SCMS

IN BRIEF

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Implementing Partner

Building Capacity: Racking Warehouses in Ethiopia

Ethiopia has the second largest population in Africa, and the thirteenth largest in the world. The current population of 84 million is expected to reach 120 million by 2030, and 145 million by 2050. In working towards the Millennium Development Goals (MGDs), and sustaining those achievements beyond 2015, the population of Ethiopia needs reliable and consistent access to medicine. At present, however, the ability to acquire medicine is limited due to challenges of access, supply, distribution and cost.

The Ethiopian government is undertaking a bold initiative to ensure that medicinal supply and access are available throughout the country. A major challenge is reaching a population whose majority lives in rural areas. Through a series of centralized and regional hubs, this initiative aims to serve thousands of health centers all over the country and overcome the hurdle to reaching patients. Achieving this aim is a complex undertaking, which is becoming increasingly more so as the diversity and volume of medicines regularly expands.

SCMS has stepped in to support this nation-wide initiative. At ten warehouse sites across Ethiopia, the physical warehousing capacity has greatly increased due to the introduction of a warehouse racking system. Warehouse racking allows for vertical storage without damaging stacked products due to weight.

The racking system enables improved material organization, as products are stored and sorted by rack location. This ensures that short shelf-life products can be located and distributed in a timely manner. It also helps prevent stockouts as regional hubs can respond faster to need requests. Thus, warehouses become more efficient in terms of space utilization, organization and loss-prevention.

Improved warehouse distribution also enhances the ability of warehouses to locate expired product and handle emergency situations, such as product recalls. Furthermore,

Before (Warehouse, Ethiopia)

a better ability to respond to the supply and demand of the population, as well as reduce loss, facilitates for a reduction in product cost.

In Adama, for example, the warehouse capacity was increased by 35 percent, to 880 pallets with the introduction of racking. Organizational improvement is evident, which facilitates for improved cost-efficiency as the products can be stored, located and distributed in a more systematic manner. That, however, is just the beginning.

The government, with support from USAID, is constructing ten new – and larger – warehouse facilities to greatly increase warehouse capacity.

SCMS will outfit these new warehouses and expand upon existing facilities. When Adama's new warehouse is complete, and racked, the pallet capacity will increase from 880 to 5,160. Across the ten sites, the existing pallet capacity of 6,039 will increase to 27,007.

The outfitting of racking in warehouses is only one contribution of many mechanisms that SCMS has provided to enhance and support the Ethiopian government in their aims of providing reliable and consistent access of medicine throughout the country. Not only meeting the needs of today, but planning for the needs of tomorrow.

ABOUT SCMS

The Supply Chain Management System (SCMS) was established to collaborate within country and global partners to ensure a reliable, cost-effective and secure supply of high quality medicines and health products for HIV/AIDS prevention, care and treatment. SCMS is funded as part of the President's Emergency Plan for AIDS Relief. Visit us at www.scms.pfscm.org.

The author's views expressed in this publication do not necessarily reflect the views of the US Agency for International Development or the United States government.

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