



THE UNITED REPUBLIC OF TANZANIA MINISTRY OF HEALTH



Medical Stores Department
Medium Term Strategic Plan (MTSP III)

(2021-2026)



Welcome to

5 YEARS

MSD Medium Term Strategic Plan III
2021-2026



Production

Procurement

Storage

Distribution



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Health Commodities

direct to more than 8,000 health
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Foreword by the Permanent Secretary, Ministry of Health

Medical Stores Department (MSD) was established by the Medical Stores Department Act, Cap. 70, with four core functions of production, procurement, storage, and distribution of health commodities to the public health facilities throughout Tanzania. To accomplish these functions, MSD implemented Medium Term Strategic Plan II (2017- 2021) which came to an end in June 2021.

The implementation of MTSP II (2017-2021) enabled reducing procurement lead time from nine (9) months to six (6) months, digitization of internal business processes, improvement in staff working environment, direct delivery of health commodities to the health facilities, increasing in transparency through access to business information such as stock status, price and customer account status.

Despite the above achievements, stock availability and financial stability remained challenges to our operations. These challenges are addressed in this MTSP III (2021-2026). The establishment of the health commodities manufacturing plants initiative which started at the end of MTSP II (2017 - 2021) is expected to bring sustainable stock availability and financial stability.

This MTSP III (2021-2026) includes extension of MSD mandates that now include production and accommodate new MSD governance structure aimed at improving efficiency in operations.

We are providing assurance that, the Ministry of Health shall continue to provide support to the Management and other stakeholders to implement this MTSP III (2021-2026) for the better results.

This gives me great pleasure to present to you our new MTSP III (2021-2026). Let all stakeholders cooperate to strengthen health service delivery for better results in meeting set objectives.

.....
Prof. Abel Makubi

PERMANENT SECRETARY, MINISTRY OF HEALTH

Foreword by the Director General

The Medium-Term Strategic Plan III (2021–2026) is guided by the findings of the recent performance assessment of the Second Medium Term Strategic Plan, national frameworks including the Ruling Party Manifesto (2020-2025), Tanzania Development Vision 2025, Tanzania Long Term Perspective Plan goals (2011/12-2025/26), Health Sector Strategic Plan V (2021-2026), and Five-Year Development Plan (2021/22-2025/26).

This MTSP III (2021-2026) includes the new function of production of health commodities designed to ensure desired stock availability and financial sustainability. It is envisaged that the new production function shall reduce procurement lead time, strengthen order fill rate, and improve customer satisfaction. Our MTSP III (2021-2026) draws feedback from internal and external stakeholders on MSD services. It anticipates attaining a total of six (6) strategic objectives with 45 targets during the five years of implementation. The six strategic objectives are as listed below: Care and fight of HIV and non-communicable diseases improved; Effective implementation of the national anti-corruption strategy enhanced and sustained; Capacity of MSD to carry out its core mandate enhanced; Inventory management improved; Customer service delivery improved; and Health commodities manufacturing plants developed.

Within these five years of implementing this MTSP III (2021-2026), the focus will be on service and operational excellence, and growth to address complex interconnected challenges, simultaneously strengthening timely availability of healthy commodities of good quality with affordable price, and promotion of good governance and controls.

It is my pleasure to present to you this MTSP III (2021-2026) with high expectations to cooperate with all MSD stakeholders in achieving our vision of being the center of excellence for the health commodities supply chain in Africa.

.....

Mavere Tukai

DIRECTOR GENERAL

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Acknowledgement

We would like to express our appreciation to all those who have contributed to the development of this MTSP III (2021-2026).

We appreciate the inputs we received from the Ministry of Health (MoH), the President's Office – Regional Administration and Local Government (PO- RALG), MSD staff, Ministry of Finance and Planning, regulators, manufacturers, suppliers, development partners and other stakeholders.

Executive Summary

This is the third Medium Term Strategic Plan of MSD (MTSP III - 2021/22 -25/2026) that has been prepared based on the experiences and challenges gathered from the implementation of the previous Medium-Term Strategic Plan II (2017-2020) by considering MSD's mandate, roles, and functions. The main purpose of this MTSP III is to prioritize resource allocation, improving the performance of MSD to sustain a reliable supply of quality health commodities at health facilities across the country.

The efficiency of MSD functioning will consequently contribute to the achievement of Vision 2025, Tanzania Long Term Perspective Plan goals (2011/12-2025/26), Five Year Development Plan 2021/22-2025/26 (FYDP), Primary Health Services Development Plan (PHSDP), Health Sector Strategic Plan V (2021-2026), Ruling Party Manifesto 2020, Health Sector Policies and Strategies and Sustainable Development Goals (SDGs).

This Medium-Term Strategic Plan III (2021-2026) has retained some targets which were not attained in the previous Medium-Term Strategic Plan II (2017-2021), while some strategic objectives and targets have been restructured to meet the current needs, issues, and trends in technology and markets of health commodities.

Six strategic objectives have been developed in this Medium-Term Strategic Plan III (2021- 2026). The strategic objectives developed are: -

- a) Care and fight of HIV and Non- communicable diseases improved;
- b) Effective Implementation of the National anti-corruption strategy enhanced and sustained;
- c) Capacity of MSD to carry out its core mandate enhanced;
- d) Inventory Management Improved;
- e) Customer Service Delivery Improved and;
- f) Health Commodities Manufacturing Plants Developed.

Furthermore, in this Medium-Term Strategic Plan III (2021-2026), a framework has been developed to show how the results envisioned in the MTSP III (2021-2026) will be measured as well the benefits to be gained by our customers and other stakeholders. In this regard, one hundred and five (105) key performance indicators have been analysed in a matrix form to simplify monitoring and evaluation of the plan's performance. Furthermore, a list of appendices for a quick scan of the plan is also attached hereto.

ABBREVIATIONS

AIDS	Acquired Immune Deficiency Syndrome
ARVs	Anti-retroviral medicine
BoT	Board of Trustees
CIF	Cost Insurance and Freight
C&F	Cost and Freight
DD	Direct Delivery
DDH	Designated District Hospital
DF	Directorate of Finance
DG	Director General
DAHRM	Directorate of Administration and Human Resource Management
DICTS	Directorate of Information and Communication Technology and Statistics
DLO	Directorate of Logistics and Operations
DOS	Dormant, Obsolete and Slow-Moving Items
DP	Directorate of Procurement
ERP	Enterprise Resource Planning
FIFO	First In First Out
FY	Financial Year
HF	Health Facilities
HIV	Human Immunodeficiency Virus
HQ	Headquarters
IA	Internal Audit
ICT	Information and Communication Technology
ILS	Integrated Logistics System
LAN	Local Area Network
MDGs	Millennium Development Goals
MoH	Ministry of Health
MSD	Medical Stores Department
MTSP	Medium Term Strategic Plan
OSHA	Occupational Safety & Health Agency
PO-RALG	President's Office – Regional Administration and Local Government
PPA	Public Procurement Act
PPM	Pooled Procurement Mechanism
PPP	Public Private Partnerships
QA	Quality Assurance
SP	Special Procurement
SWOC	Strengths, Weaknesses, Opportunities and Challenges
TA	Technical Assistance
TMDA	Tanzania Medicines and Medical Devices Authority
TZS	Tanzanian Shilling
VP	Vertical Program
VPP	Voluntary Pooled Procurement.

CHAPTER 1

1.0 INTRODUCTION

1.1 BACKGROUND

Medical Stores Department (MSD) is an autonomous department under the Ministry of Health (MoH), established in 1993 by the Medical Stores Department Act, Cap. 70. MSD is mandated to develop and maintain an efficient and cost-effective supply chain of quality and affordable health commodities to health facilities in Tanzania.

To effectively perform its duties and bring services closer to health service delivery points and ultimately to the citizens of Tanzania MSD has strategically set ten (10) zones and seven (7) community outlets (MCOs), with its headquarter in Dar es Salaam. The ten (10) zones are Dar es Salaam, Mwanza, Tabora, Kilimanjaro, Mtwara, Mbeya, Iringa, Dodoma, Tanga and Kagera. The seven (7) MCOs are Muhimbili MCO in Dar es Salaam Region; Mount Meru MCO in Arusha Region; Sekou Toure MCO in Mwanza Region; Katavi MCO in Katavi Region; Ruangwa MCO in Lindi Region; Chato MCO in Geita Region; and Mbeya MCO in Mbeya Region.

With an adequate fleet capacity of 215 distribution vehicles, 42,038.38 square meters of warehouse storage space, 602 employees, and centralized ICT systems, MSD is capable to serve over 7,000 health facilities through direct delivery across the country. MSD distributes health commodities to Government health facilities, faith-based organizations, non-governmental organizations, and other public institutions across the country.

As a government procuring entity specialized in health commodities, MSD works with other health sector stakeholders such as development partners, financial institutions, Ministries, local and overseas health commodities manufacturers, to ensure adequate availability of health commodities in the country.

1.2 PURPOSE OF THE PLAN

This plan has been prepared to guide MSD during the implementation of its core functions. The purpose is to prioritize resource allocation, improve performance in terms of availability of quality health commodities for the wellbeing of the community, and contribute to the achievement of Vision 2025, Five Year Development plan 2021-2025 (FYDP) and Ruling Party Election Manifesto 2020-2025.

1.3 METHODOLOGIES

This plan has been developed following the Medium-Term Strategic Planning and Budgeting Manual of the United Republic of Tanzania and the Budget Guideline from the Ministry of Finance and Planning. The plan has been prepared in a participatory approach involving the MSD Board of Trustees, Management, employees, MOH, and other stakeholders.

Reference was made to the MSD Medium Term Strategic Plan II (2017-2021), Health Sector Policies, Strategic

Plans (HSSPs), Programs and National Development Frameworks which include the Sustainable Development Goals; Tanzania Development Vision 2025; Five Year Development Plan - FYDP (2021/22- 2025/26 and The Ruling Party Election Manifesto of 2020 – 2025.

1.4 LAYOUT OF THE PLAN

The plan contains four (4) chapters and one (1) annexes. Chapter One (1) covers the background, approach, purpose, and layout of the plan. Chapter Two (2) discusses situational analysis and covers the historical background of MSD, its mandate, roles and functions; performance review, stakeholder analysis, SWOC analysis, and the critical issues which need to be addressed by the plan. Chapter Three (3) covers vision, mission, core values statements, objectives, and their rationale, strategies, targets, and key performance indicators. Chapter Four (4) covers result frameworks showing linkages with other frameworks, result chains, KPI matrix, planned reviews, and strategic milestones.

1.5 ASSUMPTIONS

The plan for the next five years is to strengthen service delivery to customers of which the expectation is to attain a total revenue of **TZS 571.9 Billion** at the end of Financial Year 2025/2026. The expected revenue will be generated from sales of health commodities to public health and private health facilities. The development of pharmaceutical manufacturing plants will assure quality health commodities, stock availability, and reliable service delivery to our customers. MSD assumes that:

- a) The political environment will be stable throughout the five years of this plan;
- b) There will be support from the Government on the establishment of pharmaceutical manufacturing plants;
- c) There will be a continuous increase and upgrading of health facilities within five years' period;
- d) The population will continue growing at the rate of 2.9% per year (NBS,2017) and therefore at the year 2025, it is projected to be 65.3 million;
- e) The Government will continue to disburse funds to health facilities and improve other sources of the fund at health facilities;
- f) There will be a consistent supply of raw materials and low production costs for health commodities;
- g) Vertical programs will be consistent in the next five years' horizon.

CHAPTER 2

2.0 SITUATIONAL ANALYSIS

2.1 PREAMBLE

This Chapter provides a brief description of where MSD comes from, its mandate, roles, and functions. It includes the existing vision and mission statements drawn from the Medium-Term Strategic Plan II (2017-2021). It reviews past performance where achievements, constraints on each objective, and the way forward as remedial actions to address the constraints, are recorded. Furthermore, it provides results of stakeholders' analysis, SWOC analysis, and critical issues and areas for improvements.

2.2 HISTORICAL BACKGROUND

MSD is an autonomous department under the Ministry of Health (MoH), established by the Medical Stores Department Act (1993), Cap. 70. As described in the Act, MSD is a non-profit seeking institution that is financially self-sustaining and is responsible for the production, procurement, storage, and distribution of approved health commodities required for use in public health facilities. This entails ensuring access to health commodities for over 7,000 public health facilities in Tanzania.

MSD was established to serve as a special entity for the procurement of public sector health commodities. It is responsible for the distribution of supplies to all public health facilities in Tanzania, to ensure health commodities are available across all regions of the country without discrimination, and at affordable prices.

2.3 MANDATE OF MSD

Under the Medical Stores Department Act, the institution is specifically mandated to perform the following:

- i) Develop, maintain and manage an efficient and cost-effective system of production, procurement, storage, and distribution of such approved health commodities required for use by the public health services as the Minister may from time to time approve;
- ii) Apply, in so far as they are, sound commercial principles in production, procurement, storage, and distribution of health commodities to maintain a self-sustaining revolving fund for the operation of MSD;
- iii) Take into consideration and apply technical and professional advice and procedure relating to the management and control of health commodities;
- iv) Implement work plans and programs approved by the Board of Trustees concerning the production, procurement and supply of approved health commodities;
- v) Monitor the requirement, and distribution of approved health commodities in the public health service and to take or cause to be taken any necessary remedial measures;
- vi) Ensure the availability in time of approved health commodities within the public health system;
- vii) Prepare annual work plan and budget of MSD for consideration by the Board;

- viii) Cooperate and exchange information relating to health commodities with other organizations at the regional, national or international level;
- ix) Disseminate any relevant information relating to health commodities;
- x) Do such other activities as the Minister may through the Board direct or as the Board may approve.

2.4 ROLES AND FUNCTIONS

In summary, MSD covers four core functions, namely; Production, Procurement, Storage, and Distribution of health commodities for and on behalf of the Government. To appropriately address Tanzania’s health commodity requirements and achieve its mandate, MSD segmented its health commodity business based on the following four main product categories:

Business Segments	Categories
Normal items	Health commodities are procured, stored, and distributed as per standard treatment guidelines and the National Essential Medicine list sanctioned and provided by the Ministry of Health.
Special Procurement items	Health commodities are procured, stored, and distributed based on non-catalog items i.e. specific customer requirements and specifications.
Vertical Program items	Health commodities procured, stored, and distributed on behalf of third-party programs supporting particular diseases or public health issues including Reproductive Health, Malaria, AIDS Control, Immunization, TB/Leprosy, Neglected Tropical Diseases, Nutrition, and others.
Production	Health commodities produced are within the National Essential Medicine List

MSD has segmented these product categories according to the contextual business activities entailed for each product type, which can vary based on the competitive environment, country demand, pricing, operational requirements, and margins. Each product category also involves different stakeholders and uses varied procurement channels that must be catered for.

Coverage

As a key supplier of health commodities in the country, coverage spans across the entire country. MSD enhances its operational capabilities through the strategic positioning of zonal distribution centers to provide storage and delivery services to urban and rural areas. Currently, ten (10) zonal stores are used as storage and distribution hubs across the country, and seven (7) community outlets as the point of sales shown in the map below:



Duka la dawa Muhimbili Dar - es - salaam

Duka la dawa Mount meru Arusha

Duka la dawa Chato Geita

Duka la dawa Ruangwa Lindi

Duka la dawa Mbeya

Duka la dawa Mpanda Katavi

2.5 EXISTING VISION AND MISSION

2.5.1 MSD's vision

We envision being a **“Centre of excellence for health commodities supply chain in Africa.”**

MSD is envisioned as an exemplary institution in Africa for the provision of health commodities through an effective supply chain that involves people, processes, and technology. It is as the institution where employees have skillsets aligned with business processes, encouraging data-driven decisions and using technology solutions to support optimization, data quality, and reporting effective health commodities supply chain.

2.5.2 MSD's mission

Our mission was “**To make quality health products accessible to all public health facilities in Tanzania**”. MSD was established for purpose of production, procurement, storage, and distribution of approved health commodities required for use by public health facilities. In living our mission, we make it our purpose to ensure health commodities in Tanzania are accessible (in terms of affordability and availability) and are delivered on time across health facilities in Tanzania.

2.5.3 Our core values

MSD is guided by the following values:

Table 1: MSD Core Values

No.	Core value	Description
1	Reliability	We are consistent... We consistently fulfill our responsibilities with honesty and accuracy. Our customers can depend on us to fulfill their needs efficiently and on time.
2	Innovation	<i>We are open-minded...</i> We encourage new ideas and creativity in improving how we deliver our services. We are problem solvers, dedicated to finding more efficient and effective ways of fulfilling our mandate.
3	Team work	<i>We are committed to each other...</i> We support each other, work cooperatively, respect each other's views, and make our work environment enjoyable and conducive for one another.
4	Integrity	<i>We do the right thing...</i> We are determined to remain transparent, honest, and ethical in what we think, say, and do. We are committed to maintaining impartiality and stand accountable for our practices.
5	Customer-focused	<i>We are a responsive, customer-centered organization.</i> We recognize and engage our customers in a timely and friendly manner. We use customer insights to shape our products, services, and strategy.

2.6 PERFORMANCE REVIEW

In implementing MTSP II 2017-2021, MSD had five (5) focus areas and thirteen (13) objectives as herein below:

Focus areas	Strategic objectives
Financial Sustainability	1. MSD financial position improved; 2. Revenue generation increased by 48% (from 244 billion to 360 billion);
Supply Chain Management	3. Stock availability improved from 60% to 90%; 4. Inventory management enhanced; 5. Customer satisfaction improved to 90%; 6. Pharmaceutical manufacturing plant development is supported;
Technology	7. MSD departmental functions digitized 8. MSD information management capabilities strengthened;
Human Capital Management	9. Staff knowledge and skills improved; 10. Staff productivity improved; 11. Working environment improved;
Governance and Stakeholder Management	12. Governance systems enhanced; 13. Stakeholders' relationship strengthened.

Below are the findings of the performance review from the objectives set: -

Objective 1. MSD financial position improved

Achievements:

- i) The liquidity ratio stood at 1.41times against the targeted ratio of 1.7times representing 82% target achievement.
- ii) The follow-up to the MOH was done and a total amount of TZS 58.2 billion debt was recovered out of TZS 261.6 billion outstanding debts as of December 2020.
- iii) Overall expenditure variance was 23% favorable
- iv) A Memorandum of Understanding (MoU) between MSD and the Ministry of Health on the Modality of charging vertical program was signed and approved.
- v) Establishment of MSD Community Outlets (MCOs) to save individuals.

