

**THE IMPACT OF LOGISTICS MANAGEMENT ON LEAD TIME IN
PUBLIC HEALTH CARE IN NAIROBI, KENYA**

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ABSTRACT

There is extensive literature on the determinants of health expenditure in OECD countries, but the same is not true for developing countries. Kenya being a developing country experiences the same. The main purpose of this study is to investigate determinants of health care expenditure in Kenya. This study discusses the theoretical literature related to public expenditure theory, a dynamic theory of public spending and the Baumol model. The study reviews empirical literature and local research on health care expenditure. The study used descriptive study where the researcher gathered data from the published statistics and accounts from economic surveys and strategic plan from the Ministry of Finance and the Ministry of Health. This study also used secondary data which was obtained from economic surveys of Kenyan health care expenditure. Ratio analysis and various models were used to analyze the secondary data collected from 1983 to 2012. The study found that HE and external funding have a significant influence on the Public health expenditure in Kenya. It found that; a unit change in HE results in 0.011 units increase in Public health expenditure while a unit changes in external funding results in -0.304 units decrease in Public health expenditure. Population age structure and technological progress are also significant when t - statistics is used. One unit change in population age structure results in 0.0000007 increases in Public health expenditure in Kenya while a unit change in technological progress results in 1.747 unit increase in Public health expenditure in Kenya. From the study's findings, it was concluded that on-time delivery improved post implementation of devolution and the improvement was higher in hospitals compared to RHF's. The distribution costs went up especially for RHF's compared to Hospitals. There was also a marked cost of goods sold to the RHF's compared to the Hospitals. The study further concluded that Public Health should adopt strategies that are aimed at improvement of efficiency and cost. The study recommended that Public Health reviews its distribution strategy to ensure that it has transporter contract with stringent service level agreements that are tailored to the needs of devolved healthcare, since it has come with requirements for small loads and faster delivery lead times. To manage distribution costs, the study recommends that Public Health establishes regional distribution centers which will help reduce distribution costs significantly. The study further recommends that Public Health needs to embraces a Lean six sigma initiative to manage cost while CPFR strategy for reduction of on- time delivery.