



SCMS FY14 Q1 Quarterly Performance Report

FY14 Q1 October-December 2013

February 28, 2013



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

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Acronyms

ACF	Allocated cost factor
AIDS	Acquired Immunodeficiency Syndrome
ARVs	Antiretrovirals
BRC	Blended RDC charge
CPP	Coordinated Procurement Planning Initiative
DRC	Democratic Republic of the Congo
FASP	Forecasting and supply planning
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
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
PWS	Performance work statement
QA	Quality assurance
RDC	Regional distribution center
SOPs	Standard operating procedures
SSU	Systems Strengthening Unit
TA	Technical assistance
TWG	Technical working group
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 FY14 Q1 quarterly report based on the four goal areas outlined in the SCMS Performance Management Plan (PMP):

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

This quarterly report is the first time that performance data will be hard closed for key indicators like value delivered and client on-time delivery (OTD).¹ SCMS implemented the hard close to allow for consistent reporting of performance figures in an environment where there can be a substantial lag between the time products are delivered and the time we receive the documents required to confirm precise dates for delivery and other performance milestones.

Quarterly performance highlights include:

- Delivered \$93.9 million in commodities via 743 shipments (page 21).
- Achieved over \$1 billion in ARV value delivered for the life of the project (page 21).
- OTD fell below target this quarter at 75 percent. More detailed analysis revealed that four countries made the largest contribution to these performance challenges: Haiti, Rwanda, Uganda and Zambia (page 11-12).
- In Côte d'Ivoire, Nouvelle Pharmacie de la Sante Publique (NPSP) signed a formal agreement with MOH, officially becoming an independent not-for-profit business created from the former government-owned central medical stores (PSP). This is a major milestone in sustainability and will ultimately make NPSP a more effective organization, operating on commercial principles with industry-standard practices (page 15).
- VMMC kits, valued at \$275,000, were stolen when the truck transporting them from the Kenya RDC to Uganda went missing near the DRC border. Working with Kenyan police, our security team recovered 945 of the 1,002 cartons of VMMC kits. As a result, the potential loss was reduced from \$275,000 to around \$15,000. The recovered kits were delivered to the RDC to be distributed pending quality assurance testing.(page 12)
- Published four articles in three different journals — JAIDS, CRC Press and USAID Capacity Plus (page 17).
- In Tanzania, the USAID Mission awarded the field office with the “Towards GOT Sustainability Award ” for developing an electronic logistics management information system (eLMIS) that, for the first time, brings together logistical information for all essential drugs in the country under one system, with real-time tracking (page 15).

¹Hard Close Definition: SCMS reports delivery performance in the month in which we recorded the delivery date (based on a proof of delivery) and "locks down" all performance data 2 weeks after the delivery data was entered. The benefit of a hard close is that proof of delivery data received in later reporting periods do not impact or revise previously reported results.

Key Quarterly Statistics

Key statistics	FY14 Q1	Annual Performance to Date	Life of Project
Value of commodities delivered	\$93.9 million delivered	\$93.9 million delivered	\$1.71 billion delivered
Number of deliveries	743 deliveries	743 deliveries	17,723 deliveries
Countries receiving shipments	26 countries	26 countries	56 countries
Percent generic ARVs by volume	99%	99%	98%
Counterfeit products detected	0 counterfeits	0 counterfeits	0 counterfeits

FY14 Q1 Performance

Goal One: Access

Objective	Measure	Target	FY13 Q2	FY13 Q3	FY13 Q4	FY14 Q1
1.1 Capacity & Capability	1.1.1 Product Loss: Shipping & Storage	≤3%	0.01%	0.34%	0.0%	0.08%
1.2 Reliability	1.2.1 SCMS Related Stockout Rates	≤12 per year	0	0	0	0
	1.2.2 On-Time Delivery	Core: 80%	83%	82%	76%	75%
		Non-Core: 70%	76%	77%	83%	75%
	1.2.3a On-Time PQ Turnaround	ARV: 70%	84%	60%	87%	82%
		Test Kits: 85%	91%	86%	91%	100%
		VMMC Kits: 80%	70%	100%	95%	100%
	1.2.4 Forecast Accuracy	70% (interim)	FY13: 62%			64%
1.3 Quality Products	1.3.1 Pharmaceutical Product Sampling – Actual Pulled vs. Flagged	88%	91%	100%	100%	70%
1.4 Strengthen Reach	1.4.1 Planned, Unplanned and Emergency Orders	Planned: N/A	78%	71%	60%	92%
		Unplanned: N/A	12%	21%	19%	1%
		Emergency: N/A	10%	8%	21%	7%

Goal Two: Strengthen Systems

Objective	Measure	Target (Interim)	FY13 Q2	FY13 Q3	FY13 Q4	FY14 Q1
2.1 Capacity & Capability	2.1.1a Strategic Plans	50%	FY13: 33%			TBD
	2.1.1b FASP Country Ownership	75%	FY13: 50%			TBD
	2.1.1c SOPs	80%	FY13: 66%			TBD
	2.1.2 Competency	80%	82%	86%	76%	87%
	2.1.3 Supply Chain Assessment: CMM Score	60%	Botswana: 54.9%			N/A
Rwanda: 49.5%			N/A			
Namibia: 52.0%			N/A			
N/A			Lesotho: 50.0%			
2.2 Performance	2.2.1 Supply Chain Performance: In-country					
	1. Facility Reporting Rates	80%	79%	79%	77%	66%
	1. Expiry	1%	0.10%	0.25%	0.66%	1%
	1. On-time Delivery	75%	84.3%	93%	86%	80%
	1. Stockout Rate	5%	7%	11%	8%	9%
	1. Order Fill Rate	80%	133%	97%	71%	65%
	2.2.2 Supply Chain Assessment: KPI Score	60%	Botswana: 72.2%			N/A
Rwanda: 69.0%			N/A			
Namibia: 76.0%			N/A			
N/A			Lesotho: 35.0%			