Constraints:

- i) Some planned activities were not implemented due to financial instability.
- ii) Stock unavailability is caused by the delay of fund disbursement by the government.
- iii) Delay in supplier payment within agreed time accumulating up to 102 Billion as of 31st December 2020.
- iv) Increasing health facility debt up to TZS 22.7 billion as of 31st December 2020
- v) Inability to store NHIF branded medicine as prescribed by Health facilities.

The way forward:

- i) Develop health commodities manufacturing plants to improve stock availability.
- ii) Develop market a strategy to increase sales revenue.

- iii) Engage PO–RALG, MoH to recover outstanding debt.
- iv) Request MoH to harmonize the NEM list and NHIF list.
- v) Prepare payment plan and negotiate with suppliers for partial payments
- vi) Review internal operational processes to enhance cost reduction.

Objective 2. Revenue generation increased by 48% (from 244 billion to 360 billion)

Achievements:

- i) Total sales were averaged 213.1 billion for the period 2016/17 to 2019/2020 against planned sales of TZS 360billion making 59% achievement.
- ii) The total number of customers has been increased by 44.8% from 5,600 in the year 2017 to 7,030 as of June 2021.
- iii) Increased sales revenue from special procurement by 262% from TZS 14.2 billion to TZS 51.4 billion.
- iv) Increase sales revenue for normal items by 12% from TZS 172.4billion to TZS 193.2 billion.

Constraints:

- i) Vertical Program sales have dropped 54% from TZS 78.3 billion to TZS 35.9 billion due to the long-time taken to receive the fund notification and procurement processes.
- ii) Sales revenue was not achieved due to stock out attributed by less fund disbursed by the government for procurement of medicines and medical supplies, also unpaid MSD debt resulted in working capital problems and failure to procure required/planned goods for sales.

Way forward:

- i) Review and develop new sources of revenue generation to achieve financial sustainability.
- ii) Create aggressive market strategies to proactively serve corporate customers (niche markets).
- iii) Establish manufacturing plants to improve stock availability and desired financial sustainability.
- iv) Review and update MSD price catalog to include specialized items for health facilities.

Objective3. Stock availability improved from 60% to 90%

Achievements:

- i) Stock availability was averaged at 66%against the target of 90%
- ii) Procurement of Normal, Laboratory, Special Procurement, and vertical was done in 6.32 months procurement cycle.
- iii) Procurements were done in compliance with General Procurement Notice (GPN) and three (3) Annual Procurement Plans were developed and implemented.
- iv) Tendering and evaluation procurement processes are conducted using EPS.
- v) After-sales biomedical services for special medical equipment established and implemented.
- vi) The inbound electronic tracking system has been developed and is currently in use.
- vii) The contract management database has been developed and is currently in use.
- viii) Tracer items availability reviews are done on monthly basis.

- ix) Back-up contracts for local suppliers have been signed.
- x) O&SP meetings were conducted as planned.

Constraints:

- i) Inadequate funding to meet procurement obligations.
- ii) COVID 19 pandemic affected Logistics requirements in scheduling deliveries
- iii) Delays in the clearing of goods done by GPSA result in storage and demurrage costs which are paid by MSD.
- iv) Late deliveries of the consignment to MSD from the suppliers/funders under Implementing partners.
- v) Nonexistence of marketing strategy for special procurement.

The Way Forward:

- i) Institute negotiation with major suppliers for volume discounts and payment extension terms.
- ii) Make regular communication with suppliers regarding delivery schedules and the risk of liquidated damages for late deliveries.
- iii) Plan for prioritization of fast-moving and lifesaving health commodities.
- iv) Enhance cooperation with PO-RALG.
- v) Reduce debt resulting from health commodities distributed to health facilities.
- vi) Prepare and sign MOU and SLA between GPSA and MSD to reduce demurrage and storage costs.
- vii) Enhance continuous engagement with MoH (Vertical Program coordination unit).

Objective 4. Inventory management enhanced

Achievements:

- i) Dormant, obsolete, and slow-moving items (DOS) were reviewed and Inventory Management guideline was developed and currently in use.
- ii) All incoming items were inspected before distribution.
- iii) Three hundred and sixty (360) perpetual stock counts were done companywide.
- iv) Inventory accuracy is on average 98% against the target of 100%.
- v) Thirty-six stock reconciliation reports were prepared and submitted for management decisions.

Constraints (stock expiry):

- i) Decline in consumption due to change of treatment regimen.
- ii) Decline in the uptake of reagents at MSD due to breakdown of laboratory machines at the facility level
- iii) Change of client's attitude toward family planning method and moving to traditional family planning methods.
- iv) Low uptake of vertical programs items due to late sensitization.
- v) Low demand at health facilities due to change of technology and financial capability.
- vi) Lack of direct access to manufacturers/suppliers of the donor-funded items if they found deviating from the required specifications and conditions which create a long process of communications.

- vii) Overstocking of slow-moving items (DOS)

The Way Forward:

- i) Enforce contractual compliance, suppliers to adhere to contractual terms of shelf life of 80% or 24 months, and delivery schedules.
- ii) Ensure receipt of low shelf life consignments should be accompanied by user commitment by providing distribution lists, this is a particular case for VP items.
- iii) Ensure FEFO adherence during picking and issuing of health commodities.
- iv) Strengthen communications with Vertical Programs on stock status and consumption trends regarding HIV, Malaria/ LLINS, NTLP, RCHS commodities.
- v) Develop and enhance the availability of automated E-10 reports.
- vi) Strengthen quantification method based on customer demand

Objective 5. Customer satisfaction improved to 90%

Achievements:

- i) Order fill rate from MSD to facilities averaged 68% against the annual target of 90% using the current tracer list of 261 tracer items.
- ii) Twenty-seven (27) staff were trained in sales and customer services skills.
- iii) Planned twelve distribution schedules from the zone to each health facility (ILS/DD) were performed.
- iv) Two sales points have been upgraded to zones and seven (7) MSD Community Outlets (MCO) have been established.
- v) 215 distribution vehicles have been Acquired.
- vi) An automated order processing dashboard was established.
- vii) Route optimization was performed.

Constraints:

- i) Insufficient Funding impacts the availability of tracer items.
- ii) Delays in special ordered items delivery.
- iii) The slowness of the EPICOR 9 system.
- iv) Six distribution cycles have not been implemented due to lack of funding.
- v) Unstable/High price in comparison to the market rate
- vi) Out of stock of medicine and medical supplies.
- vii) Insufficient fund at health facilities for procurement of health commodities

The Way Forward:

- i) Improve sensitization use of inbound tracking system.
- ii) Prioritize special items to boost delivery.
- iii) To stock and marketing of frequently requested special items to supply as when the orders are received.
- iv) Strengthen communication to the supplier regarding delivery schedules and the risk of liquidated damages for suppliers with late deliveries to improve order fill rate.
- v) To engage PO-RALG and hospitals for MSD to tap funds for NHIF, CHF, basket funds, and other council's cash funds to improve sales.

- vi) To strengthen consultations with MOH to foot costs for distributed health commodities and budget and disburse funds before any future distribution.

Objective 6. Pharmaceutical manufacturing plant development is supported

Achievements:

- i) Phase I feasibility study conducted and completed.

Constraints:

- i) Phase II was not completed due to delayed submission of the detailed procurement plan, and eventual termination of a contract for consultancy services.

The Way Forward:

- i) Establish MSD health commodities manufacturing plants and support the establishment of manufacturing plants under PPP arrangement.

Objective 7. MSD departmental functions digitized

Achievements:

- ii) Computerized human capital management functionalities.
- iii) A record management system was designed and deployed.
- iv) MSD customer portal developed and accessible to all stakeholders.
- v) The following systems were developed Inbound e-tracking system, e-learning platform system, Visitors Management System, Order processing dashboard, MSD Box, Management Dashboard with KPI tracking system, e-Procurement, Proof of Delivery mobile app, contract Management system, and GePG Portal.

Constraints:

- i) Lack of training on the developed inbound e-tracking system.
- ii) Lack of training and course addition in the e-Learning platform system.
- iii) The fleet management system is at 30%.

Way forward:

- i) Develop sensitization training program on the inbound e-tracking system.
- ii) Develop courses and user training for the e-learning platform system.
- iii) Complete development of fleet management system.

Objective 8. MSD information management capabilities strengthened

Achievements:

- i) Epicor 9 ERP system was upgraded to Epicor 10 ERP system to overcome business operations challenges.
- ii) Maintained MSD Disaster recovery site to ensure less time recovery and system availability in case of disaster.
- iii) Maintained optimal performance of network links across all MSD offices.
- iv) Maintained service level agreement with service providers.

Constraints:

- i) Unstable power supply to support network equipment across MSD offices.
- ii) Inadequate reports in the E9 system.
- iii) The slowness of the E9 system.

- iv) Overdependence of external support on ERP systems.
- v) Non-alignment of MSD ICT system with government systems.

Way forward:

- i) Introduce renewable energy sources (solar systems) to complement current power sources.
- ii) Develop and upgrade required reports.
- iii) Empower MSD ICT staff to support ERP system.
- iv) Integrate MSD ICT systems with Government systems.
- v) Identification of a better ERP system that will align with MSD activities and Government systems.

Objective 9. Staff knowledge and skills improved

Achievements:

- i) Training Need Assessment (TNA) was conducted and an annual employee training program has been prepared and implemented based on the budget availability.
- ii) Induction training has been conducted to newly recruited staff.
- iii) Post-probation assessment has been conducted on newly recruited, promoted, and transferred staff.
- iv) 360⁰ assessments for Directors and heads of units.

Constraints:

- i) Training Plan implementation was postponed due to limited resources
- ii) An un-developed mentorship program for supervisors

Way forward:

- i) For those training that is not funded monthly knowledge sharing within directorates and units is ongoing.
- ii) Staff Induction to be conducted online.
- iii) Enhance supervision of employees who undergoing online training.
- iv) Develop mentorship programs for supervisors.

Objective 10. Staff productivity improved

Achievements:

- i) Performance management calendar is available and communicated.
- ii) Cascading and validation of strategic objectives conducted to all staff.
- iii) Corporate manning level implemented.
- iv) The employee performance assessment has been conducted.
- v) MSD Performance Reward Recognition Guidelines developed and staff rewarded for better performance FY 2017/2018 and 2018/2019.
- vi) 21bn innovation challenge was introduced and implemented.
- vii) Welfare programs introduced and implemented.

Constraints:

- i) Employee rewards for FY 2019/2020 were not paid due to financial constraints.
- ii) 21bn challenge was not successful due to being out of stock.
- iii) Inadequate implementation of individual performance appraisal system.

Way forward:

- i) Introduce monetary and non-monetary rewards.
- ii) Management to mobilize resources through negotiation with suppliers' cost control to improve stock availability.
- iii) Strength implementation of individual performance appraisal system.
- iv) Institute behavioural change programs.

Objective 11. Working environment improved

Achievements:

- i) Compliance with OSH statutory requirements.
- ii) OSHA training plan implemented.
- iii) Staff working tools were provided.

Constraints:

- i) Inadequate repairs and maintenance of working tools.
- ii) Staff Medical examination MSD by OSHA medical practitioners.

Way forward:

- i) Timely repair and maintenance of working tools.
- ii) Strengthen implementation of OSHA requirements.

Objective 12. Governance systems enhanced

Achievements:

- i) Risk Management Framework developed and implemented.
- ii) Title deeds for 22 plots out of 24 secured.
- iii) Internal and external compliance steadily improved to 91.2%.
- iv) Induction and governance training to Board of Trustee members conducted.
- v) Field visit for MSD direct delivery operations and stakeholders visit was done by MSD Board of Trustees.
- vi) Quarterly Business Performance Reports were prepared, discussed, and submitted.
- vii) Attained Un-Qualified Audit Opinion in three consecutive years.
- viii) A crisis management plan was developed.

Constraints:

- i) Delayed response to internal audit queries.
- ii) Inadequate business process continuity plan.
- iii) Inadequate enforcement of Crisis Management Plan.

Way forward:

- i) Timely response to audit queries.
- ii) Sensitize Crisis Management Plan.

Objective 13. Stakeholders relationship strengthened

Achievements:

- i) The Stakeholder's engagement plan was developed and fully implemented.
- ii) Customer call center established.
- iii) A working relationship with NHIF was developed to sustain funding for MSD and health facilities.

- iv) A working relationship with VMI (High-value customers) was established to ensure high-value customers receive outstanding value from MSD to improve brand perception and continued purchases.

Constraints:

- i) Failure to fulfil customers' orders due to being out of stock.
- ii) Delays in response to customer issues through a call center.
- iii) Delays in paying service providers

Way forward:

- i) Dedicate call center to each zone.
- ii) Engage the Government for recovery of distribution cost of VP items

2.7 STAKEHOLDERS ANALYSIS

2.7.1 Name of key stakeholders

MSD has fourteen (14) key stakeholders, which are segmented into various groups including Ministries, Local Government Authorities (LGAs), Regulators, Public Institutions, Civil Society Organizations (NGOs, CBOs, FBOs, and others), Development and Implementing partners, Public Health Facilities, General Public, Employees, Media, Service Providers (TTCL, Vodacom, Total, SUMA JKT, etc.), Local and International Manufacturers.

2.7.2 Stakeholder Analysis

The roles of MSD to its stakeholders and their expectations are summarized below:

No.	Stakeholder	Service offered to Stakeholder	Expectations
1.	Ministries (MoH, PORALG, MoFP etc.)	<ul style="list-style-type: none"> i. Implementation of policies and guidelines. ii. Provide physical and financial progress report. 	<ul style="list-style-type: none"> i. Stock availability ii. Timely submission of reports. iii. Implementation of directives and guidelines.
2.	Public Health Facilities	<ul style="list-style-type: none"> i. Supply health commodities ii. Distribution of health commodities 	<ul style="list-style-type: none"> i. Availability of Health Commodities ii. Timely distribution of health commodities iii. Affordability of health commodities. iv. Timely response to their complaints.
3.	Local Government Authorities (LGAs)	<ul style="list-style-type: none"> i. Supply health commodities ii. Distribution of health commodities iii. Technical advice 	<ul style="list-style-type: none"> i. Availability of Health Commodities ii. Timely distribution of health commodities

No.	Stakeholder	Service offered to Stakeholder	Expectations
			iii. Affordability of health commodities
4.	Regulators (TMDA, TBS, PPRA, OSHA, PHLB, PSU, Atomic energy, Pharmacy council, NEMC, ERB, TIC.)	i. Adherence to regulatory requirements	i. Compliance to regulations
5.	Public Institutions	i. Provide information ii. Interpretation of Policies on Health commodities	i. Timely service provision ii. Good cooperation
6.	Development and Implementing partners (GF, UNICEF, WHO, USAID, PEPFAR, WFP, Clinton Foundation, and others)	i. Information/data ii. Storage and distribution of Health commodities iii. Submission of implementation reports	i. Good cooperation. ii. Quality reports
7.	Employees	i. Training ii. Coordination and supervision. iii. Guidance and consultation as required. iv. Working tools	i. Conducive working environment. ii. Motivation iii. Timely feed back iv. Capacity building
8.	Media	i. Accurate information.	i. Timely information. ii. Good cooperation. iii. Recognition
9.	Service Providers (TTCL, SUMA JKT, POSTAL)	i. Offer them opportunity	i. Cooperation ii. Compliance with the contract.
10.	Local and international manufacturers and authorized Suppliers	i. Offer them the opportunity to supply medical supplies ii. Clear specification of items	i. Cooperation ii. Compliance with the contract. iii. Fair competition
12.	General Public	i. Information of health commodities ii. Health commodities	i. Availability of Health commodities. ii. Timely response to their complaints.
13.	Civil Societies Organizations	i. MSD facilitate registration for CSO identification	i. Timely, quality, and positive response.

No.	Stakeholder	Service offered to Stakeholder	Expectations
	(NGO, CBO, FBO, etc)	<ul style="list-style-type: none"> ii. Information. iii. Technical advice 	<ul style="list-style-type: none"> ii. Timely response to their complaints. iii. Good co-operation.
14.	Private Sector	<ul style="list-style-type: none"> i. Information of health commodities. ii. Technical advice 	<ul style="list-style-type: none"> i. Timely, quality, and positive response. ii. Timely response to their complaints and problems. iii. Good cooperation.

2.8 STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND CHALLENGES (SWOC) ANALYSIS

MSD Strengths

Strengths			
			
Strength	Details	Actions to maintain	Threat level
1. Well-established distribution network and modern warehouses	<ul style="list-style-type: none"> MSD's network spans across the entire country, giving it a comparative advantage in delivering to rural locations. Newly established modern warehouses have significantly improved storage processes, and are strategically located across the country with customer reach between 2hrs -24hrs. 	<ul style="list-style-type: none"> Expansion of storage capacity to suffice customer needs Strengthen the capacity of Iringa, Kagera and Mtwara. Establish Simiyu, and Ruvuma outlets to enhance zonal distribution. 	
2. Centralized and synchronized accessible across MSD offices	<ul style="list-style-type: none"> A centralized ICT system across all MSD offices helps improve operation efficiency by making data easily accessible across all MSD offices nationwide. 	<ul style="list-style-type: none"> Strengthen existing ICT networks and identify existing gaps to ensure data accessibility and synchronized system upgrades across all MSD offices. 	
3. Good manufacturer network with framework contracts	<ul style="list-style-type: none"> MSD has established long-term partnerships with some of its core suppliers, improving supply reliability and reducing cost and time spent tendering for new suppliers. 	<ul style="list-style-type: none"> Maintain contracting management processes and incorporate an assessment of suppliers' performance within contracts. 	
4. Adequate and specialized fleet capacity	<ul style="list-style-type: none"> Adequate fleet capacity of 215 distribution vehicles 	<ul style="list-style-type: none"> Adequate service and maintenance of distribution vehicles to strengthen the fleet capacity 	
5. Commencement of self-production of some health commodities	<ul style="list-style-type: none"> Commencement of self-production of some health commodities will assure quality health commodities, stock availability, and reliable service delivery to our customers. 	<ul style="list-style-type: none"> Regular performance evaluations of the established manufacturing plants 	
6. Skilled and knowledgeable human resource	<ul style="list-style-type: none"> MSD has adequate skilled and knowledgeable staff 	<ul style="list-style-type: none"> Retain the existing staff and conduct capacity building through training, coaching, and e-learning 	

Strengths			 Not Under Threat     Highly Under Threat
7. Extended business portfolio i.e. MCO, SADC	<ul style="list-style-type: none"> Establishment of MSD Community Outlets (MCOs) to save individuals. MSD also win a tender for procurement of health commodities for SADC countries. 	<ul style="list-style-type: none"> Maintains the existing (MCOs) and strengthen the availability of health commodities, establish new MCOs to Regional Hospitals Follow up orders from SADC countries 	
8. ISO Certified	<ul style="list-style-type: none"> MSD managed to receive ISO 9001:2015 Certification in 2018, hence MSD can build the trust of services provided. 	<ul style="list-style-type: none"> Maintain ISO requirements 	
9. Risk management framework and Whistle blower policy	<ul style="list-style-type: none"> MSD Established a Risk management framework and whistle blower policy which ensure MSD's ability to fulfill its mandate. 	<ul style="list-style-type: none"> Strengthen the Risk management unit through training Sensitization to employees on whistle blower policy 	

Weaknesses: The following table highlights current characteristics of MSD that need to be remedied, stopped, or improved upon for the successful execution of the strategy. Alternatively, weaknesses can also present areas of internal opportunities for us to explore and exploit.

