



SCMS Quarterly Performance Report

FY13 Q4 July-September 2013

December 4, 2013



Providing quality medicines for people living with and affected by HIV and AIDS



About SCMS

The Supply Chain Management System (SCMS) was established to enable the unprecedented scale-up of HIV/AIDS prevention, care and treatment programs in the developing world. SCMS procures and distributes essential medicines and health supplies, works to strengthen existing supply chains in the field, and facilitates collaboration and the exchange of information among key donors and other service providers. SCMS is an international team of 16 organizations funded by the US President's Emergency Plan for AIDS Relief (PEPFAR). The project is managed by the US Agency for International Development.

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Supply Chain Management System

1616 Ft. Myer Drive, 12th Floor
Arlington, VA 22209 USA
Telephone: +1-571-227-8600
Fax: +1-571-227-8601
E-mail: scmsinfo@pfscm.org
Website: www.scms.pfscm.org

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Acronyms

ACF	Allocated cost factor
ACT	Artemisinin combination therapies
AIDS	Acquired Immunodeficiency Syndrome
ARVs	Antiretrovirals
CDC	Centers for Disease Control and Prevention
CMS	Central Medical Store
CPP	Coordinated Procurement Planning Initiative
DRC	Democratic Republic of the Congo
ETJ	Emergency travel justification
FDC	Fixed-dose combination
HIV	Human Immunodeficiency Virus
HSS	Health systems strengthening
HRCD	Human resource capacity development
LMIS	Logistics management information system
LOP	Life of project
MMU	Materials Management Unit
MOH	Ministry of Health
MOS	Months of stock
NSCA	National Supply Chain Assessment
OTD	On-time delivery
PFSCM	Partnership for Supply Chain Management
PEPFAR	President's Emergency Plan for AIDS Relief
PMO	Project Management Office
PMP	Performance Management Plan
QA	Quality assurance
RDC	Regional distribution center
RFP	Request for proposal
RTK	Rapid test kit
SOPs	Standard operating procedures
STGs	Standard treatment guidelines
SC	Supply chain
SSU	Systems Strengthening Unit

TA	Technical assistance
TWG	Technical working group
UNAIDS	Joint United Nations Programme on HIV/AIDS
USAID	United States Agency for International Development
VMMC	Voluntary medical male circumcision
VPP	Voluntary Pooled Procurement
WHO	World Health Organization

Executive Summary

SCMS is pleased to submit the FY13 Q4 quarterly report based on the four goal areas outlined in the SCMS Performance Management Plan (PMP):

- Access
- Strengthen systems
- Leadership and partnership
- Operational excellence

As this is the fourth quarter report, this QPR contains both the quarterly data and the annual performance for all measures. Measures identified for reporting on an annual basis only are represented with a final annual score or presented for the first time in the relevant goal area quarterly performance summaries.

Quarterly performance highlights include:

- Delivered \$86.2 million dollars in commodities via 778 shipments during the quarter (page 7).
- Continued focus on the potential impact of new WHO treatment guidelines on supply and demand for Tenofovir-based ARV regimens. In Q4, we worked with donors and in-country stakeholders to mitigate these risks (page 10).
- Conducted the semi-annual client satisfaction survey in Q4. Although response rate remains low, overall client satisfaction is high for both procurement services (88 percent) and technical assistance (96 percent) (page 17).
- The breadth of information for health systems strengthening performance continues to grow as SCMS programs extend to lower levels of the supply chain. Over the course of FY13, the number of sites reporting has increased 89 percent, from 5,106 sites to 9,322 sites (page 13).
- Held the annual Supplier Summit in Johannesburg, South Africa, in September, attended by 165 suppliers. We received positive feedback and more than 9,900 business cards were exchanged (page 16).
- We report the results of the national supply chain assessment (NSCA) in Rwanda and how the data was used to inform the development of a National Pharmaceutical Supply Chain Strategic Plan (page 15).

Key Quarterly Statistics

Key statistics	FY13 Q4	Annual Performance	Life of Project
Value of commodities delivered	\$86.2 million delivered	\$333.2 million delivered	\$1.61 billion delivered
Number of deliveries	778 deliveries	3,139 deliveries	16,515 deliveries
Countries receiving shipments	25 countries	35 countries	57 countries
Percent generic ARVs by volume	99%	99%	95%
Counterfeit products detected	0 counterfeits	0 counterfeits	0 counterfeits

FY13 Q4 Performance

Goal One: Access

Objective	Measure	Target	FY13 Q1	FY13 Q2	FY13 Q3	FY13 Q4	Annual Performance
1.1 Security	1.1.1 Product Loss: Shipping & Storage	≤ 2.25%	0%	0.01%	0.34%	0.0%	LOP 0.17%
1.2 Reliability	1.2.1 SCMS Related Stockout Rates	<12	0	0	0	0	0
	1.2.2 On-time Delivery: Core & Non-Core Products	Core: 80%	80%	79%	81%	75%	80%
		Non-core: 70%	76%	84%	65%	81%	77%
	1.2.3 On-Time PQ Turnaround PMO RTK, (RDC) ARV Orders and VMMC kits	ARV: 70%	50%	83%	61%	87%	71%
		Test Kits: 85%	84%	95%	86%	91%	88%
VMMC Kits: 80%		100%	70%	100%	96%	90%	
1.2.4 Forecast Accuracy	70% (interim)	62%				62%	
1.3 Quality Products	1.3.1 Pharmaceutical Product Sampling Actual Pulled vs. Flagged	88%	100%	91%	100%	100%	97%
1.4 Strengthen Reach	1.4.1 Planned, Unplanned & Emergency Orders	Planned: NA	85.7%	77.9%	71.4%	60.6%	69.5%
		Unplanned: NA	10.3%	11.6%	20.9%	18.9%	18.9%
		Emergency: NA	3.9%	10.4%	7.7%	20.5%	11.6%

Goal Two: Strengthen Systems

Objective	Measure	Target (Interim)	FY13 Q1	FY13 Q2	FY13 Q3	FY13 Q4	Annual Performance						
2.1 Capacity & Capability	2.1.1a Strategic Plans	50%	Annual Measure				33%						
	2.1.1b FASP Country Ownership	75%	Annual Measure				50%						
	2.1.1c SOPs	80%	Annual Measure				66%						
	2.1.2 Competency	80%	41%	82%	86%	76%	71%						
	2.1.3 Supply Chain Assessment: CMM Score	60%	Botswana	54.9%									
Rwanda			49.5%										
Namibia			52.0%										
2.2 Performance	2.2.1 Supply Chain Performance: In-country	80%	74%	79%	79%	77%	77%						
	1. Facility Reporting Rates												
	1. Expiry							0.22%	0.10%	0.25%	0.66%	0.22%	
	1. On-time Delivery							75%	64.3%	84.3%	93%	86%	87%*
	1. Stockout Rate							5%	13%	7%	11%	8%	10%
	1. Order Fill Rate							80%	91.2%	133%	97%	71%	107%*
	2.2.2 Supply Chain Assessment: KPI Score							60%	Botswana	72.0%			
Rwanda		69.0%											
Namibia		76.0%											