Goal Three: Leadership and Partnership

Objective	Measure	Target	FY13 Q2	FY13 Q3	FY13 Q4	FY14 Q1
3.1 Collaboration	3.1.1 Coordinated Procurement Mechanism	80% (interim)	FY13: 96%			TBD
	3.1.2 Number of CPP Country-at-Risk Schedule submissions per year	4 (annual)	FY13: 6			2
3.2 Knowledge Exchange	3.2.1 Publishing	4 (annual)	FY13: 3			4
	3.2.2 Presentations	15 (annual)	FY13: 25			5

Goal Four: Operational Excellence

Objective	Measure	Target	FY13 Q2	FY13 Q3	FY13 Q4	FY14 Q1
4.1 Cost Effective	4.1.1a Cost Effective: RDC Expiry & BRC Reporting	Expiry RDC Stock: $\leq 3\%$	0.0%	0.0%	0.28%	0.0%
		BRC Reporting Rate: 4	FY13: 6			On-Target
	4.1.1b Cost Effective: Surcharge	$\leq 5\%$	LOP: 4.07%			
	4.1.1c Cost Effective: ACF	$\leq 12\%$	LOP: 10.22%			
	4.1.2 ARV Price Comparison: SCMS vs. GPRM	70%	FY13: 79%			TBD
	4.1.3 Ocean Freight: Percentage of All Freight	$\geq 50\%$	66%	84%	70%	65%
4.2 Best Value	4.2.1 Client Satisfaction: Products Ordered/Received and Technical Assistance	Products Ordered/Received: 85%	FY13 Q1-Q2: 88%	FY13 Q3-Q4: 90%		TBD
		Technical Assistance: 85%	FY13 Q1-Q2: 90%	FY13 Q3-Q4: 96%		TBD
4.3 Continuous Improvement	4.3.1a Annual Partner Operational Review	100%	FY13: 100%			On Target
	4.3.1b Percent of TA Trips Processed On-Time	80%	30.3	45.2	56.1%	57.1%
	4.3.2 Core Systems Uptime: Potential vs. Actual	Orion: $\geq 95\%$	99.9%	99.9%	99.9%	98.7%
		KT: $\geq 95\%$	98.9%	99.9%	99.9%	99.9%

Quarterly Performance

Goal 1: Access

Provide quality HIV/AIDS commodities efficiently and effectively.

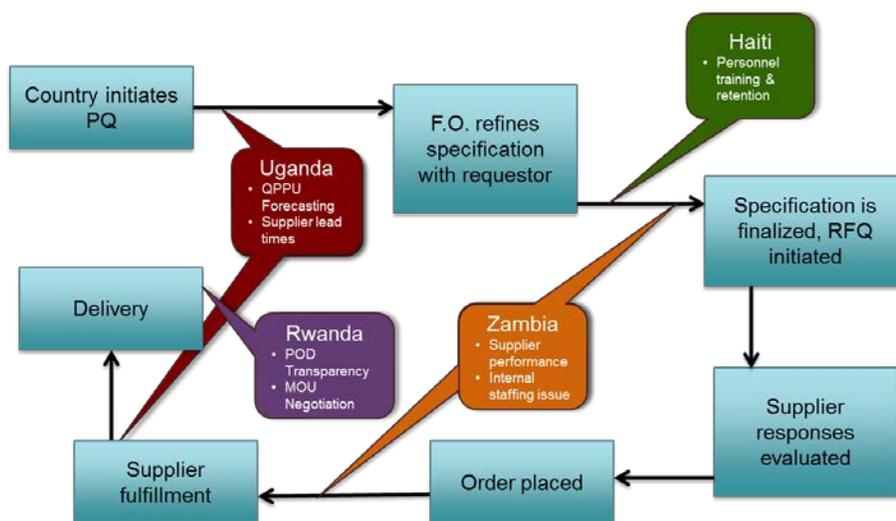
SCMS met the majority our Access goal quarterly performance targets in FY14 Q1, with the exceptions being on-time delivery (OTD) and pharmaceutical product sampling. Updates on the main challenges that prevented us from meeting our targets for these measures are provided in the following key results and challenges sections.

December marked the first month that performance reporting data was hard closed. Performance will only be reported in the month that final documentation is complete, preventing future fluctuation of key indicators such as value delivered and on-time delivery from Proof of Delivery received after the close of the reporting cycle.

Objective	Measure	Target	FY13 Q2	FY13 Q3	FY13 Q4	FY14 Q1
1.1 Capacity & Capability	1.1.1 Product Loss: Shipping & Storage	≤3%	0.01%	0.34%	0.0%	0.08%
1.2 Reliability	1.2.1 SCMS Related Stockout Rates	≤12 per year	0	0	0	0
	1.2.2 On-Time Delivery	Core: 80%	83%	82%	76%	75%
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	1.2.4 Forecast Accuracy	70% (interim)	FY13: 62%			64%
1.3 Quality Products	1.3.1 Pharmaceutical Product Sampling – Actual Pulled vs. Flagged	88%	91%	100%	100%	70%
1.4 Strengthen Reach	1.4.1 Planned, Unplanned and Emergency Orders	Planned: N/A	78%	71%	60%	92%
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		Emergency: N/A	10%	8%	21%	7%

Key Results and Challenges

- On-time delivery performance fell to 75 percent this quarter, below the 80 percent target. Although on-time delivery for October (81 percent) and November (78 percent) were on or close to target, it dropped to 69 percent in December. Analysis revealed that for differing reasons four countries had the largest impact on our performance. Detailed discussion of performance challenges will be presented during the COR team debrief, to be held in March 2014.