Key:

1. **Actions to improve:** Initiatives and activities that MSD can undertake to address the weaknesses
2. **Impact:** The degree to which the weakness affects MSD’s effectiveness and efficiency

Table 2: Detailed MSD Weaknesses

Weaknesses			
 Low Impact     High Impact			
Weakness	Details	Action to improve	Impact
1. Persistent Health Facility debt leading to MSD capital erosion	<ul style="list-style-type: none"> • MSD’s budgetary shortfalls are largely due to inadequate funds to appropriately meet the country’s demand. This directly impacts budget allocations for our operations. 	<ul style="list-style-type: none"> • Aggressively follow up with health facility to recapitalize MSD to enable continual operations based on a commercial principle. • Improve budgeting process using existing data to accurately predict revenues expected and expenses to be accounted for. 	
2. Communication gap with our stakeholders	<ul style="list-style-type: none"> • MSD currently lacks a structured communication plan for its customers and donors. 	<ul style="list-style-type: none"> • Establish and implement a structured stakeholder communication strategy that ensures improved customer service and information sharing. 	
3. Sporadic stock-outs	<ul style="list-style-type: none"> • Low availability of vital health commodities affects MSD supply chain efficiency and customer satisfaction 	<ul style="list-style-type: none"> • Support capacity building in forecasting to ensure MSD has sufficient resources to keep in-stock vital and essential health commodities 	
4. Low staff motivation	<ul style="list-style-type: none"> • MSD experiences low staff motivation due to insufficient buy-in into MSD’s mission. This can stem from insufficient awareness/training, working 	<ul style="list-style-type: none"> • Roll out a combination of supportive supervision, performance-based incentive systems, training, and provision of working tools to improve staff motivation. 	

Weaknesses			
		 Low Impact    High Impact	
	tools, incentives, and customer service skills.		
5. Poor quantification tie up capital on dormant, obsolete, slow-moving items and expiry	<ul style="list-style-type: none"> • Low adherence to an inventory management plan, weak quantification, inadequate tracking mechanisms, and tools, as well as inadequate pharmaceutical human resources in the supply chain, resulting in poor inventory management. 	<ul style="list-style-type: none"> • Improve inventory planning and tracking systems • Improve quantification process • To strengthen quantification unit by hiring a medical Doctor 	
6. Inadequate cascading of strategic objectives	<ul style="list-style-type: none"> • There is low staff awareness on existing institutional guidelines and strategic documents, leading to non-compliance, and decision-making not adhering to documented guidelines. This includes low awareness of MSD's strategic and business plans. 	<ul style="list-style-type: none"> • Ensure all staff are trained and aware of necessary guidelines and documents they must refer to in their respective roles. • Increase sensitization mechanisms on institutional vision and values, and make MSD's documented strategies a permanent agenda item within key meetings. • Enforce compliance 	
7. Poor data management	<ul style="list-style-type: none"> • Data is not being fully collected across all sections of the supply chain to be used to make evidence-based decisions for MSD. • Some sections of the supply chain are still not fully digitized from paper to electronic records, and electronic data input is a challenge for unskilled staff. 	<ul style="list-style-type: none"> • Establish and operationalize MSD Supply chain traceable e-data library/warehouse. • Ensure all staff are trained in data inputting and management. 	

Weaknesses			
		 Low Impact    High Impact	
	This can often lead to lost data and inaccuracies.		
8. ERP system functionality is a challenge and Unstable network connectivity	<ul style="list-style-type: none"> Inventory and information management at MSD is still affected by the lack of adequate reports and delayed implementation of some features of the Enterprise Resource Planning (ERP) system. 	<ul style="list-style-type: none"> System audit to identify gaps and required reports and reduce dependence on ERP support by empowering our staff. Utilize supportive integrated efficient systems 	
9. Inadequate governance framework	<ul style="list-style-type: none"> Inter-unit and inter-directorate functions overlap and silos Weak supervision 	<ul style="list-style-type: none"> Restructure the organization's directorate functions to complement one another instead of overlap, and improve communication linkages between linked functions (e.g. procurement and logistics). Conduct capacity building to supervisor 	
10. Inadequate staff working tools (warehouse equipment)	<ul style="list-style-type: none"> Insufficient working tools at warehouses i.e. forklifts and stackers hinder timely service delivery to customers 	<ul style="list-style-type: none"> Ensure enough working tools at warehouses for efficient service delivery Regular repair and maintenance of the existing working tools 	

Opportunities: The following table highlights external influencing social, economic, and political factors that need to be leveraged and prioritized to provide support for towards effective execution of our strategy.

Key:

1. **Needed actions:** Initiatives and activities that MSD can undertake to capitalize on the opportunities available.
2. **Impact:** The extent to which the opportunity has the potential to transform MSD.

Table 3: Detailed MSD Opportunities

Opportunities			
			
Opportunity	Details	Needed actions	Impact
1. Reliable Market with expansion opportunities	<ul style="list-style-type: none"> The health sector infrastructure in Tanzania is expanding annually, especially the growing number of constructed dispensaries, health centers, and hospitals that require sophisticated equipment procurement and maintenance. This, alongside MSD's monopoly over public health service delivery that is mandated through government policy, ensures us a reliable market for our business. 	<ul style="list-style-type: none"> Develop marketing strategy for improved public and private sector engagement Establish large and specialized hospitals service unit Strengthen communication with LGAs and proactively follow up on their needs as identified in the comprehensive council health plans and other documented health sector development plan initiatives. 	
2. E-procurement stands to boost procurement efficiency	<ul style="list-style-type: none"> E-procurement projects stand to boost procurement efficiency and help streamline procurement processes across our institution in the digital economy. 	<ul style="list-style-type: none"> Acquire an e-procurement system with the capacity to offer improved visibility and control Create an electronic value chain that includes e-Informing, e-Tendering, e-Auctioning, vendor management, catalog management, Purchase Order Integration, Order Status, Ship 	

Opportunities			
		 Low Impact     High Impact	
		Notice, e-invoicing, e-payment, and contract management. <ul style="list-style-type: none"> • Encode e-procurement for paperless office including document management system 	
3. Customer segmentation using vendor managed inventory (VMI) can improve service delivery	<ul style="list-style-type: none"> • With customer segmentation, MSD will be able to divide the supply chain into meaningful and measurable segments according to customers' needs, their past behaviors, or their demographic profiles and determine the profit potential of each segment. 	<ul style="list-style-type: none"> • Clarify expectations with customers, plan and agree on shared information and develop the vendor-managed inventory with close data sharing with MSD. • Optimize use of barcoding system 	
4. Government and development partners support	<ul style="list-style-type: none"> • There have been consistent donor and government support trends that show signs of a continued increase in health sector funding. 	<ul style="list-style-type: none"> • Develop and implement a strategy for donor and government involvement, coordination, monitoring, and evaluation. 	
5. Other sources of financing potentially available i.e. NHIF, CHF funds	<ul style="list-style-type: none"> • The government is now considering several changes to the National Health Financing Strategy (HFS) to establish a comprehensive social health protection system for all Tanzanians. A nationwide health insurance plan supports increased purchase of medical supplies and equipment from MSD. 	<ul style="list-style-type: none"> • Collaborate with the government of Tanzania to continue exploring a range of innovative financing solutions through health insurance schemes. • Streamline MSD catalog to match with the insurance scheme catalog using Standard Treatment Guideline (STG) • Foster for the establishment of Health Technical Assessment Unit at MoH 	

Opportunities		 Low Impact     High Impact	
6. Government policy which advocates the establishment of local manufacturing industries	<ul style="list-style-type: none"> The establishment of the manufacturing industry can enable the fulfillment of MSD's responsibilities through production, storage, and efficient delivery of public health goods. This can lead to increased efficiency, cost reduction, and improved resource allocation for MSD. 	<ul style="list-style-type: none"> Seek collaboration with the Tanzania Investment Centre (TIC), to support MSD through the identifying, appraisal, and development of Health Commodities Manufacturing industries. 	
7. Growing technology in the health sector supply chain and integration of various systems to enhance data visibility	<ul style="list-style-type: none"> As increased technology availability influences the global supply chain industry, MSD can uptake more tools to automate its operations, capture data at every point in the supply chain and provide timely service delivery. 	<ul style="list-style-type: none"> Invest in supply chain integration for visibility of the supply chain. Strengthened functioning and sustainable Logistics Management Unit supported by e-LMIS 	
8. Growing transport infrastructure (Road, Airport, Port, and Railway can support product distribution	<ul style="list-style-type: none"> Tanzania's plan to improve its railway infrastructure can open opportunities to quicken pharmaceutical deliveries to MSD zones. The country's standard gauge railway that began construction in 2017 will significantly cut down travel time and could be used by MSD to transport medication across the country at greater bulks and lower cost. 	<ul style="list-style-type: none"> Assess the feasibility of railway distribution and establish a plan and guidelines for distribution. Conduct a detailed cost-benefit analysis of railway Versus Road Transport 	
9. Existence of e-Government initiatives in the harmonization of	<ul style="list-style-type: none"> Creation of network for information society; harmonization and realignment of policies; and 	<ul style="list-style-type: none"> Support e-GA on sharing of existing e-Government resources and eliminate donor 	

Opportunities			
 Low Impact    High Impact			
the ICT system for government institutions	expanded market for ICT in Tanzania	dependence on the acquisition of ICT resources	
10. Good governance and political stability	<ul style="list-style-type: none"> Our country has undergone impressive political and economic developments coupled with good leadership despite the global financial crisis 	<ul style="list-style-type: none"> Establishment of manufacturing industries for health commodities to ensure quality and affordable health commodities accessible to public health facilities 	

Challenges: The following table highlights negative external influencing factors that could prevent/limit the execution of our strategy. Highlighted threats to MSD are largely stakeholder-related, further emphasizing our need to better manage stakeholder relationships to mitigate risk and improve collaboration.

Key:

- 1. Actions to mitigate:** Initiatives and activities that MSD can undertake to mitigate and reduce the risk or probability of the threat materializing.
- 2. Impact:** The degree to which the threat will affect MSD's effectiveness and efficiency if not mitigated.

Table 4: Detailed MSD Challenges

Challenges			
 Low Impact    High Impact			
Challenges	Details	Actions to mitigate	Impact
1. Increase in customer debt	<ul style="list-style-type: none"> Partial or non-payment of services provided by MSD to public health facilities has resulted in the accumulation of debt 	<ul style="list-style-type: none"> Continue following up with the Health facilities to prepare a plan for the settlement of debts with MSD, and establish modalities for payment of storage and distribution costs arising from vertical program supplies. 	
2. Weakness in quantification at the customer level makes real	<ul style="list-style-type: none"> Delayed and weak quantification of real demand at the customer level can lead to 	<ul style="list-style-type: none"> Encourage better demand and supply planning of health commodities at the health facility and LGA level. Communicate 	

Challenges			
			
Challenges	Details	Actions to mitigate	Impact
demand difficult to capture.	delayed, insufficient, or wrong procurement of goods by MSD.	<p>the implications of poor data collection to service delivery.</p> <ul style="list-style-type: none"> • Work with PSU to conduct timely and effective product quantification • Strengthen the Demand and Supply planning unit 	
3. Counterfeit and substandard medicine	<ul style="list-style-type: none"> • Substandard and counterfeit pharmaceuticals, medical supplies, and medicines circulating the market bring health threats to the population and threaten MSD's public reputation. 	<ul style="list-style-type: none"> • Ensure all suppliers/manufacturers that we purchase from are accredited by TFDA for the quality, safety, and efficacy of pharmaceuticals, medical supplies, and medical equipment. • Increase MSD's quality assurance capabilities during and after the procurement process. 	
4. Uncoordinated donation provision	<ul style="list-style-type: none"> • When MSD cannot negotiate or request medicine and medical equipment specifications that are compatible with the country's needs, donations can unintendedly increase maintenance and logistical costs e.g. (clearing costs, storage costs). Oversupplied items can overlap (e.g. some medicines for the treatment of opportunistic infections) leading to overstocking and expiry. 	<ul style="list-style-type: none"> • MSD should obtain and use MoH Standard Operating Procedures, including the donation guidelines approved in 2015, in place for development partners & other stakeholders for procurement of medicines & supplies to be utilized in the Tanzanian health system. • MSD must make donors aware of the medicine and equipment specs compatible with Tanzania's needs before donations are made. 	

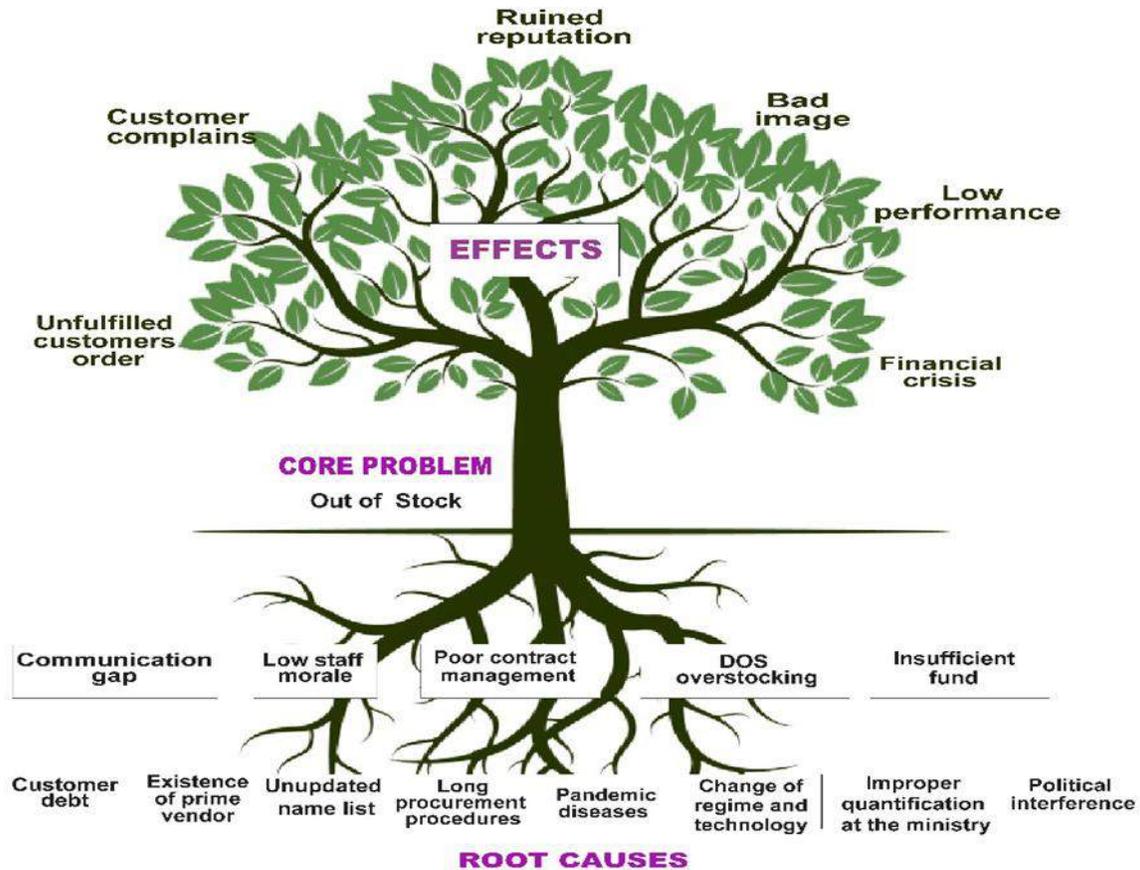
Challenges			
			
Challenges	Details	Actions to mitigate	Impact
		<ul style="list-style-type: none"> Enforce compliance to approved government donation policy and MoU 	
5. Existence of Prime Vendor	<ul style="list-style-type: none"> Government initiatives to strengthen Prime Vendor pose a threat to MSD operations 	<ul style="list-style-type: none"> MSD to ensure a steady supply of health commodities to public health facilities 	
6. Multinational manufacturers have incompatible trade procedures with MSD/Tanzania's requests.	<ul style="list-style-type: none"> As MSD plans to begin procurement straight from manufacturers, local procedures for procurement, customs clearance, and DDP requirements are incompatible with some manufacturers' business models and regulations that do not account for selling without distributors to coordinate delivery logistics, insurance, etc. This can make it difficult for us to find manufacturers willing to sell directly to our store. E-procurement system limitations due to poor support more than 100 lots, limited to a single language, payment method support visa, and master card only 	<ul style="list-style-type: none"> MSD can change its incoterms to cost freight and insurance (CIF) to account for the manufacturer's constraints. 	
7. National Essential Medicine (NEM) list is not updated frequently based on annual changing customer needs	<ul style="list-style-type: none"> The NEM list attached to the STG identifies medicines that are considered essential for the treatment of common disease conditions in Tanzania and support a streamlined logistics system. When this list is not 	<ul style="list-style-type: none"> MSD should lobby for more frequently posted NEM list updates. Update the MSD annual procurement plan to procure medicines that fulfill demand identified in annual disease 	

Challenges			
			
Challenges	Details	Actions to mitigate	Impact
	updated frequently based on annual disease trends, MSD is at risk of miscalculating demand for specific kinds of medication.	trends and predictions based on clinical judgment. <ul style="list-style-type: none"> MSD price catalog annual review should go in tandem with NEM 	
8. Long procurement procedures delay medicine availability	<ul style="list-style-type: none"> The Public Procurement Act 2011 regulations on procurement processes often delay medicine availability due to the outlined time for tendering, bidding, shipping, delivery, etc. Delayed order submission at the district level delays MSD's ability to place orders to suppliers on time and based on actual demand. 	<ul style="list-style-type: none"> Use MoH health facility quantification data to predict demand ahead of time and set agreements that specify the roles and responsibilities of both parties (MSD and customers) to shorten procurement lead time. Solicit PPRA for relief in regulations on procurement of medicine that delay medication through amendment of PPA Regulations on medicine 	
9. Loss of sales due to change of regime and technology	<ul style="list-style-type: none"> Abrupt changes of recommended medicines for patients following a continuous medical review and technological changes lead to stock expiry and obsolesce, 	<ul style="list-style-type: none"> Improve communication with the Ministry of Health & Health facilities to obtain current treatment trends 	
10. Potential disruption of resources and supply chain as a result of global integration due to presence of emerging diseases i.e. Covid19, Ebola, etc.	<ul style="list-style-type: none"> The COVID-19 pandemic disrupts health services in most countries, especially in Africa's global supply chains. In addition to the threat to public health, the economic and social also disrupted lead to potential disruption of resources. 	<ul style="list-style-type: none"> Establish manufacturing industry for COVID 19 protective supplies Maintains disaster recovery plan for COVID 19 epidemic. 	