Goal Three: Leadership & Partnership

Objective	Measure	Target	Annual Performance
3.1 Collaboration	3.1.1 Coordinated Procurement Mechanism (in-country)	80% (interim)	96%
	3.1.2 Number of CPP Country-at-Risk Schedule Submissions Per Year	4	6
3.2 Knowledge Exchange	3.2.1 Publishing	4	3
	3.2.2 Presentations	15	25

Goal Four: Operational Excellence

Objective	Measure	Target	FY13 Q1	FY13 Q2	FY13 Q3	FY13 Q4	Annual Performance
Cost Effective	4.1.1 Cost Effective						
	4.1.1a Expiry RDC Stock	≤3%	0%	0%	0.31%	0.28	0.07
	4.1.1b BRC Reporting Rate	4	Annual Measure				6
	4.1.1c Surcharge	≤5%	LOP: 4.15%				
	4.1.1d ACF	≤12%	LOP: 10.17%				
	4.1.2 ARV Price Comparison: SCMS vs. GPRM	70%	79%				79%
	4.1.3 Ocean Freight: Percent of All Freight	≥50%	78%	65%	86%	68%	76%
Best Value	4.2.1 Client Satisfaction	Procurement: 85%	Q1-Q2: 88%		Q3-Q4: 88%		88%
		Technical Assistance: 85%	Q1-Q2: 90%		Q3-Q4: 96%		94%
Continuous Improvement	Operational Performance Management	100%	Annual Measure				100%
	4.3.1a Operational Performance Improvement						
	4.3.1b Percent of TA Trips Processed On Time	80%	8%	30.3%	45.2%	56.1%	44.9%
	4.3.2 Core Systems Uptime	≥95%	KT: 99.45% ORION: 98.86%	KT: 98.9% ORION: 99.9%	KT: 99.9% ORION: 99.9%	KT: 99.9% Orion: 99.9%	KT: 99.7% Orion: 99.8%

Quarterly Performance

Goal 1: Access

Provide quality HIV/AIDS commodities efficiently and effectively.

SCMS met or exceeded all of our Access goal annual performance targets in FY13 with the exception of forecast accuracy. With overall performance of 62 percent, forecast accuracy is within the tolerance band of the 70 percent interim target. Interim targets were set without baseline data, and SCMS will review them prior to FY14 Q1 reporting.

Objective	Measure	Target	FY13 Q1	FY13 Q2	FY13 Q3	FY13 Q4	Annual Performance
1.1 Security	1.1.1 Product Loss: Shipping & Storage	≤ 2.25%	0%	0.01%	0.34%	0.0%	LOP 0.17%
1.2 Reliability	1.2.1 SCMS Related Stockout Rates	<12	0	0	0	0	0
	1.2.2 On-time Delivery: Core & Non-Core Products	Core: 80%	80%	79%	81%	75%	80%
		Non-core: 70%	76%	84%	65%	81%	77%
	1.2.3 On-Time PQ Turnaround PMO RTK, (RDC) ARV Orders and VMMC kits	ARV: 70%	50%	83%	61%	87%	71%
		Test Kits: 85%	84%	95%	86%	91%	88%
VMMC Kits: 80%		100%	70%	100%	96%	90%	
1.2.4 Forecast Accuracy	70% (interim)	62%				62%	
1.3 Quality Products	1.3.1 Pharmaceutical Product Sampling Actual Pulled vs. Flagged	88%	100%	91%	100%	100%	97%
1.4 Strengthen Reach	1.4.1 Planned, Unplanned & Emergency Orders	Planned: NA	85.7%	77.9%	71.4%	60.6%	69.5%
		Unplanned: NA	10.3%	11.6%	20.9%	18.9%	18.9%
		Emergency: NA	3.9%	10.4%	7.7%	20.5%	11.6%

Key Results and Challenges

- Tensions between supplier capability and increasing demand for Tenofovir triple fixed-dose combinations continue to be a top priority for SCMS. We drafted an Excel-based tool for USAID's use to help donors and countries plan and coordinate transition to Tenofovir-based regimens. Manufacturers are increasing production, but SCMS expects supply to remain tight for the next 12 to 18 months.
- Tanzania (35 percent) and Uganda (33 percent) accounted for a significant proportion of emergency orders in FY13 Q4. Both countries have struggled with updating supply plans throughout FY13, and many orders have had short lead-time horizons. Of note, the Government of Uganda has taken ownership of forecasting and supply planning, limiting SCMS's influence on the completion of timely, accurate supply plan updates and orders.
- During the quarter, SCMS began placing VMMC orders with its expanded base of suppliers from the RFP process, but delivery timelines are longer than originally expected. The first shipments are expected to be available for pickup by the end of 2013, with estimated delivery to

the Kenya and South Africa RDCs by February 2014. Based on current projections of demand, we do not anticipate this will cause shortages of VMMC kits, but it will continue to put additional pressure on existing suppliers through February.

- In DRC, UPS agreed to contract with a different freight forwarding agent, GTM, following several months of fruitless attempts to improve the service delivery performance of the existing freight forwarding agent, GTS. GTM has a larger in-country operation and is better positioned to meet the customs clearance and timely delivery requirements of the SCMS program. The change is part of the overall effort to reduce the risk of theft of test kits and other commodities by what is believed to be an organized crime syndicate.
- Throughout the quarter, Alere had problems with Acouns, its local Determine test kit importer in Nigeria. Acouns, who holds the license to sell Determine test kits in Nigeria, froze importation of the product as a negotiation tactic to increase the price. These issues partially contributed to the rapid test kit on-time delivery drop in August (59 percent). Alere successfully addressed these issues with Acouns and by September, supply of rapid test kits to Nigeria resumed with no price increase and on-time delivery rebounded to 88 percent.