Issues related to poor on-time delivery varied from country to country; root causes also varied along stages of the procurement process

Country	Root Cause	Corrective Actions
Haiti	<ul style="list-style-type: none"> Personnel training and retention. Supplier performance. 	<ul style="list-style-type: none"> Staff recruited and key positions developed, effective December 2013 and March 2014. Map out supplier alternatives and qualification of existing supplier base. Educate local supplier base on SCMS processes.
Rwanda	<ul style="list-style-type: none"> When goods are delivered to Kigali, MOH does not provide timely PODs to help SCMS complete orders. Late PODs impede visibility needed to respond to late orders. 	<ul style="list-style-type: none"> Update MOU with MPPD to accurately reflect what is required of them. Implement a proxy for POD and bring order management into real time. Consider language change to facilitate sign-off, "package said to contain."
Uganda	<ul style="list-style-type: none"> Government of Uganda is responsible for quantification and procurement planning for ARVs through QPPU, and its forecasts often fail to meet demand, resulting in emergency orders to fill gaps. Local lab suppliers providing unrealistic lead times. 	<ul style="list-style-type: none"> SCMS has established a presence in MOH QPPU to facilitate the forecasting of ARVs and other health care commodities, giving SCMS greater visibility to the countrywide forecast and national supply chain. New suppliers will receive training on SCMS processes in March 2014.

Zambia	<ul style="list-style-type: none"> • Supplier performance for proprietary commodities. • Supplier base needs to expand for lab consumables. • Not enough internal staff LOE allocated to SCMS procurement; other issues related to procurement management. 	<ul style="list-style-type: none"> • Ongoing discussion with manufacturers regarding local distributor performance. • STTA management and process review planned for March to hone root cause analysis and recommend corrective actions to address consistently low OTD performance.
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- During the quarter, 92.1 percent of emergency orders (by value) and 81.3 percent of orders (by volume) were planned — a marked improvement over the last few quarters. However, Uganda continues to experience a high number of emergency orders. Stockouts of pediatric AZT-based fixed-dose combinations (AZT/3TC/NPV 60/30/50 mg and AZT/3TC 60/30 mg) and potential stockouts of adult AZT-based regimens each led to emergency orders. The country also received \$3.2 million of ARVs delivered from a previous emergency order to address Global Fund delays.
- The supplier base expanded for two TDF-based triple-dose combinations. Hetero received (t)FDA approval for Tenofovir/Efavirenz/Emtricitabine, bringing us to six eligible vendors for this vital product. Also, Cipla’s ARV fixed-dose combination of Tenofovir/Lamivudine/Efavirenz tablets (300 mg/300 mg/600 mg) received (t)FDA approval. Cipla is able to supply some 300,000 packs per month and is planning to increase this capacity to 500,000. The company is also registering this product in the PEPFAR focus countries. As demand for this product (especially with the relatively short lead times) is still high, the increasing number of suppliers and their expanding individual capacity bring the potential of price competition and reduction in delivery delays.
- VMMC kits, valued at \$275,000, were stolen when the truck transporting them from the Kenya RDC to Uganda went missing near the DRC border, after which the driver did not answer his mobile phone and the vehicle dropped off GPS tracking. The Global Security Manager conducted an investigative trip, raising the profile of this incident with law enforcement agencies in Kenya and Uganda. Working with Kenyan police, our security team recovered 945 of the 1,002 cartons of VMMC kits. As a result, the potential loss was reduced from \$275,000 to around \$15,000. The recovered kits were delivered to the RDC to be distributed pending quality assurance testing.
- Quality Assurance encountered challenges collecting six ARVs flagged for sampling from our Kenya and Ghana RDCs, reflected in the below-target performance for FY14 Q1 of 70 percent. An incident was launched to investigate the reason for these challenges. We were subsequently able to collect the samples from downstream locations after the quarter end.
- The DRC customs clearance process continues to improve. Since October, after a change in freight forwarding agent to GTM and assistance from the COR team and local Mission in addressing the spate of thefts on inbound shipments, the customs turnaround time has decreased to between two and seven days once product arrives in country, an improvement from up to three months. We will continue to monitor this remarkable progress. More importantly, through working with our new partner GTM, we have re-established that USAID programs are granted the special status necessary for efficient customs clearing processes.

Key Issues

Update on Key Issues and Corrective Actions FY14 Q1			
Key Issues	Corrective Actions	Progress	Quarter Identified
Low ARV vendor on-time delivery.	Monthly planning meetings with key suppliers and manufacturers	To be updated in FY14 Q2	FY14 Q1
OTD issues with four key countries: Haiti, Rwanda, Uganda, Zambia.	Root cause analysis being conducted. PMO to work with each country to resolve issues that will be identified in analysis.	To be updated in FY14 Q2	FY14 Q1
Failed to collect six ARV samples from Kenya and Ghana RDCs.	Undergo an incident investigation to identify causes of this challenge and collect samples at downstream locations in Côte d'Ivoire, Tanzania and Kenya.	To be updated in FY14 Q2	FY14 Q1
Delays in triple TDF supply.	Close cooperation with clients and vendors to determine priorities and ensure uninterrupted supply to all.	- Manufacturers continuing to scale up capacity - Monthly meetings with key suppliers for first line ARVs between suppliers, SCMS and VPP	FY13Q2
Delays at largest VMMC kit supplier, Priontex.	Diversify order base using identified new suppliers to place VMMC kit orders.	Completed	FY13Q3
Lack of adequate number of essential medicine vendors.	Evaluate RFP 13-08 and pre-screen additional vendors for direct procurement.	-RFP 13-08 under evaluation and dossiers being reviewed. - QA Team to visit vendors during March 2014	FY13Q4
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.	Ongoing with further updates FY14Q2	FY13Q4

Key Risks

- The risk that Tenofovir-based ARV demand will outweigh global supply continues, although the introduction of two new tFDA regimens at Hetero and Cipla should reduce this risk. SCMS continues to mitigate this risk by diversifying supply and working closely with vendors to forecast demand.
- As countries continue to transition to Tenofovir-based regimens, SCMS anticipates continued risk of increased volumes of unplanned and emergency orders. We will continue to closely monitor these commodities and manage customer expectations.
- Transition to Tenofovir-based regimens in the absence of integrated supply chain planning could disrupt stock availability in countries, which could negatively impact demand planning and potential downstream availability. SCMS plans to provide guidelines to the field offices on how to address this potential risk within the forecasting process.