Challenges			
			
Challenges	Details	Actions to mitigate	Impact
11. Increase of cyber-attack due to increasing use of ICT	<ul style="list-style-type: none"> Growing technology has a negative impact of increasing a cyber-attack. A cyber-attack can maliciously disable computers, steal data, or use a breached computer as a launch for another attack 	<ul style="list-style-type: none"> Strengthen ICT security Ensure strong sign in & off policy 	
12. Inadequate cooperation and commitment from stakeholders i.e. GIPSA	<ul style="list-style-type: none"> Increasing procurement lead time due to delays in clearing of health commodities. Delay of clearing lead to storage and demurrage cost which deplete MSD capital base 	<ul style="list-style-type: none"> Due to higher clearing charges of MSD goods cleared by GIPSA, MSD should solicit activity to return at MSD or to have permanent MSD employees working at GIPSA. 	
13. Late or non-submission of the distribution list for VP items from MOH	<ul style="list-style-type: none"> Vertical programs under the MOH have the responsibility to provide a distribution list for VP items that are received, stored, and distributed by MSD. MSD experiences delays in the provision of distribution list which leads to overstay and expiry of stock 	<ul style="list-style-type: none"> Improve communication with MOH to a timely issue distribution list to speed up the distribution of items to the intended health service delivery points. 	

2.9 PROBLEM TREE, CAUSE-EFFECT RELATIONSHIPS, KEY ISSUES

MSD Problem analysis identified the problem tree representing a comprehensive picture of the existing negative situation



2.10 RECENT INITIATIVES

To accomplish the planned strategic objectives efficiently and effectively, MSD Management formulated and prioritized the following 20 strategic initiatives:

2.10.1 Enhance cash customer, mission facilities, reduction of credit sales, and follow up of debt repayment at all levels

2.10.2 Develop and implement the market strategy for all MSD business lines

The market strategy was not developed however, there were various initiatives such as

- a. 21 Billion challenge introduced in 2018 to speed up the collection of funds from health facilities;
- b. 360 billion survival kit introduced to cut down expenditure improve cash collection through stock improvement, cash sales, and debt recovery;

- c. Engagement of some corporate customers: Zanzibar Medical Stores Department, Agha Khan Hospital, and thirty-seven (37) pharmacies under district councils; all signed MoU with MSD.
- d. Registration of 2,506 new customers;
- e. Establishment of the call center.

2.10.3 *Develop and implement MoU with NHIF for sustainable procurement of medicines and medical supplies*

Management has started consultation with NHIF to initiate the development of MoU. This initiative will be implemented in MTSP III (2021-2026).

2.10.4 *Implement an e-procurement management system*

MSD uses TANePS for tendering and evaluation processes.

2.10.5 *Prepare and implement local manufacturer engagement process*

MSD gives priority to local manufacturers to participate in the tendering process. Currently, MSD procures health commodities from nine local manufacturers.

2.10.6 *Develop a market strategy for special procurement and revamp cash collections*

The market strategy was not developed due to insufficient stock.

2.10.7 *Develop and implement an inbound electronic tracking system*

The inbound electronic tracking system was developed and implemented end of the year 2020. The system assists in tracking incoming orders from suppliers.

2.10.8 *Review, update, and implement MSD inventory management policy.*

Inventory guideline has been developed and implemented since 2018.

2.10.9 *Upgrade and Implement ERP project.*

ERP system has been upgraded from Epicor 9 to Epicor 10 from July 2020.

2.10.10 *Increase storage space in Songea, Kagera, Simiyu, Manyara, and Mtwara*

So far MSD has already acquired land in Songea, Kagera, Manyara, Mtwara, and Simiyu.

2.10.11 *Develop and implement an automated order and other business process dashboard*

MSD managed to develop a Customer Portal that shows the status of customer order fulfilment, customer statement of account, stock status, price catalogue, proof of delivery, and able to create control number.

2.10.12 *Develop and implement route optimization program*

Route optimization was developed and implemented.

2.10.13 *Maintain Strengthening of Transport SBU*

The business model for the transport unit was developed and implemented to operate as Strategic Business Unit (SBU), in so doing the SBU has a structure including managers, drivers, technicians, and accountants. The workshop has been developed for minor services, charging of services rendered. Also, the number of fleets has been increased from 77 to 215.

2.10.14 *Implement PPP project*

The project has two phases; Phase I of the feasibility assessment was completed. However, Phase II implementation of the PPP Project encountered challenges due to delayed submission of detailed procurement which led to the termination of the contract of the provider for consultancy services (ACMIRS).

2.10.15 *Monitor fleet tracking system*

Since 2017 MSD used a car tracking system on fleet management whose contract ended in 2020.

2.10.16 *Design, develop and deploy an electronic document management system*

the e-office system was developed and launched on 5th August 2019.

2.10.17 *Design, develop and deploy an HR management system*

The Human Capital Management system was developed and implemented.

2.10.18 *Develop and implement e-learning platform*

The e-learning platform was already developed but not implemented pending user training.

2.10.19 *Design and implement training programs to address the identified skills gaps*

Training programs were designed and implemented to address 83 skill gaps for 51 staff.

2.10.20 *Update and implement manning level recommendations*

Manning level exercise was conducted and all recommendations were implemented.

CHAPTER 3

3.0 MSD VISION, MISSION, AND CORE VALUES

3.1 MSD VISION

“Centre of excellence for health commodities supply chain in Africa.”

We envision MSD as an exemplary institution in Africa for the provision of health commodities through an effective supply chain that involves people, processes, and technology. We envision an organization where employees have skill sets aligned with business processes, encouraging data-driven decisions and using technology solutions to support optimization, data quality, and reporting effective health commodities supply chain.

3.2 MSD MISSION

“Provide quality and reliable health commodities accessible to health facilities within and outside Tanzania borders”.

MSD was established for purpose of production, procurement, storage, distribution, of approved health commodities required for use by health facilities. In living this mission, we make it our purpose to ensure health commodities in Tanzania are accessible (in terms of affordability and availability), reliable (in terms of consistency and good quality), and are delivered on time at all health facilities in Tanzania and beyond.

3.3 OUR CORE VALUES

MSD is guided by the following core values:

Table 5: MSD Core Values

No.	Core value	Description
1	Reliability	<i>We are consistent...</i> We consistently fulfill our responsibilities with honesty and accuracy. Our customers can depend on us to fulfill their needs efficiently, sufficiently, and on time. As an MSD family, we are built to Manage commitments, proactively communicate, complete our cycle, excel daily, be truthful, respect our time and others, value our values and use our best team.
2	Innovation	<i>We are open-minded...</i> We encourage new ideas and creativity in improving how we deliver our services. We are problem solvers, dedicated to finding more efficient and effective ways of fulfilling our mandate.
3	Teamwork	<i>We are committed to each other...</i> We support each other, work cooperatively, respect each other’s views, and make our

No.	Core value	Description
		work environment enjoyable and conducive for one another.
4	Integrity	<i>We do the right thing...</i> We are determined to remain transparent, honest, and ethical in what we think, say, and do. We are committed to maintaining equal treatment to all rivals and stand accountable for our practices.
5	Customer-focused	<i>We are a responsive, customer-centered organization</i> We recognize and engage our customers in a timely and friendly manner. We use customer insights to shape our products, services, and strategy.

3.4 QUALITY POLICY STATEMENT

We seek to continually improve the effectiveness of our Procurement, Storage and Distribution services by regularly reviewing our quality policy service objectives and practical implementation of ISO 9001:2015.

3.5 OUR MOTTO

Dedicated to save life.

3.6 MSD STRATEGIC OBJECTIVES

To achieve MSD's vision, mission and address critical issues identified during situation analysis, MSD identified six (6) strategic objectives which are outlined in the table below.

Table below: MSD Strategic Objectives.

Objectives	Strategic Objectives
A	Care and fight of HIV and Non-communicable diseases improved
B	Effective Implementation of the National anti-corruption strategy enhanced and sustained
C	The capacity of MSD to carry out its core mandate enhanced
D	Inventory Management Improved
E	Customer service delivery improved
F	Health commodities Manufacturing Plants established.

A. CARE AND FIGHT OF HIV AND NON-COMMUNICABLE DISEASES IMPROVED

Rationale

HIV/AIDS and non-communicable diseases infected individuals, create concerns over uncertain future health, possible loss of benefits, outdated job skills, discrimination, disclosure, and accommodation for HIV/AIDS and Non-communicable diseases related disability. HIV/AIDS and non-communicable diseases are global issues that

with an adverse implication on human resources and future impact on operations.

During the implementation of the Medium-Term Strategic Plan II 2017-2021, several government directives on HIV/AIDS programs at the workplace were issued. To implement the directives, MSD carried various interventions including the development of HIV/AIDS action plan, the appointment of peer educators, awareness seminars, encourage staff to undertake testing to determine their status, distributions of condoms and condom dispensers, set aside a budget to increase supports to employees living with HIV/AIDS.

Under Non-communicable disease intervention, MSD launched daily workout classes and a special diet for staff living with NCDs.

Despite the above interventions, many issues and challenges related to HIV/AIDS and NCDs intervention are still apparent at workplace. These include staff being unwilling to declare their HIV status, inadequate expansion of Home Based Care Treatment and Support, inadequate financial support package, awareness and existence of stigma and discrimination to staff living with HIV/AIDS and NCDs. To address the above issues and challenges, this objective focuses on improving strategies to implement HIV/AIDS and NCDs interventions at the workplace. The following are the expected outputs arising from the implementation of the above strategy with respective targets and key performance indicators:

S/N	Strategy	Outcome	Target	KPI	Owner
1.	Provide HIV/AIDS and Non-communicable diseases diagnosis, treatment, prevention at the workplace	Reduced Prevalence Rate	1. 100% diagnosis, treatment, prevention of HIV/AIDS and Non-communicable diseases strengthened by June 2026	1. Number of awareness programs on HIV/AIDS and Non-Communicable disease conducted	DAHRM/
				2. Number of staff participated in HIV/AIDS voluntary testing	DAHRM
				3. % of Staff living with HIV/AIDS provided with care and support	DAHRM
				4. Number of new reported HIV/AIDS cases	DAHRM
				5. Number of employees with Non-communicable diseases	DAHRM

B. EFFECTIVE IMPLEMENTATION OF THE NATIONAL ANTI-CORRUPTION STRATEGY ENHANCED AND SUSTAINED

Rationale

This object aligns with national anti-corruption strategies that intends to enhance accountability, transparency, integrity in the use of public resources to improve service delivery and wellbeing of the citizen. In implementing this objective, MSD shall institute measures that ensure the organisation remains a corruption-free institution while implementing its mandated functions.

The objective supplement previous interventions of addressing corruption at the workplace, in the past four years, such as establishment of Ethics and Integrity Committee including Zonal Ethics Committees, Annual Ethics Action Plan, operationalization of staff complaints handling mechanisms, awareness creation on the effects of corruption at the workplace, compliance audits, PPRA training for staff involved in contract management, personal asset declaration for all directors and managers, staff vetting and administrative actions against staff facing corruption allegations and related unethical conduct.

However, there are still issues and challenges facing the implementation of anti-corruption interventions at the workplace. These include the ongoing existence of staff corrupt practices and allegations while executing their duties and inadequate implementation of client service charter. To address the above issues and challenges, MSD will adopt a strategy to promote good governance and ethical conduct at the workplace.

Implementation of the below strategy will lead to the delivery of the following expected outputs:

S/N	Strategy	Outcome	Target	KPI	Owner
2.	Implement National Anti-Corruption Strategies and Action Plan III 2017-2022	Reduced corruption cases	2. 100% Development and implementation of programs to promote transparency and accountability by June 2026	6. Number of reported corruption cases	DAHRM
				7. Number of activities implemented in NACSP III 2017-2022	DAHRM
				8. % score by PPRA on procurement processes	DP
				9. % score by suppliers on corruption perception	DP

S/N	Strategy	Outcome	Target	KPI	Owner
				10. Corruption likelihood index as per PPRA	DP

C. CAPACITY OF MSD TO CARRY OUT ITS CORE MANDATE ENHANCED

Rationale

This objective aims to support MSD core functions to achieve strategic objectives. It includes all supporting departments within the organization such as Finance, Planning Monitoring and Evaluation, Information and Communication Technology and Statistics, Administration and Human Resource, Quality Assurance, Legal Unit, Internal Audit, and Communication and Public Relations Office. These support functions are critical in creating an enabling environment to facilitate the core function of production, procurement, storage, and distribution of health commodities for health facilities in Tanzania and beyond borders.

During the implementation of the Medium-Term Strategic Plan II (2017-2021), several interventions were undertaken including preparation and implementation of four (4) annual business plans and budgets. MSD upgraded Enterprise Resources Planning (ERP) from Epicor version 9 (E9) to Epicor version 10 (E10) and maintained a disaster recovery site. Also, a total of fifteen (15) business processes namely electronic management, customer portal, human capital management, file-sharing system (MSDbox), MSD Dashboard, Biometric attendance register, SADC Pooled Procurement, Result Based Financing (RBF) KPI Management, visitor's management, contract management, inbound tracking, Government electronic Payment Gateway, e-learning platform, Proof of delivery mobile application and Help Desk system were digitized.

Furthermore, internal and risk-based audits were conducted to identify weak areas for improvement. Staff working environment has been improved by providing working tools and training. Other issues regarding support services to the core business functions from Quality Assurance, Legal Services, Communications Public Relations, and Planning, Monitoring and Evaluation were implemented.

Despite the above interventions, during the period of MTSP II 2017-2021, MSD experienced financial instability due to insufficient funds at health facilities, growing debts, and stocks out of some health commodities. Other limitations were increased overhead costs, high system maintenance costs and, inadequate system security.

To address issues and challenges related to MSD, the following strategies will be implemented: -

S/N	Strategy	Outcome	Target	KPI	Owner
3.	Strengthen	Financial		11. Return on Assets:	DF

S/N	Strategy	Outcome	Target	KPI	Owner
	Financial Management and Investments	sustainability	3. 100% Financial Management Strengthened by June 2026	(Net surplus/Total asset)	
				12. Debt to equity ratio: (Total debt/ total equity)	DF
				13. Debt to Assets ratio	DF
				14. % of debt collected against the total debt	DF
				15. % actual expenditure line complied with the budget	DF
				16. Net Surplus / Total value of investment (ROI)	DF
				17. Reviewed Investment guideline	DF
				18. Current ratio: (Current assets/ current liability)	DF
				19. Remittances to the government / total revenue collections	DF
				20. The revenue growth rate from TZS 230.9billion to TZS 571.9billion	DLO & ZM
				21. % of VP items received and charged	DF & DLO
	22. Employee Efficiency ratio (Employee cost / operating revenue)	DAHRM			
4.	Improve Network availability	Improved ICT services	4. 100% Network availability by June 2026	23. % down time	DICTS
5.	Strengthen ICT system and security		5. 100% ICT Systems and Security improved up to by June 2026	24. Number of security assessments conducted	
				25. % of ERP modules maintained	
				26. % of system planned maintenance	

S/N	Strategy	Outcome	Target	KPI	Owner
				27. % of ICT system integrated	
6.	Automate all key functional areas for service delivery		6. All key functional areas automated by June 2026	28. Number of services automated 29. Number of customers satisfied with ICT services / Total number of customers x100 30. % of reported issues resolved on time	DICTS
7.	Improve compliance to policies, regulations, guidelines, standards	Governance systems enhanced	7. Board efficiency in the provision of oversight function to the Institution strengthened up to June 2026	31. % completion of Board evaluation coordination activities	HLS
			8. 100% Compliance with laws, regulations, directives, and standards enhanced up to June 2026	32. % of non-compliance incidences 33. Overall compliance rating by regulators and standard organization	ALL HLS
			9. 100% Stakeholder engagement strategies developed and implemented up to June 2026	34. % of audit findings resolved by the deadline 35. % of stakeholder engagement activities conducted	DF ALL
			10. 100% adherence to Internal Controls up to June 2026	36. Audit Score rating	DF
			11. All Risk-based assurance service	37. % of risk-based assurance services conducted	CIA

S/N	Strategy	Outcome	Target	KPI	Owner
			plan developed and implemented up to June 2026	38.% of accepted and completed consultancy services	CIA
			12. Quarterly risk management and accountability enhanced by June 2026	39.% of risks with valid mitigations	PME
8.	Improve Staff skills and knowledge	Improved competencies	13. 90% of staff knowledge and skills improved up to June 2026	40. Average Training Hours Per employee	DAHRM
				41. Number of Employees participating in Training	DAHRM
9.	Improve Staff welfare	Strengthened employee engagement and morale	14. Retooling plan for employee engagement and working tools developed and implemented by up to June 2026	42.% of grievances resolved	DAHRM
				43. Employee Retention rate	DAHRM
				44. Employee Satisfaction rate	DAHRM
				45.% of staff working tools functioning	DAHRM
10.	Promote inclusive working environment (Gender and disability)	Balanced Gender and Disability	15. 6:4 (Male: Female) ratio inclusive working environment promoted up to June 2026.	47. Diversity index (Gender)	DAHRM
				48. Diversity index (Disability)	DAHRM
11.	Management of Asset Utilization	Effective Assets Management	16. 100% Department assets labelled, registered, and verified up to June 2026	49.% items recorded in the assets inventory register to total assets	DF
				50.% of premises with assets verified	DF
				51.% of warehouses with verified stocks	DF
				52.% of assets labelled to total assets.	DAHRM

S/N	Strategy	Outcome	Target	KPI	Owner
				53.% of disposed assets to total unserviceable assets	DAHRM
			17. 100% adherence to MSD investment guidelines up to June 2026	54.% compliance to MSD investment guideline	DF
			18. 100% project implementation up to June 2026	55.% compliance to project schedule	DAHRM
12.	Strengthen Corporate Planning and Performance activities	Aligned strategies in line with future developments and national frameworks	19. Annual Business Plan and Budget developed, approved, and implemented up to June 2026	56. Develop an Annual business plan by February each year and monitor its implementation up to June of the following year	PME
				57. Develop an Annual budget by February each year and monitor its implementation up to June of the following year	DF
		20. MCO strategy reviewed and implemented by June 2026	58. Number of MCO strategies implemented	PME	
		Improved Industrial and Operational Performance	21. Research & Development programs conducted and its findings implemented by June 2026	59. Number of Research conducted as per plan and its finding implement	PME
13.	Utilization of Performance Management System	Strengthened employee Performance	22. All employees Performance reviewed through the DRIVE performance	60.% of staff provided with regular feedback to the total number of staff	DAHRM
				61. Number of staff rewarded and recognised	DAHRM

S/N	Strategy	Outcome	Target	KPI	Owner
			management system up to June 2026	62.Employee Productivity Rate	DAHRM
			23. Five years HR Plan developed and implemented up to June,2026	63.HR Plan developed and implemented	DAHRM
14.	Increase storage facility capacity	Improved inventory management	24. 14,423.64m2 Storage capacity increased by June 2026	64.Total Storage capacity attained (in square meters)	DAHRM
15.	Promote public relations and branding activities	Improved corporate image and reputation	25. All communication and public relations programs implemented up to June 2026	65.% awareness programs conducted	HCPR
			26. 13 branding activities developed and implemented up to June 2026	66.Number of branding activities implemented as per plan	HCPR

D. INVENTORY MANAGEMENT IMPROVED

Rationale

This objective aims at ensuring an uninterrupted supply of health commodities at service delivery points. The objective focuses on implementing activities to reduce inventory holding costs while improving inventory accuracy, stock availability, enhancing product quality compliance and service delivery. It also entails improving accurate forecast, supplier compliance, effective distribution, efficient financial obligation, order accuracy, and commodities reach to service delivery points.