Key Issues

Update on FY13 Key Issues and Corrective Actions			
Key Issues	Corrective Actions	Progress	Quarter Identified
Delays in triple TDF supply.	Close cooperation with clients and vendors to determine priorities and ensure uninterrupted supply to all.	Demand continues to exceed supply, and introduction of the WHO treatment guidelines by countries is expected to further challenge approved manufactures to meet demand and deliver in a timely manner. SCMS continues to work with stakeholders to address this issue, including aligning VPP/SCMS strategies.	Q2
Delays at largest VMMC kit supplier, Priontex.	Diversify order base using identified new suppliers to place VMMC kit orders.	In Q4, SCMS began placing orders with several suppliers identified in the RFP process. SCMS expects supply and demand tensions to alleviate in FY14 Q2.	Q3
Lack of adequate number of essential medicine vendors.	Evaluate RFP 13-08 and pre-screen additional vendors for direct procurement.	Updates to be provided in FY14 Q1.	Q4
High volume of emergency and unplanned orders in TZ.	Work with TZ FO to ensure quarterly supply plans are updated, reliable and used for active country-level procurement.	Updates to be provided in FY14 Q1.	Q4

Key Risks

- Theft in DRC is a continued risk. The freight forwarding transition from GTS to GTM — as well as continued implementation of anti-theft measures, such as non-descript packaging and anti-theft tape — will help SCMS mitigate this risk.

-
- Vendor on-time delivery (VOTD) challenges potentially impact SCMS's overall client on-time delivery. To mitigate this risk, we plan to continue our carrot-and-stick approach, using VOTD evaluation criteria as well as lengthening the order lead-time horizon by placing orders further in advance.
 - An insufficient number of essential medicine suppliers continues to pose a risk to the supply of this product category to SCMS clients. In response, we issued RFP 13-08 in Q4 to seek additional essential medicine suppliers that are WHO pre-qualified.

Goal 2: Strengthen Systems

Strengthen supply chains to increase access to quality HIV/AIDS commodities.

This quarter marks the end of the first year reporting on health systems strengthening (HSS) measures that illustrate the impact of SCMS field support programs. These measures provide insight into a large wealth of data regarding the project's impact on the HIV/AIDS supply chains in the countries where SCMS operates, across 9,322 sites at all levels of the supply chain.

In Q3, SCMS set interim targets using limited or no baseline data for each measure. SCMS fell short of our interim targets for several of the measures for the strengthen systems goal area, although the key measures of expiry, on-time delivery, order fill rate and national supply chain performance exceeded their targets. In partnership with the USAID COR team, SCMS will undertake a strategic review of these targets based on the first year of baseline data including the development of final targets and tolerance bands for each measure.

Objective	Measure	Target (Interim)	FY13 Q1	FY13 Q2	FY13 Q3	FY13 Q4	Annual Performance
2.1 Capacity & Capability	2.1.1a Strategic Plans	50%	Annual Measure				33%
	2.1.1b FASP Country Ownership	75%	Annual Measure				50%
	2.1.1c SOPs	80%	Annual Measure				66%
	2.1.2 Competency	80%	41%	82%	86%	76%	71%
	2.1.3 Supply Chain Assessment: CMM Score	60%	Botswana	54.9%			
			Rwanda	49.5%			
Namibia			52.0%				
2.2 Performance	2.2.1 Supply Chain Performance: In-country						
	1. Facility Reporting Rates	80%	74%	79%	79%	77%	77%
	1. Expiry	1%	0.22%	0.10%	0.25%	0.66%	0.22%
	1. On-time Delivery	75%	64.3%	84.3%	93%	86%	87%*
	1. Stockout Rate	5%	13%	7%	11%	8%	10%
	1. Order Fill Rate	80%	91.2%	133%	97%	71%	107%*
	2.2.2 Supply Chain Assessment: KPI Score	60%	Botswana	72.0%			
Rwanda			69.0%				
Namibia			76.0%				

* OTD calculation does not include first quarter data due to measure definition update in Q2.

* Order fill rate is 107% due to oversupply in Mozambique.

Key Results and Challenges

- Zambia experienced several ARV stockouts throughout Q4, including a month-long stockout of Truvada (TDF/FTC 300/200 mg, 30 tabs) due to slow implementation of transitioning patients to the preferred first-line TDF/FTC/EFV fixed dose combination product. While significant efforts have been made by MoH and implementing partners to speed up the transition demand for Truvada remained consistently high over the last year. The MOH, in collaboration with SCMS and USAID | DELIVER PROJECT, put into place multiple interventions to mitigate impact to clients, including clinical solutions and alteration of dispensing practices to send patients home with a one-month supply of Truvada instead of the typical three months. SCMS delivered an emergency order of 0.8 months of stock in August, with a secondary shipment due in mid-October that will cover an additional 2.5 months of stock.

- In Guyana, SCMS developed recommendations for the MOH to outsource all supply chain operations for essential medicines to a third-party supply chain service provider. These recommendations included a draft proposal, budget proposal, facilitation of a meeting between the Minister of Health and the USAID Mission Director, and development of a decision paper for consideration by the Government of Guyana’s (GOG) Presidential Cabinet. In September, the Presidential Cabinet approved the outsourced management proposal, marking a major victory, as this is the best chance for sustaining the GOG’s commitment to providing universal, uninterrupted access to quality medicine for all citizens.
- In Namibia, a dormant incinerator at Intermediate Hospital Katutura (IHK), procured by SCMS, was adversely mentioned in the lead story of the July 29, 2013, issue of the Republikken newspaper. SCMS assessed that the incinerator, idle because of the lack of a waste water treatment system, had operational and possible design flaws that needed to be addressed. We have arranged for an engineer from Alfa-Therm, the incinerator manufacturer, to visit in October to address these issues.
- In Nigeria, the unification of the national HIV/AIDS supply chain continues to expand, increasing from 1,200 to 3,027 supported sites over the course of Q4. The number of facilities receiving monitoring and supportive visits increased to 367, and distribution of HIV/AIDS commodities expanded to 1,678 facilities in 23 different states. The unification project also implemented a variety of technical and strategic support throughout the quarter, including LMIS cluster review meetings, strategy development for state-level engagement and training.
- In Q4, SCMS implemented the National Supply Chain Assessment in Rwanda in collaboration with in-country stakeholders. Eighteen MOH employees participated in the assessment, which included a statistically significant sample of 145 sites at all levels of the supply chain. Assessment results were used to guide the development of a five-year strategic plan for the national pharmaceutical supply chain. The strategic planning workshop, which included 33 MOH staff, formulated six strategic objectives and 32 strategic interventions that will drive the Rwanda supply chain forward to becoming a high-performing, integrated system.