Goal 2: Strengthen Systems

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

In FY14 Q1, the reach of our data collection for systems strengthening performance measures continues to grow, the number of facilities reporting increased by 1794 (19 percent). Our newest field office, Burma, began submitting qualitative reports. Development of a performance management plan (PMP) and performance work statement (PWS) indicators reporting for Burma will follow in subsequent quarters.

Performance for training and competency improved significantly to 87 percent, an increase of 11 percent from last quarter. Despite several successes, Strengthen Systems performance continues to fall short of interim targets for several in-country supply chain performance measures, including facility reporting rates and in-country facility stockout rates.

Please note, as an annual measure, the country ownership (2.1.1) measures will only be reported on in FY14 Q4.

Objective	Measure	Target (Interim)	FY13 Q2	FY13 Q3	FY13 Q4	FY14 Q1
2.1 Capacity & Capability	2.1.1a Strategic Plans	50%	FY13: 33%			TBD
	2.1.1b FASP Country Ownership	75%	FY13: 50%			TBD
	2.1.1c SOPs	80%	FY13: 66%			TBD
	2.1.2 Competency	80%	82%	86%	76%	87%
	2.1.3 Supply Chain Assessment: CMM Score	60%	Botswana: 54.9%			N/A
			Rwanda: 49.5%			N/A
			Namibia: 52.0%			N/A
N/A			Lesotho: 50.0%			
2.2 Performance	2.2.1 Supply Chain Performance: In-country					
	2. Facility Reporting Rates	80%	79%	79%	77%	66%
	2. Expiry	1%	0.10%	0.25%	0.66%	1%
	2. On-time Delivery	75%	84.3%	93%	86%	80%
	2. Stockout Rate	5%	7%	11%	8%	9%
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			Rwanda: 69.0%			N/A
Namibia: 76.0%			N/A			
N/A			Lesotho: 35.0%			

Key Results and Challenges

- In Côte d’Ivoire, Nouvelle Pharmacie de la Sante Publique (NPSP) signed a formal agreement with MOH, officially becoming an independent not-for-profit business created from the former government-owned central medical stores (PSP). SCMS provided support to the former PSP and MOH in designing NPSP and its operational structure. This formal agreement is a major milestone in sustainability and will ultimately make NPSP a more effective organization, operating on commercial principals with industry-standard practices. As if to prove the point, NPSP processed 100 percent of orders received on time as a result of SCMS support in implementing recommended sales order process improvements from an August STTA. Since the STTA, the process lead time and number of orders managed has continued to improve. However, there are still challenges in receiving international orders until the transition from PSP to NPSP is complete.
- In Burma, the Three Millennium Development Goal (3MDG) Fund’s board approved a concept note to support USAID’s plans to invest PEPFAR funds over the next two years to establish SCMS in Burma, with the overall goal of developing one national integrated supply chain managed by MOH. MOH officially endorsed SCMS to lead supply chain efforts and serve as a technical secretariat. USAID is aware that PEPFAR’s investment is not adequate for strengthening the whole of the national supply chain in a country without many systems in place, and we have been looking for strategic partnerships. This initiative with 3MDG will provide considerable synergies to strengthen the national supply chain and directly contribute to 3MDG’s work in 42 targeted townships in three states and divisions.
- In Tanzania, the field office received two awards:
 - The USAID Mission in Tanzania bestowed the “Towards GOT Sustainability Award ” for developing an electronic logistics management information system (eLMIS) that, for the first time, brings together logistical information for all essential drugs in the country under one system, with real-time tracking.
 - MOH presented a certificate of recognition to the SCMS Supply Chain Monitoring Advisors (SCMA) program for supporting, coordinating and managing the HIV/AIDS commodity supply chain with the Referral Health Management Team (RHMT) in Kagera region.

Key Issues

Update on Key Issues and Corrective Actions FY14 Q1			
Key Issues	Corrective Actions	Progress	Quarter Identified
Data access issues hinder implementation of regimen changes.	1. Implement data mapping pilot. 2. Engage COR Team.	To be updated in FY14 Q2	FY14 Q1
Competency tests not passed by trainees.	HRCD advisor to work with Country Directors to undertake in-depth root cause analysis of issues in passing competency test in ET and HT.	Countries have been contacted and additional review will occur during FY14 Q2 HRCD TWG call.	FY13Q2

CI: Delays in reporting.	Fundamental review of supervision process and outsourced transportation planned for June.	Majority of activities completed. SCMS continues to support Global Fund and the Principal Recipient PNPEC in contracting ITL to distribute commodities on 10 routes.	FY13Q2
MOH has not prioritized leadership of SC activities (GY, HT, MZ).	Work with champions in MOH/CMAM to develop, change and transfer skills (GY, HT, MZ).	Haiti's national quantification occurring at time of report. SCMS staff is working in close partnership with MOH counterparts to complete quantification.	FY13Q3
Lack of forecasting and supply planning country ownership due to staffing and commitment levels of MOH(s).	1. Continue to advocate for creation of LMU and supply chain champions within counterparts 2. Work with HRCD TWG to identify additional activities to drive and increase ownership.	1. Progress with LMU creation following drafting of project charter and project plan in Guyana. 2. Strategic review of processes scheduled in March 2014 to ensure alignment of interventions and impact on measures.	FY13Q4
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.	Five SCMS sub-offices set up and staffed. Field office staff has been trained, are currently at sites and are beginning to implement activities.	FY13Q4

Key Risks

- N/A

Goal 3: Leadership and Partnership

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

SCMS met or is on target to meet all of our performance targets in the Leadership and Partnership goal area. Please note, as an annual measure, the coordinated procurement planning measures (3.1.1) will only be reported on in FY14 Q4.