MSD has performed several interventions to strengthen the management of inventories during the period of MTSP II 2017-2021 implementation that includes; upgrade of E9 to E10 to improve data transactions accuracy, hiring of warehouses at Tanga and Dar es salaam, increased forty (40) square meters at Katavi MCO, disposal of expired to relief warehouse space utilization, developed and implemented inventory guideline, established Mini-Laboratory for preliminary inspections of incoming stocks and those in our warehouses and attained and

maintained ISO 9001:2015 certification. Established new quantification bottom-up approach to reduce stock expiry and reviewed MoU with the MoH regarding management and distribution of Vertical Program.

During the implementation of MTSP II (2017/2021), MSD developed a quantification tool that lists the source of funding and requirement capturing, supply planning workshop to review and establish pipeline and call off requirements. Performed continuous review of stock levels, sourcing of health commodities direct from manufacturers, contract compliance to fast track stock deliveries, back-up plan from local suppliers to cover delays in sourcing from manufacturers, buying from east African regional blocks. Establishment of health facilities procurement enforcement mechanism, developed an inbound e-tracking system to facilitate incoming stock visibility and distribution planning, engagement meeting with suppliers and manufacturers were held and improved availability of branded medicine through MCOs.

Apart from deploying the above interventions there are still challenges in managing MSD inventories that include Increased DOS items in our warehouses, Increased expiries, frequent stock damages, change of treatment regimens, late sensitization of new regimens, uncoordinated donations, customers rejections, receipt of short shelflife laboratory reagents and controls, delayed clearing processes and overstocking.

Furthermore, MSD experienced increased out of stock of health commodities due to inadequate financing, lost sales, growing health facility debt figure, non-standardization of laboratory, ophthalmic and dental equipment, unreliable forecast data from health facilities, long procurement processes, non-compliance of procurement contracts terms, un-consolidated non-catalog items requirements, delays in suppliers payments, inflated market prices of health commodities by suppliers, inadequate capacity of local manufacturers. Because of the above MSD will implement the following strategies;

S/N	Strategy	Outcome	Target	KPI	Owner
16.	Reduce inventory holding time	Reduced inventory costs	27. Less than 90 days inventory holding time up to June 2026	67. Number of days for inventory holding	DLO & ZM
17.	Reduce stock expiry rate and annually expiry destruction		28. Less than 1% Stock expiry by June 2026	68.% of expiry of the total stock	DLO & ZM
18.	Increase inventory accuracy		29. 100% accuracy of inventory improved by June 2026	69.% of accurate inventory transactions	DLO & ZM
		70.% of stock quantification accuracy		DLO	

S/N	Strategy	Outcome	Target	KPI	Owner
19.	Increase tracer items availability	Improved Service Level	30. 90% tracer items available by June 2026	71.% of Tracer items availability	DLO
				72.% of MCO Tracers Items	DLO
				73.% compliance to the maximum stock level of 6 months (MoS)	DLO
				74.% of health commodities procured based on national guideline list	DLO
20.	Strengthen quality compliance		31. 100% quality compliance strengthened by June 2026	75.% of Non-compliance for product quality	HQAU
21.	Reduce procurement lead time		32. 90 days procurement lead time for items with contract and 180 days for items with no contract by June 2026	76. Procurement lead time for items with no contract	DP
				77. Procurement lead time for items with contract	DP
				78.% of health commodities cleared within grace period	DP
				79.% fulfilment of procurement requisition	DP
				80.% contract compliance	DP
				81. Number of requisitions issued to PMU within standard time	DLO
				33. All installation, Training,	82.% medical equipment and machines

S/N	Strategy	Outcome	Target	KPI	Owner
			Commission of Medical Equipment and Machines adhered to contract agreement up June 2026	installed, trained, and commissioned as per agreed contract.	

E. CUSTOMER SERVICE DELIVERY IMPROVED

Rationale

This objective measures the capacity of the institution to provide quality and innovative services to its customers, including the growth of its customer base. The key parameters of interest include efficiency in service delivery, customer satisfaction, order fill-rate, service automation, and efficiency in handling customer complaints.

During the implementation of MTSP II (2017-2021), MSD managed to distribute health commodities to health facilities, developed the proof of delivery which is used to authenticate receipt of health commodities by health facilities. MSD developed a customer portal to increase stock visibility by customers, seven MSD community outlets to serve customers over the counter products and individual prescriptions. Use of MSD distribution vehicles (15 Tons) as a mobile warehouse to fasten distribution services to facilities in hard-to-reach areas. Performed customer satisfaction survey, stakeholders' engagement, registration of new customers in MSD customer portal, enhanced customers' call center and customer relations management in E10.

Despite the efforts, the customer service delivery objective has not been attained due to stock-out, insufficient funds at health facilities and MSD, growth of debts, delayed special items delivery, and the outbreak of a pandemic disease COVID 19. To overcome the mentioned challenges and meet the current and future needs of health commodities, MSD will implement the following strategies with expected outcomes, targets, and key performance indicators;

S/N	Strategy	Outcome	Target	KPI	Owner
22.	Increased Customer satisfaction	Improved availability of health commodity	34.95% customer satisfaction increased up to June 2026	83.% of customers complaints resolved on time	DLO & ZM
				84.% implementation of market strategy	DLO & ZM

S/N	Strategy	Outcome	Target	KPI	Owner
				85.Average response time (5 days) in serving customers	ZM
				86.Customer effort score	ZM
				87.Customer satisfaction score	DLO
				88.Customer retention score	DLO
			35.90% order fill rate up to June 2026	89.Quantity received by Health Facilities / Quantity requested	ZM
23.	Strengthen distribution of health commodities	Improved delivery of health commodities	36.100% Delivery of health commodities enhanced up to June 2026	90.% of health facilities covered 91.% of timely delivery of health commodities	DLO/ZM
24.	Improve fleet management		37.100% Fleet utilization enhanced up to June 2026	92.Fleet utilization rate	DLO/ZM

F. HEALTH COMMODITIES MANUFACTURING PLANTS ESTABLISHED

Rationale

Over 90% of health commodities are sourced from foreign countries which lead to unpredictable price increase due foreign currency fluctuations, out of stock and lengthy lead time. Therefore, to align with the Tanzanian government's 2025 Development vision and Ruling Party Manifesto 2020-2025 in building the industrial economy, MSD has started production of health commodities locally to help satisfy the country's health commodity needs, price reduction, ensure reliable stock availability and National security.

This objective focuses on building manufacturing plants for health commodities production through own initiatives, partnership with private sector in establishing health commodities manufacturing plants and sourcing from local manufacturers to reduce dependence on foreign manufacturers.

S/N	Strategy	Outcome	Target	KPI	Owner
25.	Develop local health commodities manufacturing plants	Increased supply of locally manufactured health commodities	38. Six own manufacturing plants established and maintained by June 2026	93. Number of own manufacturing plants established	DAHRM
				94. Approved organization structure and Staffing for manufacturing plants	DAHRM
					DF
				95. Approved regulations for productions	HLS
				96. Number of plants insured	DF
				97. Number of manufacturing plants registered as limited companies	HLS
					DAHRM
				98. % of funding provided to support the formation of the subsidiary company	DF
				99. % Implementation of preventive maintenance plan	DAHRM
				100. % of safety and security measures implemented	DAHRM
101. Develop and Implement checklist for operationalization	DAHRM				

S/N	Strategy	Outcome	Target	KPI	Owner
				of manufacturing plants	
			39. One manufacturing plant established under PPP by June 2026	102. Manufacturing plant established under PPP	DAHRM
			40. 30% supply of health commodities from local manufacturers increased by June 2026	103. % increase in the supply of health commodities procured from local manufacturers	DP
			41. 100% fulfilment of face masks demand from own manufacturing plant up to June 2026	104. % face mask demand fulfilled up to June 2022	DAHRM
26.	Establish market strategies for pharmaceutical industries	Increased awareness and market penetration of pharmaceutical products	42. 100% Health commodities Market strategies developed and implemented up to June 2026	105. Existence of health commodities market strategy and percentage of its implementation.	DLO

CHAPTER 4

4.0 RESULTS FRAMEWORK

4.1 INTRODUCTION

This chapter intends to show how the results projected in this Medium-Term Strategic Plan III 2021-2026 will be measured and its benefits to the stakeholders. The Results Framework shows the beneficiaries of MSD services, the Development Objective; how the six selected objectives are linked to different International and National Development Frameworks; Results Chain; the Results Framework Matrix, the Monitoring Plan; the Planned Reviews; the Evaluation Plan; and the Reporting Plan.

The chapter provides the basis on how various interventions will be implemented in the course of the Strategic Planning Cycle which will lead to the achievement of the Development Objective; Monitoring methodologies; the reviews that will be conducted over the period; the evidence-based evaluations that will be conducted to show the outcomes of various interventions; and how the progress towards the achievements will be reported to stakeholders.

4.2 THE DEVELOPMENT OBJECTIVE

The development objective of MSD is ***to improve the availability of quality health commodities at affordable prices to all health facilities in Tanzania and beyond borders***. This is the overriding objective which represents the highest level of envisioned results. The achievement of this Development Objective will depend on the efforts of internal and external stakeholders of MSD, Internal stakeholders' efforts include clear standard operating procedures (SOPs), strategies and guidelines; staff and management commitment; strategic and operational capacity; and hard and soft infrastructure. External stakeholders' efforts include allocation of adequate resources; legal and regulatory framework; Commitment of key stakeholders; demand and supply side of accountability.

4.3 BENEFICIARIES OF MSD SERVICES

MSD has two levels of beneficiaries of its services. The first level includes health facilities (public health facilities, private approved health facilities, FBOs) while the second level beneficiaries include, suppliers and other service providers; MDAs; LGAs; NGO's; regional and international organizations.

4.4 LINKAGE WITH NATIONAL DEVELOPMENT FRAMEWORKS

This Medium-Term Strategic Plan III (2021-2026) contains six objectives that contribute to the implementation of Election Promises of Ruling Party Manifesto (2020-2025), Tanzania Development Vision 2025, Tanzania Long Term Perspective Plan goals (2011/12-2025/26), Health Sector Strategic Plan V 2021-2026, and Five Years Development Plan strategic priorities (2016/17-2020/21).

4.4.1 Linkage with Vision 2025

The outcomes of this strategic plan will contribute to Vision 2025 attribute 3.1 on high-quality livelihood targets related to access to quality primary health care for all, access to quality reproductive health services for all

individuals of appropriate ages, reduction of infant and maternal mortality rates by three-quarters of the current level and life expectancy comparable to the level attained by typical middle-income countries.

4.4.2 Ruling Party Election Manifesto 2020

The outcomes of this Strategic Plan will contribute to Ruling Party Election Promises to section 83(a), (b), (c),(d), l,(f),(g),(h),(o), l,(t),(u),(w), and(ab) which in summary aims to strengthen health service delivery to health facilities including constructing five strategic warehouses (Kagera, Simiyu, Mtwara, Iringa and Ruvuma).

4.4.3 Linkage with Health Sector Strategic Plan V 2021- 2026

The outcomes of this Strategic Plan will contribute to HSSP V 2021-2026 strategic outcome “To have sufficient health commodities available in all health facilities while reducing wastage and misuse”. The health sector aims to guarantee access to affordable, quality health commodities, to meet the country’s requirements for service delivery at all levels. The health sector will improve the present procurement and delivery systems to reduce costs and increase the availability of health commodities. The Government will continue to promote the use by all health programs and other entities providing commodities of a single/uniform system for the bottom-up system of quantification and distribution system for commodities under the leadership of the Ministry of Health and technically supported by MSD.

4.5 RESULT CHAIN

MSD Results Chain consists of inputs, activities, outputs, and outcomes which mostly contribute to the national long-term development agenda and Medium-Term Strategic Plan III (2021-2026) as indicated above. A combination of the objectives, targets, activities, and inputs in the MTSP III (2021-2026) forms the MSD Results Chain. The basic assumption is that there is connecting linkage in the various elements of the MSD Results Chain. The inputs i.e. utilization of resources will lead to the achievement of the activities, which will, in turn, contribute to the achievement of outputs. Achievement of outputs will lead to the achievement of objectives. Achievement of MSD development objective in the medium term will contribute to the achievement of Vision 2025 attributes, Tanzania Long Term Perspective Plan goals, Five Years Development Plan goals, and Ruling Party Election Promises.

4.6 MONITORING, REVIEWS, AND EVALUATION PLANS

This subsection details the Monitoring Plan, Planned Reviews, and Evaluation Plan for the period covering the strategic plan cycle between 2021/22 to 2025/2026.

4.6.1 Monitoring Plan

The Monitoring plan consists of indicators, indicator descriptions, baselines, indicator target values, data collection and methods of analysis, indicator reporting frequencies, and officers who will be responsible for data collection, analysis, and reporting. This plan will track 96 indicators on a monthly, quarterly basis and report on the same annually. The Monitoring Plan is detailed below:

Tables 4a: Monitoring Plan

	Target	Key Performance Indicators (KPI)	Indicators Targets Value					Data collection and Method of Analysis				Frequency of Reporting	Owner	
			Baseline	2021/22	2022/23	2023/24	2024/25	2025/26	Data Source	Data Collection Instruments and Methods	Frequency of Data Collection			Means of Verification
1.	100% diagnosis, treatment, prevention of HIV/AIDS and Non-communicable diseases strengthened by June 2026	<u>Number of awareness programs on HIV/AIDS and Non-Communicable diseases conducted</u> This indicator measure number of HIV/AIDS awareness training conducted to staff	NA	12	12	12	12	12	MSD staff	Training	Annually	Reports	Annually	DAHRM
		<u>Number of staff participated in HIV / AIDS voluntary Testing</u> This indicator measures the number of staff attending voluntary testing campaigns prepared by MSD after awareness programmes	N/A	90%	90%	90%	90%	90%	HIV testing Report	Establishment Report and HIV testing plan	Annually	Reports	Annually	DAHRM
		<u>% of Staff living with HIV/AIDS provided with care and support</u> This indicator is calculated by the total number of staff LHIV provided with care and support/ total number of staff LHIV in an organization x 100 (the ideal target is 100%).	NA	100%	100%	100%	100%	100%	MSD staff	HR Budget	Annually	HR Budget	Annually	DAHRM
		<u>Number of new reported HIV/AIDS cases</u> This indicator measures a declining number of new infections.	NA	100%	100%	100%	100%	100%	MSD staff	Testing campaign	Annually	Test result Report	Annually	DAHRM
		<u>Number of employees with non-communicable diseases</u> This indicator measures declining incidences of non-communicable diseases	NA	100%	100%	100%	100%	100%	MSD Staff	Testing campaign	Annually	Test result Report	Annually	DAHRM
		<u>Number of reported corruption cases:</u> This indicator measures the number of corruption cases declining yearly	NA	0%	0%	0%	0%	0%	PPRA Audits	Case reported	Annually	PPRA Reports	Annually	DAHRM
2.	100% Development and implementation of programs to promote transparency and accountability by June 2026	<u>Number of activities implemented in NACSP III 2017-2022</u> This indicator measures the number of planned programs under NACSP III 2017 -2022 implemented and reported	13	15	18	18	18	18	MSD NACSP III 2017-2022 Implementation Plan report	Training reports, Fliers, Audit reports, Stock verification reports	Quarterly	MSD NACSP III 2017-2022 Implementation Plan report	Quarterly	DAHRM
		<u>% score by PPRA on procurement processes</u> This indicator measures the annual PPRA scores provided during its audit	72%	85%	90%	90%	90%	90%	PPRA Report	Procurement process files	Annually	PPRA Final Report	Annually	DP
		<u>% score by suppliers on corruption perception</u> This indicator provides suppliers perception on corruption at MSD	9%	0%	0%	0%	0%	0%	Survey Report	Questionnaires	Annually	Annual Report on Procurement	Annually	DP
		<u>Corruption likelihood index as per PPRA:</u> This indicator is developed by PPRA and it measures the likelihood of corruption from procurement processes and systems of an organization.	9%	0%	0%	0%	0%	0%	PPRA audit report	PPRA Audit	Annually	PPRA Reports	Annually	DP