Key Issues

Update on FY13 Key Issues and Corrective Actions			
Key Issues	Corrective Actions	Progress	Quarter Identified
Competency tests not passed by trainees.	HRCD advisor to work with Country Directors to undertake in-depth root cause analysis of issues passing competency test in ET and HT.	New training definition/framework completed with HRCD TWG and implemented in FY13 Q4 reporting. Root cause analysis now to be conducted in FY 14 Q1.	Q2
CI: Delays in reporting.	Fundamental review of supervision process and outsourced transportation planned for June.	Since Q2, SCMS has contracted with the third-party company ITL to conduct distribution of commodities on seven routes, and this is now ongoing. SCMS is also supporting GF and the PR, PNPEC, in contracting ITL to distribute commodities on 10 routes. On the supervision process, SCMS is now conducting the decentralized supply chain project and working at site level to provide better coaching	Q2

		and supervision to improve quality and timeliness of reporting.	
CI: Transportation delays.	Award of contract to an outsourced transporter expected in June.	Complete.	Q2
MOH has not prioritized leadership of SC activities (GY, HT, NG). Determining National supply chain strategic plan.	Work with champions in MOH/CMAM to develop, change and transfer skills (GY, HT, MZ).	Completed in GY and MZ. HT still outstanding.	Q3
Policy changes, such as months of dispensed stock at SDPs (BW) and testing algorithms (ZW), affected facility management of stock.	Advocate earlier alignment between policy changes and SC via performance communications with national counterparts (BW, ZW).	BW: Completed and performance improved significantly. ZW: Conversations are ongoing with national counterparts.	Q3
Distribution delays to lower levels.	RW: Share active distribution challenges as part of strategic planning. CI: Project initiated, monitor results.	RW: Results of the NSCA, including OTD challenges, disseminated at the strategic planning workshop. Recommendations for improved transportation capability included in the strategic plan. CI: Contract has since been signed with ITL for distribution on seven routes. This is now ongoing.	Q3
Lack of forecasting and supply planning country ownership due to staffing and commitment levels of MOH(s).	Continue to advocate for creation of LMUs and supply chain champions within counterparts. Work with HRCD TWG to identify additional activities to drive and increase ownership.	Updates to be provided in FY14 Q1.	Q4
Systemic performance issues at lower-level facilities in CI.	Implement decentralization project activities and recruit staff to expand supervision to lower levels of the supply chain.	Updates to be provided in FY14 Q1.	Q4

Key Risks

- The capability levels of in-country counterparts create potential risk to SCMS's ability to transition ownership of supply chain management as the project enters its final years. SCMS will continue to support counterparts to help ensure turnover of key supply chain activities between now and the end of the project. SCMS is also working with the project transition manager and respective in-country counterparts to develop concrete strategies for transition of ownership.
- Continued decentralization of SCMS program support deeper into in-country supply chains potentially impacts the performance of the HSS measures within the strengthen systems goal area as the number of sites reporting at lower levels of the supply chain increases. SCMS anticipates that these facility-level sites will have lower performance than the central, regional or district level sites, which may lead to varying performance for the HSS measures. SCMS will accept this risk as part of the expansion of the SCMS in-country programs and identify these changes in subsequent quarters where relevant.

Goal 3: Leadership and Partnership

Collaborate with key constituencies to strengthen health supply chains and encourage the adoption of best practices.

SCMS met or exceeded almost all of our performance targets in the leadership and partnership goal area, with only the publication of papers by SCMS falling short of its target at three (instead of four) published articles.

Objective	Measure	Target	Annual Performance
3.1 Collaboration	3.1.1 Coordinated Procurement Mechanism (in-country)	80% (interim)	96%
	3.1.2 Number of CPP Country-at-Risk Schedule Submissions Per Year	4	6
3.2 Knowledge Exchange	3.2.1 Publishing	4	3
	3.2.2 Presentations	15	25

Key Results and Challenges

- In July, the WHO published “WHO Policy Brief: Transition to New HIV/AIDS Treatment Regimens—Procurement and Supply Chain Management Issues,” which had been substantially drafted by SCMS.
- In September, SCMS held the second annual Supplier Summit in South Africa, with a total attendance of 200, including 165 suppliers. Initial feedback from participants was very positive, with particular highlights being our keynote speaker (Euvin Naidoo), speed networking, the field trip to the SCMS regional distribution center and the final day’s discussion on market dynamics.
- Interest in the NSCA from external stakeholders continues to grow. During the quarter:
 - Gave a comprehensive presentation on NSCA to Global Fund, which is considering using NSCA in its own supply chain reviews key component of its grant approvals process.
 - The WHO Good Governance for Medicines Model Framework 2012 is reviewing our approach to the enabling environment for possible inclusion in its own tool.
 - SIAPS and Harvard University School of Public Health Initiative are reviewing the applicability of the NSCA “upstream indicators” for their work.

Key Issues

Update on FY13 Key Issues and Corrective Actions			
Key Issues	Corrective Actions	Progress	Quarter Identified
N/A			

Key Risk

- None

Goal 4: Operational Excellence

Operate an organization that provides best-value supply chain and system strengthening services.

SCMS met or exceeded all of our performance targets for operational excellence, with the exception of the submission of technical assistance concurrence requests within three weeks of travel.

Although there is significant work to be done to reach the 80 percent target, the performance trend has improved markedly from 8 percent in FY13 Q1 to 56 percent in FY13 Q4.

Objective	Measure	Target	FY13 Q1	FY13 Q2	FY13 Q3	FY13 Q4	Annual Performance
Cost Effective	4.1.1 Cost Effective						
	4.1.1a Expiry RDC Stock	≤3%	0%	0%	0.31%	0.28	0.07
	4.1.1b BRC Reporting Rate	4	Annual Measure				6
	4.1.1c Surcharge	≤5%	LOP: 4.15%				
	4.1.1d ACF	≤12%	LOP: 10.17%				
	4.1.2 ARV Price Comparison: SCMS vs. GPRM	70%	79%				79%
Best Value	4.2.1 Client Satisfaction	Procurement: 85%	Q1-Q2: 88%		Q3-Q4: 88%		88%
		Technical Assistance: 85%	Q1-Q2: 90%		Q3-Q4: 96%		94%
Continuous Improvement	Operational Performance Management	100%	Annual Measure				100%
	4.3.1a Operational Performance Improvement						
	4.3.1b Percent of TA Trips Processed On Time	80%	8%	30.3%	45.2%	56.1%	44.9%
	4.3.2 Core Systems Uptime	≥95%	KT: 99.45% ORION: 98.86%	KT: 98.9% ORION: 99.9%	KT: 99.9% ORION: 99.9%	KT: 99.9% Orion: 99.9%	KT: 99.7% Orion: 99.8%

Key Results and Challenges

- SCMS implemented the client satisfaction survey in Q4 with an overall client satisfaction rate of 89% for procurement services and 96% for technical assistance. Response rate continues to be a challenge at around 35% (65 responses) although the 21 countries were accounted for by these respondents. Moving forward SCMS will continue to review the client satisfaction survey process to improve timeliness and utility.
- Timely submission of concurrence requests continued to be an issue into Q4, although performance improved to 56 percent, an 11 percent increase over Q3. Despite this positive performance trend, 41 emergency travel justifications (ETJ) were submitted during the quarter.

