



USAID
FROM THE AMERICAN PEOPLE

EL SALVADOR

STATE OF THE PRACTICE BRIEF

Securing Essential Contraceptive Supplies for All Who Need Them

Creative measures have been set in place to ensure cost-effective contraceptive procurement: eventual donor phaseout will require El Salvador to gradually provide for its own needs in years to come.



DELIVER, 2005

Voluntary promoters of the Salvadoran Demographic Association providing counseling in a community

This publication was produced for review by the United States Agency for International Development. It was prepared by the DELIVER project. For additional information, contact deliver_pubs@jsi.com.

U.S. Agency for International Development
www.usaid.gov

Contraceptive security has been achieved when individuals have the ability to choose, obtain, and use quality contraceptives whenever they need them.

As the most densely populated country in Latin America, El Salvador crowds approximately 7 million people into 8,000 square miles, and it is growing at an annual rate of 1.8 percent.¹ Thirty-six percent of the population is under 15 years of age²; the median age is approximately 22 years,³ which means that the country is predominantly young, with a high percentage (26 percent) of women of reproductive age.⁴

In 2003, the total fertility rate in El Salvador was 3 children per woman, having dropped slightly from 3.6 children in 1998. Although the overall fertility rate disguises some differences between urban (2.4) and rural (3.8) rates, this gradual change in total fertility indicates a return on the investments in family planning that were made by the government and donors during the 1990s. In addition, these investments directly resulted in rapid increases in the contraceptive prevalence rate (CPR) for all methods—which rose from 60 percent in 1998 to 67 percent in 2003. More specifically, the use of modern methods among married women of reproductive age (62 percent) include voluntary sterilizations, 53 percent; injectables, 30 percent; pills, 9 percent; condoms, 5 percent; IUDs, 2 percent; and other modern methods 1 percent.⁵

In a lower-middle-income country like El Salvador, where 41 percent of the population lives below the international poverty line of U.S.\$2 a day, these are significant gains toward guaranteeing the health of Salvadoran families in years to come.⁶ A quality family planning program is critical to achieving maternal and child health goals; the ability to plan and space pregnancies reduces maternal and infant mortality, as well as other pressures on families, communities, resources, and the environment.

The Ministry of Health (MOH), the main provider of modern contraceptives, covers 56 percent of users; followed by the Salvadoran Social Security Institute (ISSS), which covers 19 percent; the

Salvadoran Demographic Association (ADS), an International Planned Parenthood Federation affiliate, covers 10 percent; and the commercial sector, covers about 8 percent.⁷

For the past three decades, the U. S. Agency for International Development (USAID) and the United Nations Population Fund (UNFPA) have been responsible for providing most contraceptive supplies in El Salvador. However, in 1998, USAID stopped donating contraceptives to ISSS, which then started to procure contraceptives with its own funds. In 2003, USAID also announced it would gradually end contraceptive donations to the MOH and ADS. As a result, the two providers developed and implemented plans to gradually finance 100 percent of their contraceptive needs. The MOH is entering a phaseout process that is expected to end in 2009; ADS stopped receiving USAID contraceptive donations in September 2005. For several years, ADS has also procured supplies (mainly condoms) for its social marketing program, and has developed substantial capacity in contraceptive procurement both in local and international markets.

MOH—GUARDIAN OF FAMILY PLANNING—EXHIBITS STRONG LEADERSHIP BY ALLOCATING FUNDS FOR CONTRACEPTIVES

Since 1998–1999, the public sector has significantly increased its role in improving maternal and child health. The MOH's effective network of health promoters has demonstrated its commitment to ensuring and expanding equitable access to family planning services. In addition, with USAID support, the MOH has significantly improved its logistics system and the availability of contraceptives throughout its nearly 400 public health facilities.

In 1999, the MOH appointed a women's health manager who is responsible for ensuring access to reproductive health and family planning services. Furthermore, in 2004, the government of El Salvador developed the Strategic Plan to Reduce Maternal and Perinatal Mortality 2004–2009. This plan includes a commitment to increase availability of family planning services and contraceptives, and it makes a clear link between family planning and safe motherhood.