Objective	Measure	Target	FY13 Q2	FY13 Q3	FY13 Q4	FY14 Q1
3.1 Collaboration	3.1.1 Coordinated Procurement Mechanism	80% (interim)	FY13: 96%			TBD
	3.1.2 Number of CPP Country-at-Risk Schedule submissions per year	4 (annual)	FY13: 6			2
3.2 Knowledge Exchange	3.2.1 Publishing	4 (annual)	FY13: 3			4
	3.2.2 Presentations	15 (annual)	FY13: 25			5

Key Results and Challenges

- Published four articles during FY14 Q1:
 - Delivering Pediatric HIV Care in Resource-Limited Settings: Cost Considerations in an Expanded Response (JAIDS)
 - Pediatric Treatment 2.0: Ensuring a Holistic Response to Caring for HIV-Exposed and Infected Children (JAIDS)
 - Screening of Substandard and Counterfeit Drugs in Underdeveloped Countries by TLC (CRC Press)
 - Applying the HRH Action Framework to Develop Sustainable Excellence in the Health Supply Chain Workforce (USAID Capacity Plus)
- SCMS's innovative social media correspondent program has shown good potential for increasing the effectiveness of our knowledge-sharing efforts. Overall, the number of followers and likes is steadily increasing each month. Social media engagement on Facebook has focused on staff participation and postings related to staff achievement, while Twitter engagement has focused on external stakeholders and building relationships with external organizations. The posts that reached the greatest amount of users and/or resulted in the most activity — likes, shares, clicks — were those featuring photos of staff or staff achievement.
- Attended the 6th Global Health Supply Chain Summit in Addis Ababa. Presented on performance improvement and ISO 9001 certification of the Botswana Central Medical Stores and on the CPP survey of in-country coordination mechanisms. Presented at WHO's Global Health Workforce Alliance's 3rd Global Forum on Human Resources for Health in Brazil. In addition, the People that Deliver Initiative (PtD) hosted a side session on "Rising to the challenge of improving human resources for health supply chains," with presentations by PtD's Executive Manager, USAID, Intra Health's Capacity Plus and SCMS. This session had 34 participants, including a high-level delegation from the International Pharmaceutical Federation, and helped raise awareness of the supply chain workforce as part of the larger health workforce.
- The bi-monthly meeting of the CPP steering committee was held to review countries at risk and workplan progress. Two countries were added to the Red Zone most-at-risk countries: Ghana, primarily due to constrained funding from the government; and Tanzania, where there is a

\$25 million funding gap due to increase in demand, some funding delays and changes in consumption pattern. Mozambique was moved to the Yellow Zone and Burkina Faso to the Green Zone, reflecting improved positions. Also provided the interim report on UNITAID-funded TA to assess procurement coordination in Benin, the Republic of Congo, Cameroon, Chad, Togo, Guinea Bissau, Mali and Malawi. Completed assessment templates and a lessons learned document have been received from all countries.

Key Issues

Update on Key Issues and Corrective Actions FY14 Q1			
Key Issues	Corrective Actions	Progress	Quarter Identified
N/A			

Key Risks

- N/A

Goal 4: Operational Excellence

Operate an organization that provides best-value supply chain and systems 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.

Please note, as annual measures, the ARV pricing comparison (4.1.2) and annual operational review (4.3.1a) will only be reported on in FY14 Q4.

Objective	Measure	Target	FY13 Q2	FY13 Q3	FY13 Q4	FY14 Q1
4.1 Cost Effective	4.1.1a Cost Effective: RDC Expiry & BRC Reporting	Expiry RDC Stock: $\leq 3\%$	0.0%	0.0%	0.28%	0.0%
		BRC Reporting Rate: 4	FY13: 6			On-Target
	4.1.1b Cost Effective: Surcharge	$\leq 5\%$	LOP: 4.07%			
	4.1.1c Cost Effective: ACF	$\leq 12\%$	LOP: 10.22%			
	4.1.2 ARV Price Comparison: SCMS vs. GPRM	70%	FY13: 79%			TBD
4.1.3 Ocean Freight: Percentage of All Freight	$\geq 50\%$	66%	84%	70%	65%	
4.2 Best Value	4.2.1 Client Satisfaction: Products Ordered/Received and Technical Assistance	Products Ordered/Received: 85%	FY13 Q1-Q2: 88%	FY13 Q3-Q4: 90%		TBD
		Technical Assistance: 85%	FY13 Q1-Q2: 90%	FY13 Q3-Q4: 96%		TBD
4.3 Continuous Improvement	4.3.1a Annual Partner Operational Review	100%	FY13: 100%			On Target
	4.3.1b Percent of TA Trips Processed On-Time	80%	30.3	45.2	56.1%	57.1%
	4.3.2 Core Systems Uptime: Potential vs. Actual	Orion: $\geq 95\%$	99.9%	99.9%	99.9%	98.7%
		KT: $\geq 95\%$	98.9%	99.9%	99.9%	99.9%

Key Results and Challenges

- In South Africa, awarded interim contracts for non-pharmaceutical items to suppliers at a new negotiated price that is 40 percent lower than the current prices, as part of our interim management team's continued support of Gauteng medical supply depot (MSD) operations.
- Storage capacity challenges in Zambia were alleviated as storage space at Medical Stores Limited (MSL) continues to improve. UPS has delivered all the laboratory products that were at the UPS warehouse to MSL. The in-transit storage time at the UPS warehouse, which previously ranged from 30 to 180 days, has decreased to less than 10 days, and as such SCMS is no longer receiving storage charges. This improvement is a result of increased collaboration among SCMS, UPS and MSL. Improvements will allow for continued use of ocean freight into Zambia.