Key Issues

Update on FY13 Key Issues and Corrective Actions			
Key Issues	Corrective Actions	Progress	Quarter Introduced
Two countries, RW and TZ, provided low scores in response to the client satisfaction survey.	Review STTA with country support team to identify issues and corrective actions.	Complete.	Q2
High number of countries did not respond to the customer satisfaction survey in Q2.	Review cause of low response rate and develop plan to improve in the Q4 implementation.	While we received responses from clients in more countries in the Q4 survey, overall response rates are still low. Further analysis will be conducted in FY14 Q1.	Q2
High volume of concurrence requests requiring ETJs continues.	Use the new AD/UD code system to analyze primary cause of delayed submission of concurrence requests. Using this analysis, SCMS will work on a program to push field offices to adhere to the 11 week lead time for beginning TA requests.	Updates to be provided in FY14 Q1.	Q4

Key Risks

- None

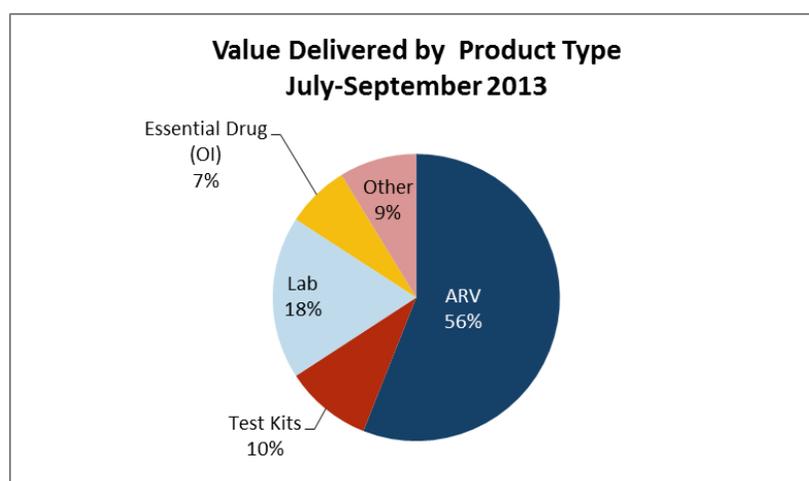
Appendix 1: Key Quarterly Statistics

I. Value Delivered

In the quarter, SCMS delivered \$86.2 million in commodities to our clients the highest quarterly value this year, including \$47.9 million in ARVs and \$16.3 million in lab products. Overall, ARVs have the highest value of procurements at \$186.4 million, 56 percent of the procurement value for the year. Labs have the second highest value at \$70.2 million, 21 percent of the procurement value for the year.

Value Delivered			
	July-Sept 2013	FY13	Life of Project
ARVs	\$ 47,965,041.02	\$ 186,385,361	\$ 959,574,473
Test Kits	\$ 8,406,791.05	\$ 30,938,143	\$ 157,537,517
Labs	\$ 16,305,415.40	\$ 70,244,350	\$ 331,601,935
Essential Drugs (OI)	\$ 6,084,740.63	\$ 17,350,102	\$ 74,908,178
Anti-malarial	\$ 16,164.00	\$ 398,221	\$ 1,106,149
Food by Prescription	\$ 826,534.31	\$ 7,486,738	\$ 19,737,021
Male Circumcision	\$ 4,016,552.24	\$ 11,894,414	\$ 25,291,736
Other	\$ 2,616,501.46	\$ 9,138,512	\$ 38,871,302
Grand Total	\$ 86,237,740	\$ 333,835,842	\$ 1,608,628,311

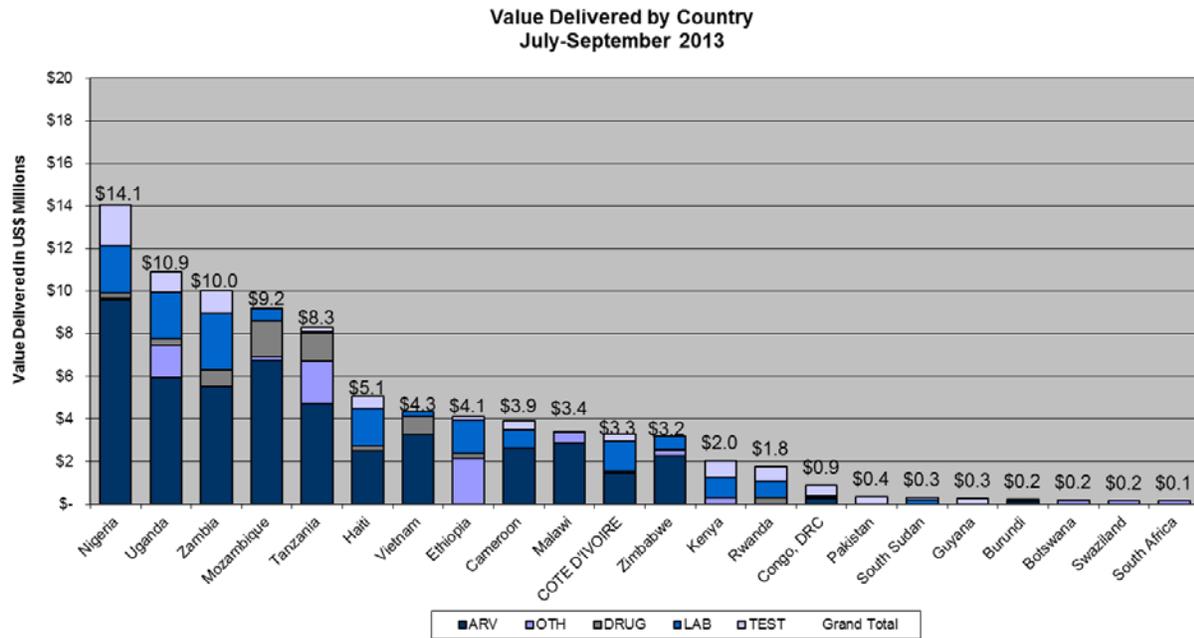
**This graph illustrates the value delivered by product category for the current quarter, fiscal year and life of the project.*