	Target	Key Performance Indicators (KPI)	Indicators Targets Value						Data collection and Method of Analysis				Frequency of Reporting	Owner
			Baseline	2021/22	2022/23	2023/24	2024/25	2025/26	Data Source	Data Collection Instruments and Methods	Frequency of Data Collection	Means of Verification		
3.	100% Financial Management Strengthened by June 2026	Return on Assets: Surplus before Tax/Average Assets This indicator measures how efficiently a company is using its assets to generate profit	N/A	20%	20%	20%	20%	20%	Annual Financial reports	Replacement account	Annually	Audited Financial statement	Annually	DF
		Debt to Equity Ratio: Total Debt/ Total Equity This indicator calculates the weight of total debt and financial liabilities against institutional equity	1.64	1.50	1.40	1.30	1.20	1.10	Audited Financial statement	Annual report-Financial statement	Annually	Audited Financial statement	Annually	DF
		% Mark-up. This indicator measures the percentage mark up to cost of sales	20.4%	20.4%	20.4%	20.4%	20.4%	20.4%	Quarterly reports	Quarterly reports	Quarterly	Quarterly reports	Quarterly	DF
		Debt to Assets Ratio: This indicator measures the amount of liabilities against total assets	62%	50%	45%	40%	35%	30%	Audited Financial statement	Annual report-Financial statement	Annually	Audited Financial statement	Annually	DF
		% debt collected against the total debt This indicator measures amount of customer debt collected against total customer debt	TZS 281 Billion	20%	20%	20%	20%	20%	Financial Statements	Monthly debt collection report	Monthly	Financial Statements	Monthly	DF
		% actual expenditure line complied with the budget This indicator measures the percentage of MSD control costs against its approved budget	100%	100%	100%	100%	100%	100%	Quarterly	Quarterly Financial Reports	Quarterly	Quarterly Financial Reports	Quarterly	DF
		Net Surplus / Total value of investment (ROI) This indicator measures net surplus over total amount invested in a particular period	N/A	20%	20%	20%	20%	20%	MSD Investment Report	Investment and Production Reports	Quarterly	Quarterly Reports	Quarterly	DF
		Reviewed Investment guideline This indicator measures the inclusion of thresholds for plants to be operated by MSD and those registered as a limited company	N/A	100%	N/A	N/A	N/A	N/A	Investment guideline	Investment reports	Annually	Reviewed Investment guideline	Annually	DF
		Current Ratio: Current assets over current liabilities Ratio This indicator measures the ability to meet its current obligations when fall due	1.33	1.40	1.50	1.60	1.65	1.70	Audited Financial statement	Annual report-Financial statement	Annually	Audited Financial statement	Annually	DF
		Remittance to the government/Total revenue collections Remittances to the Government / total Revenue collections This indicator Shows percentage earning contributed to the government	TZS 62Mil	TZS 80Mil	TZS 100 Mil	TZS 100 Mil	TZS 100 Mil	TZS 100 Mil	Audited Financial statement	Annual report-Financial statement	Annually	Audited Financial statement	Annually	DF
The revenue growth rate from TZS 230.9 billion to TZS 571.9billion Collections/Revenue This shows the percentage of sales increase from TZS 230.9bn.	TZS 230.9bn	30%	30%	30%	30%	30%	Sales reports	Sales Reports review	Monthly	Sales Reports review	Monthly	DLO & ZM		

	Target	Key Performance Indicators (KPI)	Indicators Targets Value						Data collection and Method of Analysis				Frequency of Reporting	Owner
			Baseline	2021/22	2022/23	2023/24	2024/25	2025/26	Data Source	Data Collection Instruments and Methods	Frequency of Data Collection	Means of Verification		
		<p>% of VP items charged This indicator measures generation of invoice against VP commodities received and distributed</p> <p>Employee efficiency ratio Total employees' cost / Total revenue</p>	NA	100%	100%	100%	100%	100%	Sales Report, Goods received the report	GRN created an Invoice to facilities	Monthly	Sales Report, Goods received the report	Monthly	DLO, ZM & DF
		<p>Employee efficiency ratio Total employees' cost / Total revenue</p>	10.5%	10%	10%	10%	10%	10%	Audited Financial statement	Annual report-Financial statement	Annually	Audited Financial statement	Annually	DAHRM
4.	100% Network availability by June 2026	<p>% down time across MSD offices Is percentage amount of time the network is not operational. It is measured by network downtime over total time.</p>	98%	100%	100%	100%	100%	100%	Help desk report	User complains	Monthly	Help desk report	Monthly	DICTS
5.	100% ICT Systems and Security improved by June 2026	<p>Number of security system assessment conducted. This indicator measures how secure our network and systems are.</p>	NA	100%	100%	100%	100%	100%	System Operation assessment	System assessment and evaluation	Often/Monthly	System assessment and evaluation	Often/monthly	DICTS
		<p>% of ERP modules maintained This indicator shows the number of ERP modules maintained over the total number of modules required</p>	NA	100%	100%	100%	100%	100%	System reports	ERP system	Monthly	Systems reports	Monthly	DICTS
		<p>% of planned maintenance This indicator measures planned activities (maintenance, repairs, replacements and licence renewal) completed as per plan</p>	N/A	100%	100%	100%	100%	100%	System Reports	System Licences and Plan	Monthly	Systems Report	Monthly	DICTS
		<p>% of ICT system integrated This indicator shows the number of ICT systems integrated over the total number of ICT systems that require integration</p>	NA	100%	100%	100%	100%	100%	Reports	System report	Quarterly	System report	Quarterly	DICTS
6.	Key functional areas automated by June 2026	<p>Number of services automated This indicator measures the number of services automated for service delivery</p>	15	18	20	22	23	24	Automated Business process	Annual Reports	Annually	Automated Business process	Annually	DICTS
		<p>Number of customers satisfied with ICT services This indicator measures customers satisfied with services offered by ICT</p>	67.31%	100%	100%	100%	100%	100%	ICT Customer satisfaction survey	ICT Customer satisfaction report	Monthly	ICT Customer satisfaction report	Monthly	DICTS
		<p>% of reported issues resolved on time This indicator measures the number of issues reported and resolved within the standard time</p>		100%	100%	100%	100%	100%	Helpdesk system	Helpdesk report	Monthly	Helpdesk report	Monthly	DICTS
7.	100% Board efficiency in the provision of oversight function to the Institution improved up to June 2026	<p>Overall rating from the annual board assessment The score can be calculated as an average score from the rating of each facet of the board assessment tool.</p>	100%	100%	100%	100%	100%	100%	Board calendar for training and customers and stakeholders' visits.	Training and Customer visit Report	Semi-Annually	Training Report/ Certificate/ Proof of Payment	Semi-Annually	HLS

	Target	Key Performance Indicators (KPI)	Indicators Targets Value						Data collection and Method of Analysis				Frequency of Reporting	Owner
			Baseline	2021/22	2022/23	2023/24	2024/25	2025/26	Data Source	Data Collection Instruments and Methods	Frequency of Data Collection	Means of Verification		
8.	100% Compliance with laws, regulations, directives, and standards enhanced up to June 2026	% of Non-compliance incidences. This is measured by reduction in the number of non-compliance incidences.	55%	100%	100%	100%	100%	100%	Quarterly Performance Reports	Compliance Checklist	Quarterly	Report Assessment, Internal Audit Report, IAG, and CAG	Quarterly	ALL
		Overall compliance rating by regulators and standard organization This is measured by overall compliance with regulators	80%	90%	90%	90%	90%	100%	Quarterly Performance Reports	Directorate/Units Performance Reports	Quarterly	Report Assessment, Internal Audit Report, IAG, and CAG	Quarterly	HLS
		% of audit findings resolved by the deadline This measure is calculated by total audit findings resolved in the measurement period/ total audit findings raised in the measurement period. The benchmark % is 100%	55%	100%	100%	100%	100%	100%	Audit reports	Audit report	monthly	Audit reports	monthly	DF
9.	100% Stakeholder engagement strategies developed and implemented by June 2026	% of stakeholder engagement activities conducted This measure the relationship between MSD and her stakeholders	88%	90%	95%	95%	100%	100%	Stakeholders' Engagement Reports	Engagement' minutes	Monthly	Stakeholders' Engagement Reports	Monthly	ALL
10.	100% adherence to internal controls up to June 2026	Audit score rating 1= Unqualified opinion 2= Qualified opinion 3 = Disclaimer of opinion 4 = Adverse opinion	1	1	1	1	1	1	Audit Reports	Audit reports	Quarterly	Audit Reports	Quarterly	DF
11.	100% Risk based assurance service provided by June,2026	% of risk-based assurance services conducted This indicator measures implementation of planned assurance services	64%	100%	100%	100%	100%	100%	Audit Plan	Risk assessment report	monthly	Audit reports	monthly	CIA
		% of requested and completed Consultancy Services This indicator measures the percentage of consultancy services Internal Audit Unit was assigned for investigation and its completion	100%	100%	100%	100%	100%	100%	100%	Quarterly Report	DG, EMT and Board Resolutions/ Directives	Quarterly	Quarterly Report	Quarterly
12.	Quarterly risk management and accountability enhanced up to June 2026	% of risks with valid mitigations This indicator measures implementation of identified risks with valid mitigations	100%	100%	100%	100%	100%	100%	Corporate risk report	Directorate and Units Risk Report	Quarterly	Corporate risk report	Quarterly	HPME
13.	90% of staff knowledge and skills improved up	Average Training Hours Per employee This indicator measures the number of hours existing employees (does not include new employees) spend in training (Total Number of	NA	12 hrs	24 hrs	24 hrs	24 hrs	24 hrs	Training Plan	Training Needs Assessment	Annually	Training Reports	Quarterly	DAHRM

	Target	Key Performance Indicators (KPI)	Indicators Targets Value						Data collection and Method of Analysis				Frequency of Reporting	Owner	
			Baseline	2021/22	2022/23	2023/24	2024/25	2025/26	Data Source	Data Collection Instruments and Methods	Frequency of Data Collection	Means of Verification			
	to June 2026	Hours Existing Employees Spend Training / Number of Existing employees) Number of Employees participating in Training This is measured by the number of employees participating in training against total planned number													
			56%	100%	100%	100%	100%	100%	Training Reports	Training Plan	Quarterly	Training Reports	Quarterly	DAHRM	
14.	Retooling plan for employee engagement and working tools developed and implemented up to June 2026	% of grievances resolved This is calculated by the number of grievances resolved/ Total grievances reported during the measurement period	93%	100%	100%	100%	100%	100%	HR Reports	HR Report	Quarterly	Quarterly Report	Quarterly	DAHRM	
		Employee retention rate This is calculated by the number of employees who remained employed for the entire measurement period/ number of employees at the start of the measurement period x 100	93%	100%	100%	100%	100%	100%	HR reports	Review of reports	Quarterly	Quarterly Report	Quarterly	DAHRM	
		Employee Satisfaction Rate This indicator is derived from the annual employee satisfaction survey. Measured by the percentage of employees satisfied with their jobs	82%	90%	90%	95%	95%	95%	Employee Satisfaction Survey Report	Questionnaires	Annually	Employee Satisfaction Survey Report	Annually	DAHRM	
		% of staff working tools functioning This indicator shows the percentage number of staff with adequate working tools	92%	95%	95%	100%	100%	100%	DHRA reports	Departments Reports	Monthly	Assessment of Departments Reports and visit	Monthly	DAHRM	
		% of warehouse handling equipment functioning This indicator shows the percentage of warehouse handling equipment available	NA	95%	95%	100%	100%	100%	DHRA reports	Departments Reports	Monthly	Assessment of Departments Reports and visit	Monthly	DAHRM	
15.	6:4 (Male: Female) ratio inclusive working environment promoted by June 2026.	Diversity index Gender It considers the number of female vs male present as well as the relative total number of staff	7:3	7:3	7:3	7:3	6:4	6:4	Quarterly reports	HR Report	Quarterly	HR Report	Quarterly	DAHRM	
		Diversity index Disability It considers the number of disabilities present as well as the relative total number of staff	1%	2%	2%	2%	2%	%	Quarterly reports	HR Report	Quarterly	HR Report	Quarterly	DAHRM	
16.	All Department assets labelled, registered, and verified by June 2026	% of items recorded in the assets inventory register to total assets The proportion of items recorded in the assets inventory register to total assets (PPE)	92%	100%	100%	100%	100%	100%	Asset Verification Report	Asset Register, Asset Verification Report	Quarterly	Asset Verification Report	Quarterly	DF	
		% of premises with assets verified The indicator measures verification of companywide assets	100%	100%	100%	100%	100%	100%	Asset Verification Report	Asset Register, Asset Verification	Quarterly	Asset Verification Report	Quarterly	DF	

	Target	Key Performance Indicators (KPI)	Indicators Targets Value						Data collection and Method of Analysis				Frequency of Reporting	Owner
			Baseline	2021/22	2022/23	2023/24	2024/25	2025/26	Data Source	Data Collection Instruments and Methods	Frequency of Data Collection	Means of Verification		
		% of warehouses with verified stocks The indicator measures verification of companywide stocks	100%	100%	100%	100%	100%	100%	Asset Verification Report	Asset Register, Asset Verification Report	Quarterly	Asset Verification Report	Quarterly	DF
		% of assets labelled to total assets This indicator measures the number of assets labelled over all assets	100%	100%	100%	100%	100%	100%	Asset Verification Report	Asset Register, Verification Report	Quarterly	Asset Verification Report	Quarterly	DAHRM
		% of disposed assets to total unserviceable assets Number of unserviceable assets disposed to the total number of unserviceable assets	100%	100%	100%	100%	100%	100%	Audited Financial statement	Annual report-Financial statement	Annually	Audited Financial statement	Annually	DAHRM
17.	100% adherence to MSD investment guideline up to June 2026	% compliance to MSD investment guidelines This indicator measures the extent of investment compliance to the MSD investment guidelines	NA	100%	100%	100%	100%	100%	Investment Reports	Investment Plan	Quarterly	Investment Reports	Quarterly	DF
18.	100% project implementation on by June 2026	% compliance to project schedule This is calculated by considering the achieved against the planned milestones.	NA	100%	100%	100%	100%	100%	Project Implementation Reports	Project Plan	Quarterly	Project Implementation Reports	Quarterly	DAHRM
19.	Annual Business Plan and Budget Developed, Approved, and implemented up to June 2026	Develop annual business plan by February 2022 and monitor its implementation This indicator measures development, approval and monitoring execution of the business plan	1	1	1	1	1	1	MTSP III 2022-2026, MoH Directives, Stakeholder requirements	Directorates and units plans, Performance, MoH Quantification Report, Government Budget Guideline, and Annual Financial Report	Annually	Approved Business Plan		PME
		Develop annual budget by February 2022 and monitor its implementation This indicator measures development, approval and monitoring implementation of the budget	100%	100%	100%	100%	100%	100%	MSD financial report		Semi-Annually	Budget	Quarterly	DF
20.	MCO strategy reviewed and implemented by June 2026	Number of MCO strategies implemented This indicator measures the positioning of MCOs	7	1	3	NA	NA	NA	MCO Performance reports	Performance dashboards	Monthly	MCO Performance reports	Monthly	PME
21.	Research & Development programs conducted and its findings implemented	Number of Research conducted as per plan and its finding implemented. This indicator measures the number of research conducted as per approved plan against targeted number of research.	N/A	N/A	2	2	2	2	Research Plan	Questionnaire, Survey, Research Plan,	Annually	Annual Performance Report	Annually	DAHRM

	Target	Key Performance Indicators (KPI)	Indicators Targets Value						Data collection and Method of Analysis				Frequency of Reporting	Owner
			Baseline	2021/22	2022/23	2023/24	2024/25	2025/26	Data Source	Data Collection Instruments and Methods	Frequency of Data Collection	Means of Verification		
	by June 2026													
22.	All employees Performance reviewed through the DRIVE performance management system up to June 2026	% of regular performance feedback provided This is calculated by the total number of performance feedback provided to staff	84%	100%	100%	100%	100%	100%	HR Report	Drive Forms	Semi Annually	HR Report	Semi Annually	DAHRM
		Number of staff rewarded and recognised. This measure the number rewarded against approved number of employees entitled for reward	100%	100%	100%	100%	100%	100%	Calibration Report	Drive Performance	Annually	Reward Report	Annually	DAHRM
		Employee Productivity Rate Total revenue is divided by the total number of employees.	TZS 384 mil	TZS 478 mil	TZS 526 mil	TZS 579 mil	TZS 636 mil	TZS 700 mil	Quarterly Report	Financial and HR Report	Quarterly	Financial and HR Report	Quarterly	DAHRM
23.	Five years HR Plan Developed and Implemented up to June 2026	HR Plan Developed and Implemented. This measures the presence of HR Plan and number of activities implemented	N/A	100%	100%	100%	100%	100%	HR Plan	Job Analysis, Job List Report Job Description, TNA	Semi-Annual	Progress Report of HR Plan	Semi-Annually	DAHRM
24.	14,423.64 square meters increased by June 2026	Total Storage capacity attained (in square meters) This indicator measures actual storage capacity expanded	42,038.3 sqm	2,885 sqm	2,885 sqm	2,885 sqm	2,885 sqm	2,885 sqm	Construction implementation report	Project Planning	Annually	Site Visits/Actual square meter completed	Annually	DHRA
25.	All Communication and public relations programs implemented up to June 2026	% awareness programs conducted This is indicator measure planned awareness activities against actual implementation	NA	90%	95%	95%	95%	95%	Publications, TV and Radio programs	Video clips, Newsletter Cuttings, Remittance	Monthly	Publications, TV and Radio programs	Monthly	HCPR
26.	13 branding activities developed implemented up to June 2026	Number of branding activities implemented as per plan This indicator measures the number of branding activities implemented against planned branding.	10	13	13	13	13	13	PR Plan	Branding Plan	Monthly	Fliers, Posters, Promotion materials, social media platforms, exhibitions	Monthly	HCPR
27.	Less than 90 days inventory holding time up to June 2026	Number of days for inventory holding This indicator measure number of items (batch lines) stayed in the warehouse for less than 90 days/Total number of items (batch lines) within the warehouse_	68%	100%	100%	100%	100%	100%	E10 Stock Aging analysis Report	Stock Aging Report.	Monthly	Stock Aging Report.	Monthly	DLO & ZM
28.	Less than 1% Stock expiry up to June 2026	% of expiry rate of the total stock This indicator measures the total value of goods expired/Total value of items held in a period (stock on Hand + Expired + Sold)	1%	1%	1%	1%	1%	1%	System Stock expiry report and	Expiry Report.	Monthly	System stock expiry report	Monthly	DLO & ZM
	100%	% of accurate Inventory transactions.	98%	100%	100%	100%	100%	100%	System cycle	Inventory	Monthly	Cycle count	Monthly	DLO &