Key Issues

Update on Key Issues and Corrective Actions FY14 Q1			
Key Issues	Corrective Actions	Progress	Quarter Introduced
Shortages of warehouse space at high ocean volume destinations, such as Ethiopia, has negatively skewed ocean tonnage even though containers are in Addis Ababa and available for delivery.	Ethiopia FO team working with PFSA to arrange delivery space on an ongoing basis.	To be updated in FY14 Q2	FY14 Q1
Response rates are low to customer satisfaction survey. Only 11 of 21 countries received responses in Q2.	Review cause of low response rate and develop plan to improve in the Q4 implementation.	New survey redesign process meetings to be conducted in March-April 2014.	FY13 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.	Completed	FY13 Q4

Key Risks

- Transition planning may increase the number of ad hoc requests for technical assistance, which could potentially negatively impact the percentage of trips sent to USAID for concurrence three or more weeks before travel.

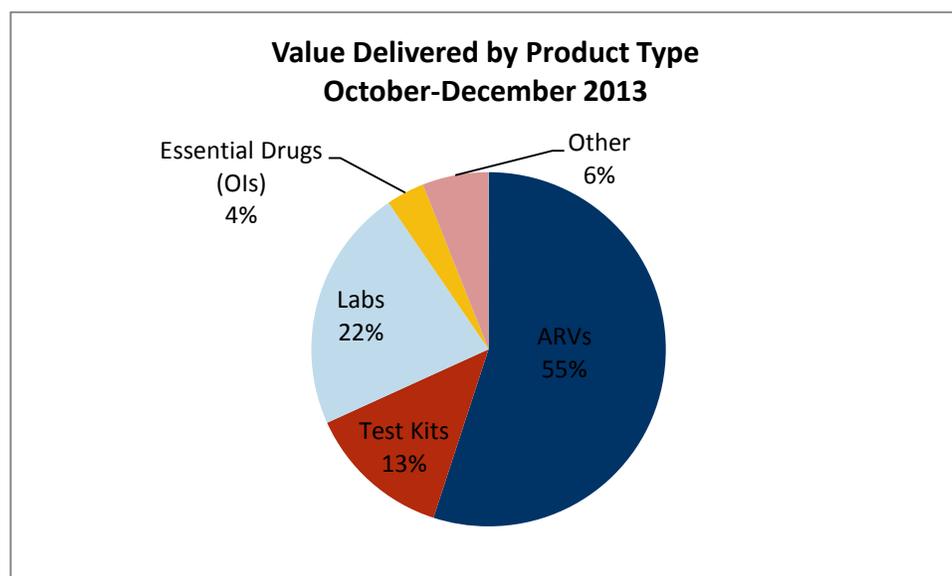
Appendix 1: Key Quarterly Statistics

I. Value Delivered

In the quarter, SCMS delivered \$93.9 million in commodities to our clients, including \$51.7 million in ARVs and \$20.9 million in lab products. Our life-of-project value for ARVs delivered surpassed \$1 billion this quarter, with a value of \$1.01 billion delivered since 2006.

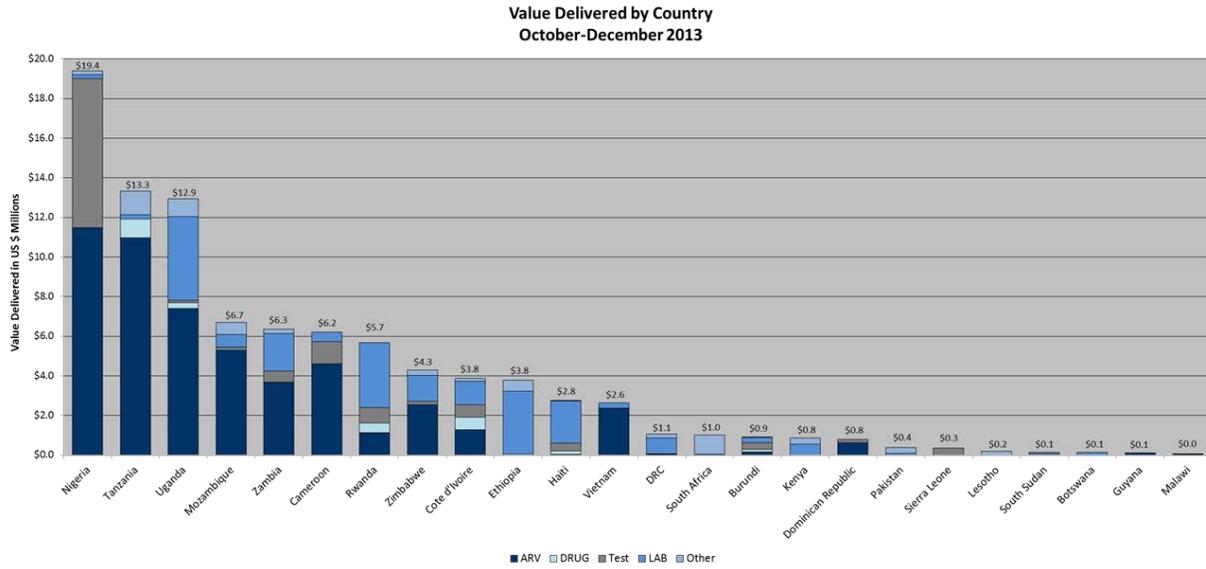
Value Delivered			
	FY14 Q1	FY14 to date	Life of Project
ARVs	\$ 51,657,509	\$ 51,657,509	\$ 1,009,838,656
Test Kits	\$ 12,353,826	\$ 12,353,826	\$ 166,470,506
Lab	\$ 20,924,074	\$ 20,924,074	\$ 353,240,424
Essential Drugs (OIs)	\$ 2,853,607	\$ 2,853,607	\$ 78,717,302
Anti-malarial	\$ -	\$ -	\$ 1,106,149
Food by Prescription	\$ 425,905	\$ 425,905	\$ 20,050,120
Male Circumcision	\$ 2,845,156	\$ 2,845,156	\$ 28,905,926
Other	\$ 2,810,249	\$ 2,810,249	\$ 48,554,775
Grand Total	\$ 93,870,326	\$ 93,870,326	\$ 1,706,883,859