**This graph illustrates the percentage of value delivered by product category for the current quarter. The “other” category includes anti-malarials, food by prescription, male circumcision and other.*

For the fourth consecutive quarter, Nigeria accounted for the largest portion of the value delivered, with \$14.1 million of the \$86.2 million total for FY13 Q4. Uganda, Zambia, Mozambique and

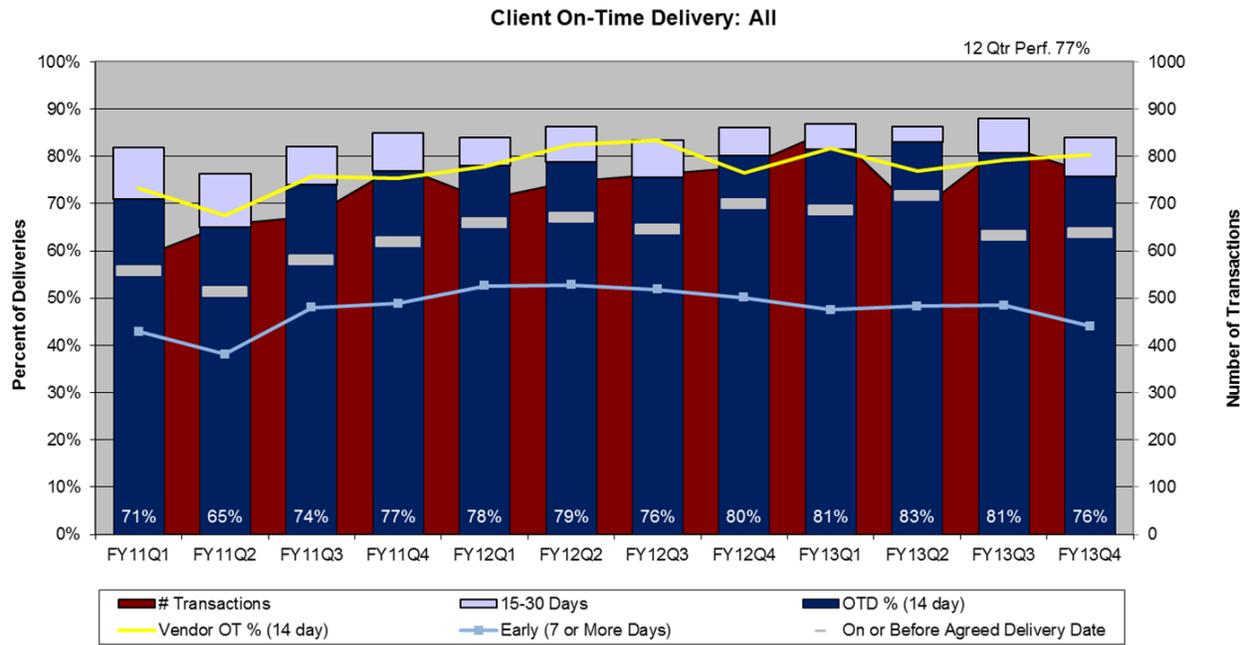
Tanzania also had large value delivered. Combined with Nigeria, these five countries accounted for 60 percent of the value of deliveries for the quarter.



**This graph illustrates the value delivered by country for the current quarter. Each color illustrates a product category, which is detailed in the legend. Countries receiving less than \$100,000 worth of deliveries during the quarter are not included in the graph.*

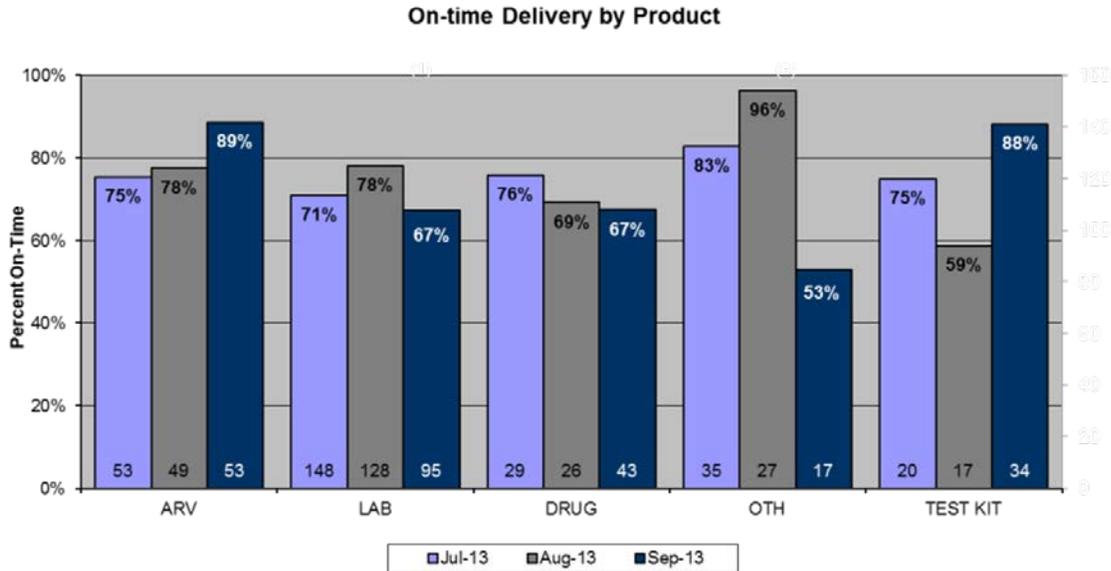
II. On-time Delivery (OTD)

On-time delivery declined slightly to 76 percent for FY13 Q4, from 81 percent in FY13 Q3. SCMS has held OTD within 3 percent of the proposed target for the last nine quarters, ensuring clients receive their deliveries within 14 days of the promised date. Vendor on-time delivery improved, increasing from 79 percent in FY13 Q3 to 80 percent in FY13 Q4. Vendor on-time delivery performance for FY13 remains strong at 79 percent.