	Target	Key Performance Indicators (KPI)	Indicators Targets Value						Data collection and Method of Analysis				Frequency of Reporting	Owner
			Baseline	2021/22	2022/23	2023/24	2024/25	2025/26	Data Source	Data Collection Instruments and Methods	Frequency of Data Collection	Means of Verification		
29.	accuracy of inventory improved up to June 2026	This indicator measure Number of items without discrepancies/Total number of items counted							count inventory accuracy report/Stock ledger report	Accuracy report		inventory accuracy report/ Stock ledger report		ZM
		% of stock quantification Accuracy This indicator measures the accuracy of item forecasts by calculating Total item quantity requested by health facilities / Total item forecasted.	NA	95%	96%	97%	98%	100%	System receiving & issue reports	Receiving and distribution reports	Quarterly	Receiving & issuing reports	Quarterly	DLO
30.	90% tracer items available by June 2026	% of Tracer items availability This indicator measures the number of tracer items available /Total number of tracer items from the list	63%	90%	90%	90%	90%	90%	System stock availability report	Tracer Items availability report	Monthly	Tracer items availability report	Monthly	DLO
		% of MCO Tracer Items availability This indicator measures the number of tracer items available /Total number of tracer items from the list	36%	90%	90%	90%	90%	90%	System stock availability report	Tracer Items availability report	Monthly	Tracer items availability report	Monthly	DLO
		% compliance to the maximum stock level of 6 months (MoS) This indicator measure Stock on hand/average monthly consumption	NA	70%	75%	80%	85%	90%	Stock status reports	Stock ledger Report, Consumption /Quantification Data	Monthly	Stock ledger Report, Consumption/ Quantification Data	Monthly	DLO & ZM
		% of health commodities procured basing on the national guideline list This indicator measure adherence to procurement based on STG/NEMLIT	N/A	100%	100%	100%	100%	100%	System Procurement Report	Quarterly Procurement reports	Quarterly	National Guideline List	Quarterly	DLO
31.	100% quality compliance strengthened up to June 2026	% of non-compliance for Product quality. This indicator measures the number of items accepted by the customer (measured by batch quantities)/total number of product batches distributed.	99.3%	100%	100%	100%	100%	100%	Quality assurance inspection report	PMS & QMS reports	Monthly	PMS & QMS reports	Monthly	HQA
32.	90 days procurement lead time for items with contract and 180 for items with no contract by June 2026	Procurement lead time (number of days) for Procurement with no contract This indicator measures lead time da18ys from date of order submission to stock delivery date for items with no contract	180 days	180 days	160 days	140 days	120 days	90 days	Procurement cycle	Procurement Process File	Quarterly	Procurement cycle	Monthly	DP
		Procurement lead time (number of days) for Procurement with contract This indicator measures lead-time days from date of order submission to stock delivery date for items with contract	180 days	90 days	90 days	90 days	90 days	90 days	Goods received report	Procurement Process File	Quarterly	Goods received report	Monthly	DP
		% of health commodities cleared within grace period This indicator measures the number of consignments to total consignment under the review period	N/A	100%	100%	100%	100%	100%	System Report showing non-statutory payment	Consignment Received under the review period	Monthly	Quarterly Report and Financial Report	Monthly	DP
		% fulfillment of procurement requisition This indicator measures the percentage	NA	100%	100%	100%	100%	100%	Requisition report	Requisition raised	Monthly	Requisition report	Monthly	DP

	Target	Key Performance Indicators (KPI)	Indicators Targets Value						Data collection and Method of Analysis				Frequency of Reporting	Owner
			Baseline	2021/22	2022/23	2023/24	2024/25	2025/26	Data Source	Data Collection Instruments and Methods	Frequency of Data Collection	Means of Verification		
		fulfilment of all requisitions made in full and on time as per supply plan.												
		% of contract compliance This indicator measures actual deliveries/scheduled deliveries. And measure the percentage of adherence to the contract signed.	52.7%	80%	85%	90%	95%	95%	System Supplier performance report	Procurement Process File	Monthly	Contract Register	Monthly	DP
33.	All installation, training, and commissioning of Medical Equipment and machine adhered to contract up to June 2026	% of Medical Equipment and Machine installed, trained, and Commissioned as per agreed contract This indicator measures the number of equipment and machine installed, trained, and commissioned to the total number of machines as per the contract	NA	100%	100%	100%	100%	100%	Equipment and machine Dispatch Register	Training and Commissioning Certificate	Monthly	Equipment and machine Dispatch Register	Monthly	DP
34.	95% Customer satisfaction increased up to June 2026	% of customers' complaints resolved on time This indicator is calculated by total customer complaints resolved within standard time divided by total complaints from customers during the measurement period. The ideal benchmark is 100%	85%	95%	95%	95%	95	95%	Customer complains register	Portal, customer complaints letters, email, and phone calls	Monthly	Customer complain register	Monthly	DLO & ZM
		% Implementation of market strategy This indicator measures the existence of market strategy document and implementation of the proposed marketing strategies by computing the number of activities implemented over the number of planned activities times a hundred	NA	100%	100%	100%	100%	100%	Market Strategy Implementation Reports	Implementation Report	Quarterly	Market Strategy Implementation Reports	Quarterly	DLO
		Average response time (5 days) in serving customers This indicator measures the average time taken to respond to customer enquires	80%	100%	100%	100%	100%	100%	Customers Response Register	Portal, customer complaints letters, e-office, email, and phone calls	Monthly	Customers Response Register	Monthly	DLO & ZM
		Customer satisfaction score This indicator is calculated by the % of overall satisfaction with a product or service delivered.	80%	90%	95%	95%	95%	95%	Customers Survey report	Questionnaires	Semi-Annually	Customers Survey report	Semi-Annually	DLO
		Customer retention score This is calculated by (E-N)/Sx100 whereby; E= Total number of customers at the end of the measurement period, N= number of customers acquired during the measurement period, S= Total number of customers at the beginning of measurement period	NA	100%	100%	100%	100%	100%	MSD customer database report	ERP System	Semi-Annually	MSD customer database report	Semi-Annually	DLO & ZM
		Customer effort score 1 = very low effort, 2 = low effort, 3 = neutral, 4 =	N/A	2	2	2	2	2	Customers Survey report	Questionnaires	Semi-Annually	Customers Survey report	Semi-Annually	DLO

	Target	Key Performance Indicators (KPI)	Indicators Targets Value						Data collection and Method of Analysis				Frequency of Reporting	Owner
			Baseline	2021/22	2022/23	2023/24	2024/25	2025/26	Data Source	Data Collection Instruments and Methods	Frequency of Data Collection	Means of Verification		
		high effort, 5 = very high effort												
35.	90% order fill rate up to June 2026	Quantity supplied to health facilities/quantity requested (Order fill rate) This indicator measures quantities delivered to health facilities against quantities requested	68%	85%	90%	90%	90%	95%	System order fill report	Data analysis	Monthly	System order fill report	Monthly	DLO & ZM
36.	100% Delivery of health commodities enhanced up to June 2026	% of health facilities covered This indicator measures facilities covered against planned	83%	100%	100%	100%	100%	100%	Distribution Report Manifest	Proof of Delivery (POD)	Quarterly	Distribution Report Manifest	Quarterly	ZM
		% of timely delivery of health commodities This indicator measures timelines of delivering commodities at health facilities as per the distribution calendar	83%	100%	100%	100%	100%	100%	Distribution Report Manifest	Proof of Delivery (POD)	Quarterly	Distribution Report Manifest	Quarterly	ZM
37.	95 % Fleet utilization enhanced up to June 2026	Fleet utilization rate. This indicator measures fleet being used optimally/Total number of fleets owned	72%	75%	90%	95%	95%	95%	Transport unit report	Data analysis	Monthly	report	Monthly	DLO
38.	Six own manufacturing plants established and maintained by June 2026	Number of own manufacturing plants established This indicator measures the number of plants established to the number of planned plants	1	2	2	2	N/A	N/A	Commissioning report	Site meeting reports	Quarterly	Site meeting reports and Contracts	Annually	DAHRM
		Approved organization structure and Staffing for manufacturing plants	N/A	100%	N/A	N/A	N/A	N/A	Manufacturing plant organogram and establishment	Manning level/Job analysis report	Annually	Manning level/Job analysis report	Annually	DAHRM
		% of funding provided to support of the formation of subsidiary company	N/A	100%	100%	100%	100%	100%	Financial Statement	N/A	Quarterly	Financial Statement	Quarterly	DF
		Approved regulations for productions	N/A	100%	100%	100%	100%	100%	Regulatory bodies regulations, regulations from similar organizations	Engagement with stakeholders	Annually	Approved production regulations	Annually	HLS
		% plants insured This indicator measures the number of plants insured against total number of plants	N/A	100%	100%	100%	100%	100%	Asset valuation report	Asset register	Annually	Insurance cover note	Annually	DF
		% Implementation of preventive maintenance plan This indicator measures number of preventive maintenance performed against planned maintenance.	N/A	100%	100%	100%	100%	100%	Preventive and maintenance plan	Plant Operational manual, logs	Quarterly	Preventive and maintenance report	Quarterly	DAHRM
		% of safety and security measures implemented	N/A	100%	100%	100%	100%	100%	Security assessment report	Security inspection report	Quarterly	Security agreements	Quarterly	DAHRM
		A Registered Limited Company	N/A	100%	N/A	N/A	N/A	N/A	N/A	Performance report	Certificate of registration	Annually	Certificate of registration	Annually
	Implement checklist for operationalization of manufacturing plants		N/A	100%	N/A	N/A	N/A	N/A	Performance report	Checklist	Quarterly	Checklist, report	Quarterly	DAHRM

	Target	Key Performance Indicators (KPI)	Indicators Targets Value						Data collection and Method of Analysis				Frequency of Reporting	Owner
			Baseline	2021/22	2022/23	2023/24	2024/25	2025/26	Data Source	Data Collection Instruments and Methods	Frequency of Data Collection	Means of Verification		
39.	One manufacturing plant established under PPP by June 2026	Manufacturing plants established under PPP This indicator measures the number of PPP plants established to the number of planned PPP Plants	NA	N/A	1	N/A	N/A	N/A	Commissioning report	Site meeting reports	Quarterly	Site meeting reports and Contracts	Annually	DAHRM
40.	30% supply of health commodities from local Manufacturer increased by June 2026	% Increase in Supply of health commodities from local manufacturers This indicator measure increases of percentage on procuring health commodities from local manufacturers	8%	10%	16%	24%	30%	38%	Procurement reports	Procurement Process Files, Contract Management Register	Quarterly	Procurement Process Files	Quarterly	DP
41.	100% fulfilment of face masks demand from own manufacturing plant up to June,2026	% face masks demand fulfilled up to June 2026	N/A	100%	100%	100%	100%	100%	Face Mask Unit Performance report	ERP performance report	Quarterly	Face Mask Unit Performance report	Quarterly	DAHRM
42.	100% Market strategies developed and implemented by June 2026	Existence of market strategy and percentage of its implementation This indicator measures the existence of market strategy document and implementation of the proposed marketing strategies by computing the number of activities implemented over the number of planned activities times a hundred	NA	100%	100%	100%	100%	100%	Market Strategy Implementation Reports	Implementation Report	Quarterly	Market Strategy Implementation Reports	Quarterly	DLO

4.6.2 Planned Reviews

This will consist of review meetings, planned milestones reviews, and rapid appraisals including their frequencies.

4.6.2.1 Review Meetings

This will involve internal and external review meetings that will be conducted to track progress on the milestones, activities, and targets or outputs critical for the achievement of organizational objectives. This will also involve determining the type of meetings, frequency, designation of the chairperson, and participants in each meeting.

4.6.2.2 Internal Review Meetings

A total of 11 internal meetings will be conducted to review progress in the implementation of strategies, targets, milestones, and indicators under this strategic plan as shown in the table below:

Table 4b: Internal Review Meetings

S/N	Type of meeting	Frequency	Designation of the Chairperson	Participants
1	Weekly review meetings	Weekly	Heads of Directorates, Units, Zonal Managers, and Sections	Staff in sections or unit
2	Executive Management Team Meetings	Weekly	Director General (DG)	Directors and Heads of Units
3	O and SP meetings	Twice a Month	Head of Quantification	Appointed Representative from various directorates and sections
4	EMT O and SP meetings	Monthly	Director General (DG)	EMT members
5	Meeting of the PME and Directors & Units	Monthly	Planning, Monitoring, and Evaluation Manager (PMEM)	Head of Directorates and Units
6	Board of Trustees Committee Meetings	Quarterly	Chairperson of the board of trustee committee	Committee members and members of management
7	Board Meetings	Quarterly	Chairperson of the Board of Trustees	Board members and Secretary to the Board
8	Extended Management meetings	Semi-Annually	Director General (DG)	Management and all Managers

S/N	Type of meeting	Frequency	Designation of the Chairperson	Participants
9	Mid-year review meetings	Semi-Annually	Director General (DG)	Head of Directorates and Units
10	Workers council meetings	Semi-Annually	Director General (DG)	Representatives from all MSD Directorates, Units, Zones, and Sections.
11	Annual review meetings	Annually	Director General (DG)	Head of Directorates and Units

4.6.2.3 External Review Meetings

A total of two (2) external meetings will be conducted to review progress in the implementation of strategies, targets, milestones, and indicators under this strategic plan as shown in the table below:

Table 4c: External Review Meetings

S/N	Type of meeting	Frequency	Designation of the Chairperson	Participants
1.	Supply Planning workshop meetings	Annually	Director of Logistics and Operations (DLO)	Members from MSD, MoH, PO-RALG, Development Partners, and Zanzibar Central Stores Department
2.	Vertical Programs key players Meetings	Annually	Director General (DG)	Members from MSD, MoH, and Development Partners
3.	Suppliers and Manufacturers Meetings	Annually	Director General (DG)	Manufacturers and suppliers

4.6.2.4 Planned Milestones Reviews

A. CARE AND FIGHT OF HIV AND NON-COMMUNICABLE DISEASES IMPROVED

TARGET	MILESTONES	2021/2022				2022/2023				2023/2024				2024/2025				2025/2026			
		Q1	Q2	Q3	Q4																
1. 100% diagnosis, treatment, prevention of HIV/AIDS and Non-communicable diseases strengthened by June 2026	1. 12 awareness programs implemented in MSD operational areas.																				
	2. Diagnosis and treatment of HIV/AIDS and Non-communicable diseases accessed to all staff																				
	3. All staff with HIV/AIDS and Non-communicable diseases provided with care and support.																				

B. EFFECTIVE IMPLEMENTATION OF THE NATIONAL ANTI-CORRUPTION STRATEGY ENHANCED AND SUSTAINED

TARGET	MILESTONES	2021/2022				2022/2023				2023/2024				2024/2025				2025/2026			
		Q1	Q2	Q3	Q4																
2. 100% Development and implementation of programs to promote transparency and accountability by June 2026	1. Quarterly implementation of MSD NACSP III 2017 -2022																				

C. CAPACITY OF MSD TO CARRY OUT ITS CORE MANDATE ENHANCED

TARGET	MILESTONES	2021/2022				2022/2023				2023/2024				2024/2025				2025/2026			
		Q1	Q2	Q3	Q4																
3. 100% Financial Management Strengthened by June 2026	1. Available fund for replacement of fleet as per plan																				
	2. Available fund for replacement of cold chain and warehouse handling equipment's as per plan																				
	3. Annual Business Plan and Budget prepared as per calendar																				
	4. Expenditure controlled within the budget																				
	5. Prices for all MSD products to achieve mark up of 20.4%																				

TARGET	MILESTONES	2021/2022				2022/2023				2023/2024				2024/2025				2025/2026			
		Q1	Q2	Q3	Q4																
	6. 20% of debt collected each year																				
	1. Reviewed MSD investment guideline																				
	2. Yearly ROI of 20%																				
	1. Availability of 6 months of stocks																				
	2. MoU with health facilities and MoH on recovery of debt established and implemented																				
	Government pay-out ratio implemented																				
	1. Amount of revenue generated as per plan																				
	2. Charging of 11.6% on the value of VP commodities implemented																				
4. 100% Network availability by June 2026	1. Less than 5% down time in all MSD business operations.																				
5. 100% ICT Systems and Security strengthened up to June 2026	1. ICT system security assessment conducted																				
	2. To maintain integration of MSD ERP system and Health facilities financial accounting and reporting system (FFARS, Muungano Gateway, Health Information Mediator, e-procurement system)																				
6. Key functional areas automated by June 2026	1. Available Production for KPI, ERP and Fleet Management automated system																				
	2. Available Monitoring tool, Contract Management Self-Service and automated temperature recording system																				
	3. Barcode devices compatible with ERP and Demand and Supply automated system																				
7. 100% Board efficiency in the provision of oversight	1. Board Governance enhanced through assessment and capacity building																				

TARGET	MILESTONES	2021/2022				2022/2023				2023/2024				2024/2025				2025/2026			
		Q1	Q2	Q3	Q4																
function to the Institution improved by June 2026	2. Adherence of Board meetings to the quarterly calendar																				
8. 100% Compliance with laws, regulations, directives, and standards enhanced by June 2026	1. Fully adherence to compliance with laws, regulations, directives, and standards																				
9. 100% Stakeholder engagement strategies developed and implemented by June 2022	1. Stakeholders' engagement is fully implemented																				
10. 100% adherence to Internal Controls up to June 2026	1. Unqualified Audit Report																				
11. 100% Risk-based assurance service provided by June 2026	1. Assurance services provided as per plan																				
12. 90% of staff knowledge and skills improved by June 2026	1. Training Needs Assessment Prepared																				
	2. Training Plan fully implemented																				
13. Quarterly Risk Management and Accountability enhanced up to June 2026	1. Annual Risk Plan Developed																				
	2. Quarterly Risk Report submitted to the Audit and Risk Committee																				
	3. Quarterly Risk Register Prepared																				
14. Retooling plan for employee engagement and working tools developed and implemented up to June 2026	1. No staff turnover																				
	2. All staff have desired working tools																				
	3. Required warehouse handling tools are available and functional																				
15. 6:4 (Male: Female) ratio inclusive	1. Plan for Gender and disability inclusion prepared and approved																				

TARGET	MILESTONES	2021/2022				2022/2023				2023/2024				2024/2025				2025/2026			
		Q1	Q2	Q3	Q4																
working environment promoted by June 2026.	2. Gender and Disability gap bridged																				
16. All Department assets labelled, registered, and verified by June 2026	1. Accurate assets' records are maintained in the Register																				
	2. All unserviceable assets are disposed.																				
17. 100% adherence to MSD investment guideline by June 2026	1. Investment Guideline Reviewed and Adhered																				
18. 100% project implementation by June 2026	1. Project implemented as per established schedule																				
19. Annual Business Plan and Budget developed, approved and implemented up to June 2026	1. Prepared and Approved Annual Business Plan and Budget																				
	2. Monthly performance assessment are conducted																				
	3. Quarterly Zonal Business Performance assessment conducted																				
20. MCO strategy reviewed and implemented by June 2026	1. Reviewed MCO Strategies and Implemented Recommendations																				
21. Research & Development programs conducted and its findings implemented by June 2026	1. Research Findings Implemented																				
22. All employees Performance reviewed through the DRIVE performance management system by June 2026	1. Performance feedback conducted																				
23. Five years HR Plan developed and implemented by June 2026	1. Available and implemented HR Plan																				