In 2005, the MOH financed nearly 80 percent of its total contraceptive needs through UNFPA; it spent U.S.\$1 million and saved almost U.S.\$2.5 million over local prices.⁸ However, because of the lack of a specific government budget line item for contraceptives and the announcement of the government's austerity budget, in 2006 the MOH will only have funds to procure 53 percent of its annual contraceptive needs. To cover the unexpected gap, USAID will donate U.S.\$340,000 worth of contraceptives this year. Despite these budgeting constraints, in 2010 the MOH intends to absorb responsibility for 100 percent of its future contraceptive needs. Unless the government provides strong political support for contraceptive security and secures funding for contraceptive procurement through a budget line item, it is uncertain whether the MOH can reach the goal of procuring 100 percent of its contraceptive needs.

MOH WORKS WITH UNFPA TO SET UP A COST-EFFECTIVE PROCUREMENT MECHANISM

The MOH usually procures medicines under a decentralized and integrated health system. However, certain aspects of the contraceptive logistics system are still managed centrally and vertically, because the National Family Planning Program can benefit from economies of scale that result from bulk price negotiations at the central level. More specifically, the forecasting and budgeting of medicines (including pills and injectables) and supplies (including condoms and IUDs) are prepared at the local level. The forecasted need for medicines (including pills and injectables) is consolidated to help procure commodities at the central level, whereas the procurement of supplies (including condoms and IUDs) takes place at the decentralized level.

MOH officials understand the advantages of working with UNFPA—access to economies of scale and high-quality contraceptives—and thus, with USAID assistance, the MOH has set up an agreement with UNFPA to serve as a contraceptive procurement agent for El Salvador. Based on an agreement between the government of El Salvador and the United Nations Development Program (UNDP) that dates back to 1975, UNFPA and the government of El Salvador signed a memorandum of understanding

in 2004 for the purchase of orals, injectables, IUDs, and condoms for the public sector.⁹

The MOH prepares the forecast of needs and UNFPA (acting as the intermediary) is responsible for the entire procurement process. In addition, the MOH is able to use the presidential sales tax exemption franchise that authorizes the president to transfer its exemption to other executive branches, like the MOH. However, the government must still pay value-added tax on all imported medicines, including contraceptives.

These measures are the first steps the government of El Salvador has taken toward managing contraceptive procurement in a cost-effective, streamlined way during times of health reform.

DECENTRALIZED BASIC HEALTH CARE SYSTEMS (SIBASI) SUCCESSFULLY OBTAIN BULK PRICES FOR CONTRACEPTIVES

Currently, the MOH health system is divided into five regions, which in turn are divided into 27 basic health care systems (SIBASIs); however, the number of active SIBASIs may change as health sector reform measures are gradually implemented. SIBASIs are decentralized units responsible for providing health care services. Currently, each SIBASI receives and manages its own budget, including essential drugs.

Although each SIBASI may independently forecast the need for essential drugs and contraceptives, the Essential Drugs Unit (UTMIM) has successfully implemented a mechanism for consolidating forecasts to help lock-in bulk prices. This process includes tallying up the product needs for each SIBASI and negotiating bulk procurement with vendors. Financial resources are then pooled from each SIBASI for a one-time procurement contract and payment action. For contraceptives, the forecasting process, as well as the funding mechanism, is similar to that for essential medicines and supplies. The only difference is that essential drugs are procured locally, whereas contraceptives are procured through UNFPA. This has resulted in numerous benefits, including substantial savings of

limited government resources; more transparent, simplified, and efficient procurement processes; and stronger procurement capacity at the local level.¹⁰ This type of innovative strategy for ensuring centralized procurement under a decentralized system illustrates the MOH's capability to ensure cost-effective procurement while devolving decision-making strategies to the local level.

While contraceptives for the most part continue to be managed vertically, a few functions have successfully been integrated with other medicines. For example, the same basic logistics management information system (LMIS) source document is used by storage and health facilities for both micronutrients and contraceptives, and data are aggregated at the SIBASI level. Forecasting is integrated in many cases at the SIBASI level, whereby staff who oversee programs meet annually with those who are in charge of budgeting at the SIBASI level. Finally, forecasting processes for essential drugs and contraceptives are discussed and performed together. The careful integration of forecasting needs has resulted in more accurate forecasts, and these results have served as an advocacy tool for mobilizing additional resources in the future.