**This graph illustrates client on-time delivery for all product categories by month for the past 12 months. Per the legend, the dark blue illustrates the percentage of deliveries that meet the OTD target. The light blue highlights the additional percentage of those that are delivered within 15 to 30 days of target. The red background illustrates the number of deliveries per month, labeled on the right axis. The yellow trend line illustrates the vendor on-time delivery rate for each month.*

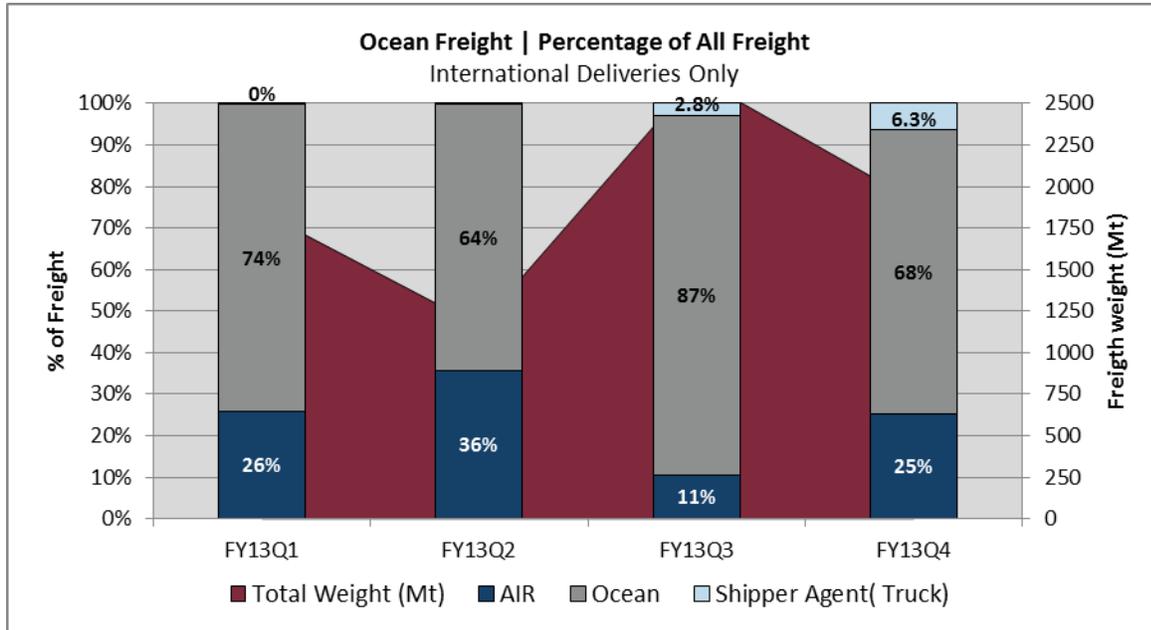
Throughout the quarter, several product categories experienced challenges with on-time delivery, including essential medicines (“drug” in the chart below), which declined from 76 percent in July to 67 percent in August, and test kits, which had a sharp decline in August at 59 percent, but rebounded in September to 88 percent.



**This graph illustrates on-time delivery by product category for each month of the current quarter. The number on the bottom of each bar represents the number of shipments.*

III. Freight

Ocean freight continues to make up the majority of SCMS shipment tonnage. In FY13 Q3, ocean freight was at a record high of 87 percent, and other quarters performed well above the 50 percent target.



**This graph illustrates the volume (tonnage) of shipments by each transportation method (ocean, air and road) by quarter. Each color represents a different mode of transportation.*

IV. Forward Orders

New Orders Placed from July to September 2013	
Grand Total	\$183.9 million
Direct Drop Total	\$88.3 million
RDC Stock Total	\$95.6 million
Order Categories	
ARV	\$130.1 million
DRUG	\$3.7 million
TEST KITS	\$7.2 million
LAB	\$28.6 million
OTHER	\$8.1 million
MC	\$6.2 million

Appendix 2: Performance by Measure

Measure specific performance updates will be provided in a separate attachment each quarter, sent at the same time as this report.

Appendix 3: Progress Against the Workplan

Project-wide workplan progress updates will be provided in a separate attachment each quarter, which we anticipate being able to forward to you by December, 10, 2013 or earlier.

Appendix 4: Quarterly Financial Reports

In view of the confidential nature of the financial details, this report will be provided under cover of a separate email sent coincident with this report.

Appendix 5: Risk Matrix

Risk #	Quarter Identified	Associated Measure	Risk	Probability	Impact	Response Option	Mitigating Actions	Owner
1	Q2	2.1.2 Competency & Training	Lack of standardization of what defines competency across countries	High	Medium	Mitigate	Review of competency levels across countries	Greg Miles
2	Q2	2.2.1 In Country Performance	Côte d'Ivoire-Global Fund transportation contract delay	High	High	Mitigate	Close collaboration with GFATM, PEPFAR and PR	Alan Pringle
3	Q3	1.1.1 Product Loss Shipping & Storage	Theft of commodities in the DRC	High	High	Mitigate	Nondescript packaging, antitheft tape. Antitheft measures, local source.	Procurement
4	Q3	1.2.1 Recipient Stock Out Rates	Stock levels drop below required level, could lead to stockouts	Medium	High	Mitigate	Quarterly updates of SPs to monitor stock levels	Chris Larson Robert Burn
5	Q3	1.2.2 OTD	Delays at largest manufacturer of MC kits (Priortex)	High	High	Mitigate	Orders with 4 new vendors have been placed for RDC shipments, with estimated delivery of Nov-Dec 2013	Juan Jaramillo
6	Q3	1.2.2 OTD	Haiti field office continues to have staffing concerns	High	High	Mitigate	Work to hire and train new staff	Phoebe Kenney
7	Q3	1.2.2 OTD	Alere is having contract disputes with its Nigeria distributor Acouns. Issue remains unresolved at this time.	High	High	Mitigate	We are alerting the country team that Nigeria may need to look for alternative HIV kits until this is resolved	Peter Smith
8	Q3	2.1.1 Country Ownership	Quantity of people trained vs. impact of that training	Medium	High	Mitigate	Advocacy for accountability with withdrawal strategy	Erin Hasselberg
9	Q3	2.1.1 Country Ownership	Ability to transition current SCMS responsibilities to countries effectively	Medium	High	Mitigate	Advocacy for accountability with withdrawal strategy	Erin Hasselberg
10	Q3	2.1.2 Training & Competency	Supportive supervision declining, reduces ability to have OJT impact	Medium	High	Mitigate	Advocate for more supportive supervision	Country Directors
11	Q3	2.1.3 CMM & 2.2. KPI	Workplan incorporation of NSCA	Medium	Medium	Mitigate	Work with missions and field offices	Field Office & SSU
12	Q3	2.2.1 Supply Chain Performance SCMS-Supported	Switch to WHO regimen guidelines	Medium	High	Mitigate	Develop TDF forecast tool to share with countries and donor organizations	Chris Larson