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

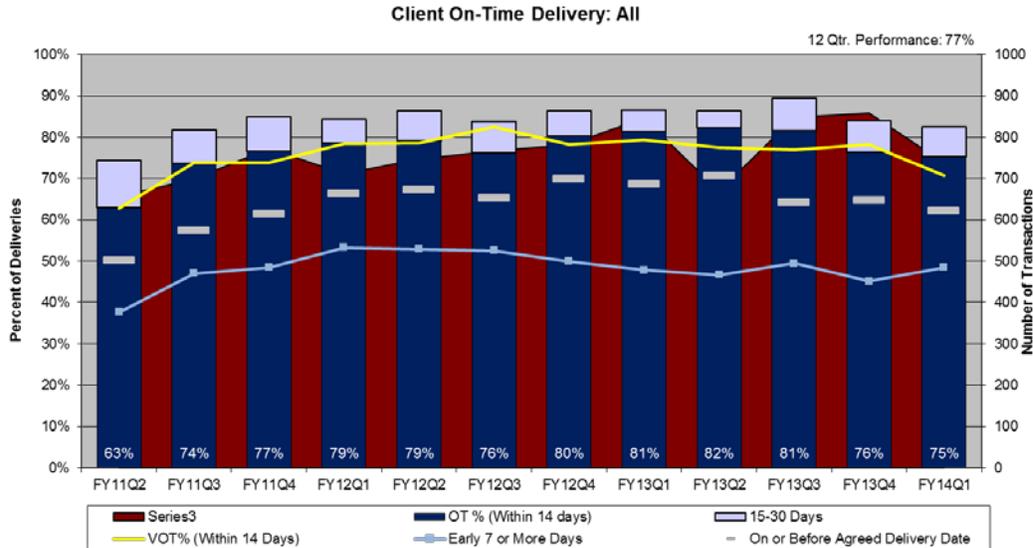
For the fifth consecutive quarter, Nigeria accounted for the largest portion of the value delivered, with \$19.4 million of the \$93.9 million total for FY14 Q1. Seven countries accounted for 75 percent of the value delivered: Nigeria, Tanzania, Uganda, Mozambique, Zambia, Cameroon and Rwanda.



**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 \$50,000 worth of deliveries during the quarter are not included in the graph.*

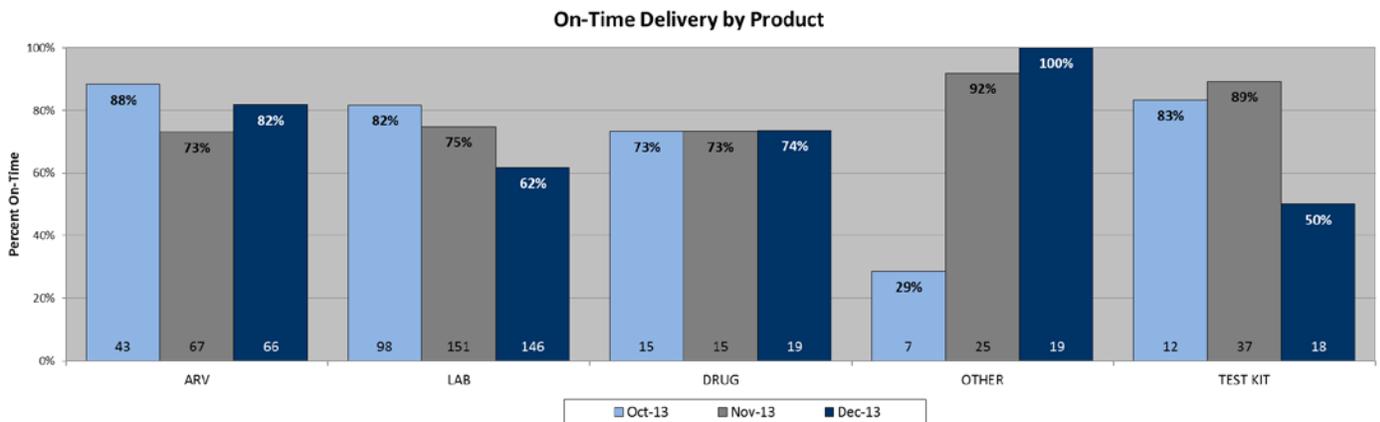
II. On-time Delivery (OTD)

On-time delivery declined slightly to 75 percent for FY14 Q1, from 76 percent in FY13 Q4. Vendor on-time delivery also declined, from 79 percent in FY13 Q4 to 71 percent in FY14 Q1.



*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 met the OTD target. The light blue highlights the additional percentage of those that were 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.