THE MOH SUSTAINS A STRENGTHENED LOGISTICS SYSTEM IN TIMES OF HEALTH REFORM

Securing the supply of contraceptives requires that health systems guarantee several principles of efficient logistics: the *right* quantities of the *right* products, in the *right* condition, in the *right* place, at the *right* time, for the *right* price. The consolidation of these six *rights* helps guarantee availability of contraceptives to all who need them—a fundamental step toward achieving contraceptive security in any country.

Since 1998, the MOH of El Salvador, being aware of these basic principles, has implemented numerous interventions to improve and redesign some elements of its contraceptive logistics system. In 2001, USAID supported the MOH in designing and institutionalizing a new LMIS for contraceptives, which is now being automated at SIBASI and central levels. The MOH has since established contraceptive delivery norms, developed documentation for logistics management

procedures, and implemented PipeLine¹¹ software to help prepare consumption-based forecasts. The MOH has also designed a maximum/minimum distribution and inventory control system, improved storage conditions, and deployed the LMIS nationwide. The result of these recent supply chain improvements, shown in an evaluation of the key logistics indicators conducted in 2006, revealed that the MOH has secured adequate availability of contraceptives in 58 percent (average) of its health facilities. Nevertheless, these measures must be further institutionalized if availability is to continue to substantially expand at all facilities in the future.

CHALLENGES AND NEXT STEPS

Although ADS, ISSS, and the government of El Salvador have taken some major steps toward guaranteeing access to family planning services and contraceptives in recent years to achieve contraceptive security, these institutions will need to continue to focus on the following areas:

- Establish a budget line item for contraceptives that helps secure funding for the procurement and distribution of all the MOH's contraceptive needs.
- Ensure political will and technical capabilities to forecast, budget, fund, and procure the MOH's contraceptive needs with government funding over time.
- Seek economies of scales for ISSS's contraceptive purchases by identifying procurement mechanisms, such as UNFPA, to benefit from savings.
- Explore pooled procurement by all institutions (ADS, ISSS, MOH) to further benefit from bulk procurement and lower prices.
- Institutionalize forecasting and procurement capacity at the level at which commodities are

procured, so all levels can continue to guarantee low prices through centralized procurement.

- Strengthen the logistics system by securing funding for supervision and monitoring of the supply chain.
- Further consolidate the various functions of the MOH supply chain.

By focusing on these areas, El Salvador should continue receiving return on its investments in family planning, and move closer to ensuring that all men and women have access to the family planning services they need. By increasing access to family planning services, the government of El Salvador can help its families survive and thrive and the societies in which they live to prosper.

ENDNOTES

1. USAID. June 2006. *Country Health Statistical Report: El Salvador*. <http://dolphn.aimglobalhealth.org>.
2. Population Reference Bureau. 2006. "DataFinder." <http://www.prb.org/datafind/prjprbdata/wcprbdata7.asp?DW=DR&SL=&SA=1>.
3. Department of Economic and Social Affairs, Population Division, United Nations. 2002. *El Salvador: World Population Ageing 1950-2050*. <http://www.un.org/esa/population/publications/worldageing19502050/pdf/085elsal.pdf#search=%22median%20age%20EI%20Salvador%22>.
4. USAID. June 2006. *Country Health Statistical Report*. <http://dolphn.aimglobalhealth.org>.
5. Salvadoran Demographic Association (ADS) et al. 2004. *El Salvador: National Family Health Survey (FESAL), 2002-2003*. Atlanta: Centers for Disease Control and Prevention.
6. World Bank. 2006. "World Development Indicators." <http://devdata.worldbank.org/wdi2006/contents/index2.htm>.
7. See note 5 above.
8. DELIVER. 2005. *Final report. Analysis of legal framework and norms for essential drugs and contraceptives procurement in El Salvador*. Arlington: DELIVER, for the U.S. Agency for International Development.
9. Memorandum of Understanding between UNFPA and the Salvadoran MOH to use UNFPA procurement services, 2004.
10. DELIVER. 2005. *Final report. Analysis of legal framework and norms for essential drugs and contraceptives procurement in El Salvador*. Arlington: DELIVER, for the U.S. Agency for International Development.
11. Procurement monitoring software tool.

The authors' views expressed in this publication do not necessarily reflect the views of the U.S. Agency for International Development or the United States Government.

DELIVER
John Snow, Inc.
1616 North Ft. Myer Drive, 11th Floor
Arlington, VA 22209 USA
Phone: 703-528-7474
Fax: 703-528-7480
www.deliver.jsi.com