



RESULTS FOR
DEVELOPMENT

Project Brief

Ethiopia Market Shaping Capacity Improvement Project (MSCIP)

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Acknowledgment

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About Results for Development

R4D is a leading non-profit global development partner. R4D collaborates with change agents – government officials, civil society leaders and social innovators – supporting them as they navigate complex change processes to achieve large-scale, equitable outcomes in health, education and nutrition. R4D works with country leaders to diagnose challenges, co-create, innovate and implement solutions built on evidence and diverse stakeholder input, and engage in learning to adapt, iterate and improve. R4D also strengthens global, regional and country ecosystems to support country leaders with expertise, evidence, and innovations.

R4D helps country leaders solve their immediate challenges today, while also strengthening systems and institutions to address tomorrow's challenges. R4D has supported improved health and nutrition in Ethiopia since 2014 using market shaping, health financing and capacity building approaches. Some R4D projects address the largest underlying cause of child mortality (malnutrition); R4D's longest standing work in Ethiopia focuses on child health commodities. This work has supported the government's leadership in increasing access to amoxicillin dispersible tablets from 56% to 93% at health centers and from 57% to 86% at health posts between 2016 and 2019, a major success that is helping to combat pneumonia, the leading infectious cause of deaths in under-5 children.

For further information please contact:

Yosef Alemu (yalemu@r4d.org)

Country Director - Ethiopia Office, Results for Development (R4D)

Africa Avenue / Main Bole Road, Tropical Mall Building 10th floor, Addis Ababa, Ethiopia

Phone: +251 116 504848

PROJECT OVERVIEW

In response to a request from the Ethiopia Pharmaceuticals Supply Service (EPSS)* General Director, R4D proposed the *Ethiopia Market Shaping Capacity Improvement Project* (MSCIP) to provide support for the development of a system-level market shaping approach in Ethiopia. Under this project, R4D is working to co-design a comprehensive market shaping strategy and to build the capacity of the newly established Quantification Market Shaping Directorate (QMSD) to play a lead “market manager” role. In that role, QMSD will be able to proactively identify and address market inefficiencies, and therefore improve access to high quality and affordable essential health and nutrition products in the public health system.

Implemented since September 2019, MSCIP focuses on three broad activities: the assessment of key market shortcomings and design of market shaping interventions to address these challenges; the strategic structuring of QMSD; and catalytic capacity building through coaching, mentorship, and on- and off-job trainings.

THE CHALLENGE

As noted in EPSS’s Business Process Reengineering (BPR) assessment, the pharmaceutical supply system in Ethiopia suffers from frequent supply interruption, inefficient utilization, and high wastage of resources. Ultimately, this contributes to poor availability of critical health commodities at various levels of the health system.

Though the availability of tracer items was 85% for program products and 70% for Revolving Drug Fund (RDF) products in 2019, the broader essential medicines availability was low and not monitored on a regular basis. Significant wastage was reported in monetary value (with some variance across programs) due to inefficiencies in demand forecasting and distribution. At the time, EPSS did not conduct any market shortcoming assessments,

and no cross-cutting national-level market shaping strategies were in place.

While many actors contribute to these market outcomes, EPSS has a unique strategic imperative to improvement access to critical commodities. EPSS is involved in all aspects of the commodity supply system and has the potential to wield significant power to improve market outcomes. Utilizing market shaping approaches, EPSS can maximize their positive impact through the strategic use of their market power.

THE MARKET SHAPING APPROACH IN ETHIOPIA: RATIONALE, HISTORY AND FUTURE

Market Shaping is a Comprehensive Approach to Drive Improved Market Outcomes

In its BPR assessment, EPSS stated that “market shaping is designed to improve a market’s health outcomes by targeting the root causes of market shortcomings.” Market shaping, as a systematic approach, enables key market actors to holistically identify shortcomings across the key market aspects of supply, demand, financing and regulatory. Market shaping strives to improve health outcomes by addressing the root causes of pharmaceutical market shortcomings and influencing markets through the design and implementation of transformative interventions, with the ultimate aim of increasing efficiencies and effectiveness, and improving sustained access to lifesaving health and nutrition products. When designed and implemented correctly, market shaping interventions can achieve a range of benefits by addressing either chronic issues underpinning market shortcomings or acute issues that lead to periodic market instability, as outlined in ‘The Challenge’ section above. Market shaping can transform current practices and existing market structures, creating efficiencies that lead to better health outcomes in terms of availability, affordability, awareness, quality, and design of health commodities.

* The name of the agency has changed over time but is referred to as EPSS throughout this document for clarity.

Market Shaping in Ethiopia Has Historically Relied on Donors and NGOs

The revised Pharmaceutical Sector Transformation Plan (PSTP II) recommended strengthening the market shaping capability of EPSS through training and mentoring. However, EPSS has not made much progress in this regard. PSTP II also identified weak demand planning, little emphasis on market shaping, and long procurement lead times among the weaknesses of the Agency.

As in most sub-Saharan African countries, most of the core market shaping activities in Ethiopia are performed by NGO partners. These activities are largely project-based, short-term in nature, and are focused primarily on deliverables related to the introduction or scale-up of a specific product/product category. The government has been dependent on these partners to play a “market manager” role that supports the entry of new lifesaving products into the Ethiopian market and addresses demand, supply, regulatory and financial challenges. While this model has had some short-term impact, the dependence it has created significantly hinders the sector from owning the market manager role in the long term.

Nonetheless, EPSS Has the Ambition to Become a Trailblazing Leader in Market Shaping

In response to the BPR and PSTP II findings, EPSS has established a Quantification and Market Shaping Directorate (QMSD) to be the unit responsible for owning, leading and coordinating market shaping activities across the health sector and which, ultimately, will play the vital role of pharmaceutical market manager in Ethiopia.

As part of the overall value chain, EPSS’s market shaping approach can be understood as two interrelated processes: upstream and downstream market shaping workstreams. The upstream market shaping function takes a holistic approach that spans suppliers, financiers, regulators and centralized procurement agencies. The downstream market shaping function encompasses the in-country supply chain, including distribution, storage and transportation from central facilities to health facilities and end-users. The approach of

proactively identifying and resolving cross-cutting barriers to product introduction and scale-up in an iterative manner and through the establishment of a directorate responsible for market shaping represents not only a new approach for the Government of Ethiopia, but a unique model in sub-Saharan Africa. As such, EPSS has no blueprint to follow, and instead must blaze its own trail in developing an appropriate strategy.

THE MSCIP PROJECT: SUPPORTING QMSD TO BECOME THE MARKET MANAGER

The MSCIP Project supports EPSS by building the capacity of QMSD to own, standardize and effectively execute market shaping interventions aimed at reducing key market inefficiencies and improving continuous availability of high-quality and affordable health and nutrition products in the public health system. The core set of project activities being implemented include: co-conducting a holistic assessment and analysis of market shortcomings and co-developing a comprehensive market shaping strategy; co-designing an organizational blueprint to optimize the mandate, structure and role of QMSD; and catalyzing capacity building support for QMSD staff and leadership through coaching, mentorship, targeted technical assistance and training.

R4D is implementing these activities in close collaboration with EPSS and QMSD leadership, and is actively engaging QMSD staff throughout the entire process to ensure strong ownership and clear coaching on key market shaping techniques and skills. R4D is also collaborating with other key government actors, including the Ministry of Health (MOH) and the Ethiopia Food and Drug Authority (EFDA), to effectively address cross-cutting issues underpinning market failures. All the market shaping activities are coordinated through ongoing efforts with other development partners as well.