TARGET	MILESTONES	2021/2022				2022/2023				2023/2024				2024/2025				2025/2026			
		Q1	Q2	Q3	Q4																
24. 14,423.64 meter square storage capacity increased by June 2026	1. Additional Storage Space created as per Plan																				
25. All Communication and Public Relations Programs implemented up to 100% by June 2026	1. All Public Relations Programs implemented as per plan																				
26. 13 Branding activities developed implemented up to June 2026	1. 13 Branding activities implemented																				

D. INVENTORY MANAGEMENT IMPROVED

TARGET	MILESTONES	2021/2022				2022/2023				2023/2024				2024/2025				2025/2026			
		Q1	Q2	Q3	Q4																
27. Less than 90 days inventory holding time up to June 2026	1. Agreement with the MoH for overstaying Vertical Programs have reached and all items cleared in the warehouse																				
	2. All available stock are less than 90 days																				
28. Less than 1% Stock expiry up to June 2026	1. Less than 1% of stock have expired.																				
29. 100% accuracy of inventory improved by June 2026	1. Accurate Stock transactions																				
30. 90% tracer items available by June 2026	1. 90% of Tracer items are available																				
	2. Procured health commodities are based on National Guideline																				
	3. Fulfilled requests on installation and services of lab and haemodialysis equipment																				
	4. Optimal stock level is maintained																				
31. 100% quality compliance strengthened by June 2026	1. All health commodities passed quality compliance tests.																				
32. 90 days procurement lead time for items with contract and 180	1. Items with contracts are delivered with 90 days lead time																				
	2. All requisitions are timely fulfilled																				

TARGET	MILESTONES	2021/2022				2022/2023				2023/2024				2024/2025				2025/2026			
		Q1	Q2	Q3	Q4																
days for items with no contract by June 2026	3. Items with no contracts are delivered within less than 90 days																				
33. All installations, training and commissioning of Medical Equipment and machine adhered to contract up to June 2026	1. All machines installation, training and commissioning are done as per contract																				

E. CUSTOMER SERVICE DELIVERY IMPROVED

TARGET	MILESTONES	2021/2022				2022/2023				2023/2024				2024/2025				2025/2026			
		Q1	Q2	Q3	Q4																
34. 95% customer satisfaction increased up to June 2026	1. Customer complaints are resolved as per established client charter																				
	2. Customer satisfaction achieved 90%																				
35. 90% order fill rate up to June 2026	1. 90% of customers' orders are fulfilled as per request																				
36. 100% Delivery of health commodities enhanced up to June 2026	1. All orders of health facilities are received on time and in full																				
	2. ILS distribution calendar is fully adhered.																				
37. 95% Fleet utilization enhanced up to June 2026	1. All vehicles are operational																				

F. HEALTH COMMODITIES MANUFACTURING PLANTS ESTABLISHED

TARGET	MILESTONES	2021/2022				2022/2023				2023/2024				2024/2025				2025/2026			
		Q1	Q2	Q3	Q4																
38. Six own manufacturing plants established and maintained by June ,2026	1. Own manufacturing plants established																				
	2. Presence of organogram and staff establishment for production plants																				
	3. Sufficient fund for establishment of a limited company is available																				
	4. All manufacturing plants are insured																				
	5. Planned preventive and corrective maintenance are implemented																				
	6. Safety and security measures at manufacturing plants are fully implemented																				
39. One manufacturing	1. A plan for PPP manufacturing plant is prepared, approved and implemented																				

TARGET	MILESTONES	2021/2022				2022/2023				2023/2024				2024/2025				2025/2026			
		Q1	Q2	Q3	Q4																
plant established under PPP by June 2026	2. A manufacturing plants under PPP arrangement is established																				
40. 30 % supply of health commodities from local manufacturers increased by June 2026	1. 30% of procured health commodities are manufactured locally																				
41. 100% fulfilment of facemasks demand from own manufacturing plant up to June 2026	1. Demand for facemasks is fulfilled from own plant																				
42. 100% market strategies developed and implemented by June 2026	1. Market Strategy established and implemented																				

4.7 RISK MANAGEMENT PLAN

MSD recognizes that Risk Management is the guidance provider on the path ahead; Strategic Plan Implementation. To be effective and successful, we must mitigate critical risks to allow MSD to service and grow sustainably in the long term.

In this section of our strategic plan, we have identified key risks which have been grouped into five categories based on the MSD Risk Management Framework, and henceforth mitigation plans to address these risks as they occur are stated.

Each risk is evaluated in terms of:

- **Likelihood of occurrence** – using a scale of Very Frequent, Frequent, Sometimes, Infrequent, and Rare, or Very likely, Likely, Moderate likelihood, Unlikely and Highly unlikely
- **Impact if it occurs** – using a scale of Severe, Major, Medium, Moderate, Minor and Insignificant

CATEGORY 1: - STRATEGIC RISK

Identified Risk	Reasons/Impact	Mitigation Plan	Rating (Likelihood, Impact)
1. Staff disclosure on their HIV/AIDS & NCD Status	Existence of Stigma	Operationalization and Implementation of HIV/AIDS & NCD policy at workplace	(Likely, Major)
2. Corruption red flags in internal business process	Existence of non-value-adding and bureaucratic internal business Process	Review non-value adding process and close supervision of Internal business process	Sometimes, Major)
3. Emerging Diseases	The appearance of unexpected diseases that could change MSD performance priorities and use significant resources that could impact financial and human capital utilization.	Setting up an emergence committee that could focus on emerging diseases allowing for the continuation of other business activities. Engage government and other stakeholders to solicit funds to counter the impact of emerging diseases.	(Sometimes, Major)
4. Political Interference	The government can interfere in decisions made by the organization, or provide a directive for political interest. This could result in erosion of working capital, liquidity crunch, reputational risk.	Continuous engagement with the government to ensure the sustainability of the department.	(Likely, Major)

Identified Risk	Reasons/Impact	Mitigation Plan	Rating (Likelihood, Impact)
5. Inadequate/ Inaccurate forecast of health commodities	Stock-out and expiries of health commodities resulting from quantification shortfalls from health facilities and deliveries of inadequate commodities.	Engage health facilities, PORALG and MoH on regular basis to improve quantification and use ERP system to analyze forecast trends.	(Likely, Major)

CATEGORY 2:- OPERATIONAL RISK

Identified Risk	Causes	Impact	Mitigation Plan	Rating (Likelihood, Impact)
1. Vehicle breakdown and accident	Poor infrastructure and distribution networks for hard to reach areas	Injuries and loss of lives and properties, and litigations.	<ul style="list-style-type: none"> i. Insurance of staff, fleet, and stocks. ii. Route and distribution planning. iii. Perform preventive maintenance. 	Sometimes, Major
2. Inadequate raw materials for production	<ul style="list-style-type: none"> i. Presence of pandemic and other natural disasters. ii. Inadequate contract compliance iii. Improper management of raw materials. 	<ul style="list-style-type: none"> i. Failure to meet production projections/ targets. ii. Damage reputation iii. Disrupt health commodities' supply chain. iv. Increased production costs due to idle time. 	<ul style="list-style-type: none"> i. Establish Production Inventory Management Guideline. ii. Establish backup supplier. iii. Strengthen Contract Management 	(Sometimes, Major)
3. Sabotage of Production initiatives	Potential competition of produced commodities	<ul style="list-style-type: none"> i. Compromised quality ii. Stoppage of production iii. The increased cost of production 	<ul style="list-style-type: none"> i. Establish a secured production facility. ii. Enter into an agreement with specific suppliers of raw materials. iii. Staff vetting, better remuneration, and ethics' training 	Sometimes, Major
4. Sub-standard raw materials	<ul style="list-style-type: none"> i. Failure to identify reliable suppliers of quality raw materials ii. Improper handling of the raw materials 	<ul style="list-style-type: none"> i. Failure to meet production target ii. Damage production plants 	<ul style="list-style-type: none"> i. Establish robust systems to enable identification of reliable suppliers of quality raw materials including vetting and post-qualification of the suppliers and enforcing contract compliance. 	(Likely, Major)

Identified Risk	Causes	Impact	Mitigation Plan	Rating (Likelihood, Impact)
5. Lack of requisite skills for production	New business venture to MSD	Delayed achievement of the set milestone.	<ul style="list-style-type: none"> i. Sourcing of experienced staff. ii. Learning from other manufacturers iii. Training of staff and knowledge sharing 	
6. Price fluctuations of raw materials and finished products	<ul style="list-style-type: none"> i. Presence of pandemic and other natural disasters. ii. Request for change of contract's conditions 	<ul style="list-style-type: none"> i. Failure to meet production projections/ targets. ii. Damage reputation iii. Disrupt health commodities' supply chain. iv. Increased production costs due to idle time. 	<ul style="list-style-type: none"> i. Establish Production Inventory Management Guideline. ii. Establish backup supplier. iii. Strengthen Contract Management chain. 	(Sometimes, Major)
7. Outdated Technology	Change in technology	<ul style="list-style-type: none"> i. High cost of production ii. Lack of competitiveness iii. Low production iv. Lack of maintenance support 	<ul style="list-style-type: none"> i. Setting aside funds for the acquisition of new technology ii. Acquisition of state of the art technology 	(Sometimes, Major)

CATEGORY 3: - FINANCIAL RISK

Identified Risk	Causes	Impact	Mitigation Plan	Rating (Likelihood, Impact)
1. Loss of revenue	<ul style="list-style-type: none"> i. Stock-out ii. Length procurement process iii. Unrealistic quantification 	<ul style="list-style-type: none"> Failure to meet maturing obligations Low service level 	<ul style="list-style-type: none"> i. Establish framework agreement ii. Establish backup suppliers 	(Likely, Severe)
2. Exchange rate risk	Unfavourable variation between the targeted currency exchange rate to the actual exchange rate.	The more local currency is spent to buy the required foreign currency compared to what was budgeted.	<ul style="list-style-type: none"> i. Local suppliers to quote in Tanzanian shillings when goods are imported or manufactured locally. ii. Maintain at least 4 months' purchase in forex at BOT. ii. To have a clause in contracts that will guard agreed exchange rates. 	(Very frequent, Severe)

3. Liquidity risks	Delayed or non-payment of vertical program and health facilities' debt.	Lack of funds to pay maturing obligations.	<ul style="list-style-type: none"> i. Encourage health facilities to use basket funds and funds from other sources to pay outstanding debt. ii. Adherence to MSD's cash and carry policy. ii. Engage MoH for VP's debt settlement 	(Frequent, Major)
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CATEGORY 4:- COMPLIANCE RISK

Identified Risk	Causes	Impact	Mitigation Plan	Rating (Likelihood, Impact)
1. Failure to meet good manufacturing practice (GMP)	<ul style="list-style-type: none"> i. Lack of staff with required skills and competence. ii. Failure to comply with production standards 	<ul style="list-style-type: none"> i. Production of sub-standard products ii. Denial of production permit. 	<ul style="list-style-type: none"> i. Recruitment of staff with required production skills ii. Training of the production staff iii. Adherence to production standards 	

CATEGORY 5:- ICT RISK

Identified Risk	Causes	Impact	Mitigation Plan	Rating (Likelihood, Impact)
1. Delay in getting support in areas where ERP system is customized	The current ERP support contract does not cover the area with customizations	Staff failure to perform their duties using the ERP system	Develop a new ERP system based on MSD requirements with access to the source code.	(Likely, Major)
2. Loss of connectivity	Inadequate connectivity links	Staff failure to access the system	Maintain Service Level Agreement with service providers on availability of network connectivity.	(Likely, Major)
3. Cyber-attack.	Misconfiguration/ un-updated the system. Existence of unethical hackers.	Loss of data Failure of the system	Regular updating of the system Perform system security assessment (penetration testing).	(Sometimes, Major)

4.8 CRITICAL SUCCESS FACTORS

For MSD to fully implement its strategic plan and meet its target, the following factors must be considered:

1. Customer Focus

Customer focus is a critical success factor defined by customer satisfaction, monitoring of customer needs, ensuring appropriate customer segmentation, attracting new customers, managing customer expectations, keeping customers informed, ensuring customers' enthusiasm, and monitoring of competitor moves and market trends. MSD focus on the provision of quality and affordable health commodities on time.

2. Stable Financial Resources

Stable financial resources are the key success factor that includes the setting of competitive pricing, monitoring cash flow, and ensuring profits, each employee understands how his/her performance impacts profits, sufficient earnings are retained and each employee has the tools he or she needs to do their jobs well. These initiatives will enable MSD to capitalize on additional market share and set achievable goals, including appropriate customer segmentation, establishing pharmaceuticals manufacturing plants to provide sufficient health commodities to all levels of health facilities.

3. Change Management

Change management is a critical factor to ensure that the strategic plan has buy-in from all the internal and external stakeholders. For example, continuous support and commitment from Executive Management Team (EMT) is a key success factor for its success, through monitoring the implementation progress and providing guidance and directives to the different sections and departments. As the leaders in charge of approving recommended changes and establishing new initiatives, their buy-in into the agenda plays a significant role in whether the strategy will be implemented or not. This necessitates the need to develop a robust change management strategy.

4. Teamwork and Committed Staff

We need to support each other, work cooperatively, respect each other's views, and make our work environment enjoyable and conducive for one another. As the world continues to change rapidly, MSD's strategy will only work if its staff are willing and able to implement at the recommended pace, and use problem-solving skills to quickly address operational challenges as they appear. This requires job enrichment, recruiting the right people with the right attitude, train employees, and ensuring their work performance are measured and their wellbeing is improved.

5. Information and Communication Technology

ICT is a key success factor that enhances automation of MSD operations, we need stable, secure, and reliable improved technology that links various processes. Digital equipment and platforms are also necessary for MSD to organize and communicate information across the organization electronically; simplify work as well as improve efficiency.

6. Effective Communication

Communication creates uniform understanding and sharing of information across the organization related to results and goals in each implementation stage. We, MSD, must be able to communicate across directorates and with our stakeholders to share information for our business as necessary, to find points of collaboration, receive feedback and streamline the supply chain operations.

7. Aligned Organization Structure

Since MSD is enlarging from its three core functions of procuring, storing, and distribution to the manufacturing industry, it is important to focus on the structure of the organization and make a virtue of designing the best possible structure that suits the organization and its goals. If the organizational structure is not in alignment with the strategy of the organization, it will create friction which shows the inability to mobilize resources right, the decision-making and information flow lacks, and the execution of the strategy becomes ineffective.

8. Monitoring and Evaluation

It is used to assess whether we are implementing our strategy, hence a monitoring and evaluation system supports how the performance will be evaluated and who must be held responsible for certain activities.

4.9 CLOSING REMARKS

Indeed, the MSD MTSP III (2021-2026) has carried all the functions of MSD; it also interprets how the goals set will be achieved in five years.

The six (6) objectives and forty eight (48) targets across ninety five key performance indicators will possibly transform the lives of millions of Tanzanians; the important thing is to realize how committed we are supposed to be in implementing them. We need to adopt this third edition of MTSP III (2021-2026) together with the new initiatives in it including automation and health commodities production.

Being close to customers and engaging our stakeholders will easily translate our roles and plans set in this MTSP III (2021-2026) into actions that will ultimately deliver outcomes.

We are committed to fulfilling and exceed customers' expectations on our services and enhance public well-being. To achieve this commitment, MSD has started establishing manufacturing plants to produce required health commodities.

We believe that all objectives in this MTSP III (2021-2026) will be achieved if we work as a team and have full support from the Board, MoH and all other stakeholders.

Annex I:

MSD Operation Statement Forecast for 2021 to 2026 in TZS 000

Details	Annual Budget				
	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
SALES					
Normal sales	318,446,203	350,290,823	385,319,905	423,851,896	466,237,085
Special procurement sales	58,882,091	64,770,300	71,247,330	78,372,063	86,209,269
Vertical program sales	13,295,753	14,625,328	16,087,861	17,696,647	19,466,312
	390,624,046	429,686,451	472,655,096	519,920,605	571,912,666
COST OF GOODS SOLD					
Normal business cost of goods sold	264,490,201	290,939,222	320,033,144	352,036,458	387,240,104
Special business cost of goods sold	48,905,391	53,795,930	59,175,523	65,093,076	71,602,383
Vertical program cost of goods sold	11,042,984	12,147,282	13,362,011	14,698,212	16,168,033
	324,438,577	356,882,434	392,570,678	431,827,745	475,010,520
GROSS MARGIN					
Normal sales	53,956,001	59,351,601	65,286,761	71,815,437	78,996,981
Special procurement sales	9,976,700	10,974,370	12,071,807	13,278,987	14,606,886
Vertical program sales	2,252,769	2,478,046	2,725,850	2,998,435	3,298,279
TOTAL GROSS MARGIN	66,185,470	72,804,017	80,084,418	88,092,860	96,902,146
INCOME FROM OTHER SOURCE					
Other income	37,144,305	39,001,521	40,951,597	42,999,177	47,299,094
Finance income		-	-	-	-
	37,144,305	39,001,521	40,951,597	42,999,177	47,299,094
EXPENSES					
Packing cost	(1,169,802)	(810,826)	(891,909)	(981,100)	(1,079,210)

Details	Annual Budget	Annual Budget	Annual Budget	Annual Budget	Annual Budget
	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Distribution cost	(10,392,754)	(7,203,547)	(7,923,901)	(8,716,292)	(9,587,921)
TOTAL DIRECT EXPENSES	(11,562,556)	(8,014,373)	(8,815,810)	(9,697,392)	(10,667,131)
GENERAL EXPENSES					
Personnel cost	(40,009,851)	(44,010,836)	(48,411,919)	(53,253,111)	(58,578,422)
Board expenses	(61,898)	(68,088)	(74,896)	(82,386)	(90,625)
Training and recruitment	(1,206,991)	(1,327,690)	(1,460,459)	(1,606,505)	(1,767,156)
Sales and marketing expenses	(872,767)	(960,044)	(1,056,049)	(1,161,654)	(1,277,819)
Service and utilities expenses	(9,128,367)	(10,041,204)	(11,045,324)	(12,149,856)	(13,364,842)
Office and general expenses	(16,400,450)	(18,040,495)	(19,844,544)	(21,828,999)	(24,011,899)
Depreciation expense	(14,270,431)	(15,697,474)	(17,267,221)	(18,993,944)	(20,893,338)
TOTAL GENERAL EXPENSES	(81,950,755)	(90,145,831)	(99,160,412)	(109,076,455)	(119,984,101)
OPERATING RESULT	21,379,020	21,659,707	21,875,603	22,015,582	24,217,139
Gain / (Loss) on disposal of assets		-	-	-	-
Foreign currency exchange gain/(loss)	1,110,900	1,221,990	1,344,189	1,478,608	1,626,469
Financial Income Bank interest	-	-	-	-	-
NET OPERATING RESULT	22,489,920	22,881,697	23,219,792	23,494,190	25,843,608