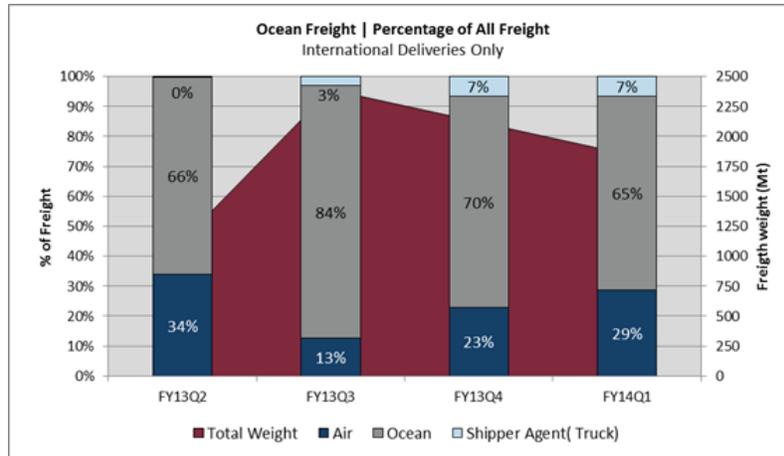
Throughout the quarter, several product categories experienced challenges with on-time delivery, including lab, which steadily declined from 82 percent in October to 62 percent in December, and test kits, which had a sharp decline in December to 50 percent. By contrast Other, often an unpredictable category achieved 100% on time in December.



*This graph illustrates on-time delivery by product category for each month of the 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 FY14 Q1, ocean freight continued to be above the target of 50 percent.



**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 October-December 2013	
Grand Total	\$165.7 million
Direct Drop Total	\$58.3 million
RDC Stock Total	\$107.4 million
Order Categories	
ARV	\$105.2 million
DRUG	\$2.0 million
TEST KITS	\$25.6 million
LAB	\$15.1 million
OTHER	\$2.8 million
MC	\$15.0 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, sent at the same time as the report.

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

FY13								
Risk #	Quarter Identified	Associated Measure	Risk	Probability	Impact	Response Option	Mitigating Actions	Owner
1	Q2	2.1.2 Competency and Training	Lack of standardization of what defines competency across countries.	High	Medium	Mitigate	Review of competency levels across countries.	Greg Miles
2	Q3	1.2.1 Recipient Stockout 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
3	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
4	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
5	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
6	Q3	3.1.1 Number of CPP At Risk Schedule Submission	External (Countries/ CPP members providing data and information).	Medium	Medium	Mitigate	Ongoing consultative process of CPP value.	Dominique Zwinkels
7	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
8	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

9	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 Ethiopia and Zambia 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 Ethiopia and Zambia.	F&L, Demand Planning and ET/ZM Field Office Staffs
10	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
11	Q4	1.2.1 Recipient Stockout Rates SCMS Accountable	In-country stock levels drop below required level.	Medium	High	Mitigate	Emergency orders, quarterly updates of SPs to monitor stock levels.	Chris Larson, Robert Burn
12	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
13	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
14	Q4	1.2.2a OTD Core Products	Low vendor OTD impacts overall country OTD (ARVs and EM).	High	High	Mitigate	Continued vendor management implementation.	Ard Van Dongen/ Henk den Besten
15	Q4	2.2.1 Supply Chain Performance (SCMS-Supported)	Increasing number of SCMS-supported sites could impact performance (Nigeria, Mozambique, Zimbabwe).	High	High	Observe	Accept.	N/A
16	Q4	4.1.1a Cost Effective: Expiry and BRC Reporting	Stock loss due to expiry.	Medium	Low	Mitigate	Actively work to place short-dated stocks with clients who can use them in normal order flow. Actively pursue donation options from RDCs for short-dated stocks.	Chris Larson

FY14								
17	Q1	1.1.1 Product Loss Shipping & Storage	Theft in DRC	High/Medium	High	Mitigate	Escalated issue in DRC to COR who got Ambassador to intervene	Ishmael Muchemenyi, COR
18	Q1	1.2.2a On-Time Delivery: Core Products	ARVs - More unplanned and emergency orders due to new regimen transition.	High	High	Mitigate.	Close monitoring and management of expectation with customers and field offices.	Invt. Mgr & POM at PPU
19	Q1	1.2.2a On-Time Delivery: Core Products	Test kit Demand	Medium	High	Mitigate	Countries send supply plans early-PO can be placed with sufficient lead time.	Laura Thomas
20	Q1	1.2.3a PQ Turnaround Time: PMO ARV	Client uncertainty on PR – need to clarify products and quantities needed	Medium	Medium	Mitigate	Continue to work with the country field office teams on supply planning ahead of PRs	Chris Larson, John Vivalo, Robert Burn
21	Q1	1.2.3b PQ Turnaround Time: HIV Test Kit	Unexpected delays with processing HRDT orders for non-field office countries.	Medium	High	Avoid	As we take on new NFO client countries, it is important to take an early start with obtaining customs, clearance and lead time details to avoid delay at the time of PQ processing.	Irma Karsten Patricia Tolentino
22	Q1	1.2.4 Forecast Accuracy	Decline in forecast accuracy as June 2013 WHO treatment guidelines adopted	High	High	Mitigate	Provide guidelines to FOs around data, target setting, scheduling and frequency of forecasting	DPIM Unit
23	Q1	2.1.3 NSCA CMM, 2.2.2 NSCA KPI	Timelines for preparation, assessment, data clean-up, and data analysis underestimated.	High	High	Mitigate	Adjust timelines in example SOW, User's Guide, and presentation materials.	Kate Bartram
24	Q1	2.2.1 Supply Chain Performance SCMS-Supported	Transition to new regimens in absence of integrated SC planning could disrupt stock availability in countries	Medium	Medium	Mitigate	SCMS PMO to draft updated transition guidance and request COR/OGAC advocacy with WHO	Alan Pringle / Robert Burn

25	Q1	4.3.1b Operational Performance Management: TA Trips	The percentage of TA trips being processed within the target time frame is on the rise, transition planning may increase the number of ad hoc requests, which has the potential to reverse this trend.	High	High	Mitigate	Work with FO to support transition planning	SSU & GPM
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Appendix 6: SCMS Performance Management Plan

The SCMS quarterly performance report is based on the SCMS Performance Management Plan (PMP). Use the link below to access this reference document.



SCMS PMP FINAL
December 2012