providers (3PLs)



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## Possible supply chain functions to outsource





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## Possible Advantages of Outsourcing to the Private Sector

- MOH can focus on what they do best
- More efficient when demand and distribution are variable
- Improved performance
- Cost reduction





## Considerations of Outsourcing to the Private Sector

### Outsourcing requires

- Different skill set
- Mutual trust
- Trade offs

*How much is improved customer service worth?*

*→ if costs of outsourcing are 10% higher but product availability improves by 30% does that make it a worthwhile investment?*

**Outsourcing does not guarantee success**





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## Situation Analysis

### 1. Internal assessment

- Current performance
- Efficiency
- Growth
- *Are there ways to address needs internally?*

### 2. Feasibility for outsourcing

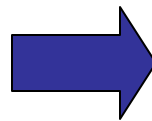
- Internal capacity to manage contract
- Existence of policies or systems
- Political will
- Existence of *reputable* 3PLs





## Practical Experiences and Lessons Learned: *Outsourcing Distribution in Bangladesh*

**Problem: Poor performance**



**Solution: Outsource distribution**

### **Challenges:**

Government concerned about

- duplication
- loss of control
- political consequences

### **Risk Mitigation:**

- Incremental process;
- Cap outsource at 80%
- Allow for natural attrition

### **Results:**

- Lowered costs and increased on-time deliveries with 3PL  
→ Increased efficiency and responsiveness



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## Lessons Learned from Outsourcing Experience

### *Outsourcing – keys to success*

- Selection of reputable 3PL with adequate capacity is critical
- A strong contract must be in place
- Clear performance measures are foundation for partnership
- Communications must be open
- Policy environment should be conducive to foster PPPs





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## Key messages

- Outsourcing has potential to improve performance
- Important to consider on case by case basis





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*“The role of private sector logistics companies as key contributors to achievement of public health logistics goals and objectives is a welcome relief not only cost-wise but in efficiency and effectiveness.”*

- Logistician, Nigeria From IAPHL discussion on outsourcing