Risk #	Quarter Identified	Associated Measure	Risk	Probability	Impact	Response Option	Mitigating Actions	Owner
13	Q3	3.1.1 Number of CPP At Risk Schedule Submission	External (Steering Committee decisions)	Low	Medium	Accept	Frequent consultation with SC members	Dominique Zwinkels
14	Q3	3.1.1 Number of CPP At Risk Schedule Submission	External (Countries/PPP members providing data and information)	Medium	Medium	Mitigate	Ongoing consultative process of CPP value	Dominique Zwinkels
15	Q3	3.2.1 Publishing	Risk that articles in progress will not be published by target deadline.	Medium	High	Accept	Continue to push authors to submit and speed editing of those submitted	Jay Heavner
16	Q3	4.1.1b Cost Effective: Surcharge	Surcharge does not remain within target due to low volume of sales or unproportionate operating costs	Medium	High	Mitigate	Increase volume of commodity sales and/or decrease operating costs	Katrina
17	Q3	4.1.1c Cost Effective: ACF	ACF does not remain within target due to lower-than-expected country budgets or higher operating costs	Medium	High	Mitigate	Maintain country activities per extension budget or decrease operating costs	Katrina
18	Q3	4.1.3 Ocean Freight	Lack of supply planning and emergency orders can limit the use of ocean freight. In addition, shortages of warehouse space at high-ocean-volume destinations of ET and ZM can delay delivery of ocean shipments and negatively skew results.	Medium	High	Avoid	Monitor supply plans against actual orders to see if lack of compliance resulted in use of premium air transportation. Continue to work with SCMS field office staff to improve coordination of ocean deliveries to ET and ZM.	F&L, Demand Planning and ET/ZM Field Office Staffs
19	Q3	4.3.1a Operational Performance Management: Contractor Reviews	Not completing reviews by 9/30	Low	High	Avoid	Contractual requirement monitored by Contracts Unit. Visits to be scheduled by 9/30.	Afua Ofosu-Barko
20	Q3	4.3.1b Operational Performance Management: TA Processed on-time	ETJ becomes routine travel request process	High	Low	Avoid	Signatories need to do root cause analysis at time of receipt	Deputy Director
21	Q4	1.1.1 Product	Theft of goods in Kinshasa	High	High	Mitigate	Anti-theft measures, local	F&L and

		Loss Shipping & Storage					source. Nondescript packaging, antitheft tape	Procurement Units
22	Q4	1.2.1 Recipient Stock Out Rates SCMS Accountable	In country stock levels drop below required level	Medium	High	Mitigate	Emergency orders, Qrtly updates of SPs to monitor stock levels	Chris Larson, Robert Burn
23	Q4	1.2.2a OTD Core Products	VMMC kit production capacity at PrionTex	High	High	Mitigate	Biweekly phone calls to update del. sch.	Juan Jaramillo
24	Q4	1.2.2a OTD Core Products	VMMC waiver delay for Kenya RDC	High	High	Mitigate	Establish new doc. procedure	Juan Jaramillo / Ed Nagle
25	Q4	1.2.2a OTD Core Products	Lack of adequate EM sources for direct procurement	High	Medium	Mitigate	Surge capacity dossiers review	Chryste Best/ Henk den Besten
26	Q4	1.2.2a OTD Core Products	Lack of adequate number of vendors (EM)	High	High	Mitigate	Multi Vendor follow up on RFP	Chryste Best/ Henk den Besten
27	Q4	1.2.2a OTD Core Products	Lack of import waiver leading to un- availability of product	High	Medium	Mitigate	FO's to work with MOH to secure waivers	Henk den Besten
28	Q4	1.2.2a OTD Core Products	Increasing demands for Tenofovir 3FDC	High	High	Mitigate	Align VPP/SCMS strategy to balance supply/demand	Ard van Dongen
29	Q4	1.2.2a OTD Core Products	Low VOTD impacts overall COTD (ARVS & EM)	High	High	Mitigate	Continued vendor management implementation	Ard Van Dongen/ Henk den Besten
30	Q4	1.2.3c On-time PQ Turnaround VMMC Kits	Price Requests placed in the system before funding is available	Medium	Medium	Mitigate	Monitor PRs in the system on a biweekly basis and request PR recall until funding is available	Juan Jaramillo
31	Q4	1.3.1 Pharmaceutical Product Sampling	Sample collection from Cameroon and Dominican Republic	Medium	Medium	Mitigate	Continue to work with NFO manager for solution.	Mohammed Jinnah/Irma Karsten
32	Q4	1.4.1 Planned, Unplanned, Emergency Orders	In country stock levels drop below required level	Medium	High	Mitigate	Emergency orders, Qrtly updates of SPs to monitor stock levels	Chris Larson, Robert Burn
33	Q4	2.1.1 Country Ownership	Ability to effectively transition supply chain management to countries	Medium	High	Mitigate	Engage transition manager on project strategy for transfer of responsibilities	Alan Pringle

34	Q4	2.1.2 Competency (Training)	Task shifting in MOH contributing to misalignment of resource with SC tech objectives	High	High	Mitigate	Review and consider additional training strategies	Erin Hasselberg
35	Q4	2.1.3 NSCA CMM Score	Insufficient preparation and buy in from in-country stakeholders	Medium	High	Mitigate	Develop checklist to ensure adequate preparation complete with external stakeholder tool utilization	Kate Bartram, Melissa Levenger
36	Q4	2.1.3 NSCA CMM Score	Competency of teams applying the tool	Medium	High	Mitigate	Develop revised suggestions for core competencies of staff involved in NSCA. Train additional staff to conduct NSCA.	Kate Bartram, Melissa Levenger
37	Q4	2.2.1 Supply Chain Performance (SCMS Supported)	Increasing number of SCMS-supported sites could impact performance (ZW, NG, MZ)	High	High	Observe	Accept	N/A
38	Q4	3.1.2 CPP Country-at risk schedule submission	Steering Committee decisions negatively impact program	Low	Medium	Accept	Frequent consultation with SC members	Dominique Zwinkels
39	Q4	3.1.2 CPP Country-at risk schedule submission	Countries/ CPP members providing data and information failure to provide data	Medium	Medium	Mitigate	Ongoing consultative process of CPP value	Dominique Zwinkels
40	Q4	4.1.1a Cost Effective: Expiry & BRC Reporting	Stock loss due to expiry	Medium	Low	Mitigate	Actively work to place short dated stocks with clients who can use then in normal order flow. Actively pursue donation options from RDCs for short dated stocks	Chris Larson
41	Q4	4.1.3 ARV Price Comparison	Supplier leaves market limiting available products	Low	High	Mitigate	Stimulate Competition	Ron Marrocco
42	Q4	4.3.1a Operational Performance Management: Partner Review	Not following up on CAPA	Low	Medium	Mitigate	Establishing a Task Master to follow up on all CAPAs	Afua Ofosu-Barko

