



## USAID | DELIVER PROJECT Provides Technical Assistance to the Pharmaceutical Fund and Supply Agency (PFSA)

The USAID | DELIVER PROJECT (the project) works with the Pharmaceutical Fund and Supply Agency (PFSA) and Regional and City Health Bureaus to implement the new Integrated Pharmaceutical Logistics System in Ministry of Health (MOH) facilities. The primary goal of the IPLS is to enable facilities to prepare bimonthly commodity requests (orders) to the PFSA hub warehouse that supports them. The IPLS includes three separate but interrelated components: HCMIS Facility Edition, an automated information and inventory management tool for hospitals and selected Health Centers; IPLS paper-based, a manual version for the majority of Health Centers; and the Health Post Resupply program, the information procedures for resupplying Health Posts through Health Centers. The

focus of the remainder of this article is the IPLS paper-based for Health Centers.

To begin this effort, the project, with PFSA and the Supply Chain Management Systems (SCMS) Project, first organized a Training of Trainers (TOT) for the paper-based Logistics Management Information System (LMIS) in Hawassa in February 2010. Thirty-nine participants became certified IPLS trainers during the TOT, and immediately following the six-day TOT, more than 170 staff from 80 local Health Centers were trained in the formal three-day IPLS course (LMIS and inventory management) by those who took the TOT. This post-TOT training model allows the IPLS to reach a large number of HCs in a short time and at a lower cost.

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Ato Yemane Birhan Tadesse thanked the USAID | DELIVER PROJECT for organizing the training in collaboration with other partners.

### What is Commodity Security?

When all citizens can—

- choose
- obtain
- receive
- effectively use

*quality drugs and health commodities*

—whenever they need them.

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## Advocacy Efforts Increase Government Financial Commitments for the Purchase of Contraceptives

Adequate funding for contraceptives is essential to improving contraceptive security (CS) for all Ethiopians and for meeting the Ministry of Health's family planning (FP) goals and targets. During the decade from 2000 to 2009, the country's contraceptive prevalence rate (CPR) increased from 6.3 percent in 2000 (DHS 2000) to an estimated 29 percent in 2009, and most stakeholders involved in family planning believe that CPR is still rising. To meet this demand, the government and key stakeholders have been working to secure an ever-growing supply of contraceptives and other RH commodities for service delivery points in the Government's health system.

Prior to 2007, all contraceptives were secured through donor and partner support, which, because of the lack of supply predictability, sometimes resulted in stockouts and contributed to high unmet need for contraceptives (33.8 percent, DHS 2005). During the past few years, there has been considerable progress toward CS—with much of the credit due to the Federal and Regional governments' increased level of financial commitment.

CS progress has been actively supported by advocacy and technical assistance efforts by the USAID | DELIVER PROJECT and other reproductive health stakeholders. The project has worked with the MOH every year to forecast national requirements for various types of contraceptives, which has allowed the MOH to identify the gap between demand and anticipated contributions (supply) from donors and partners. The project has also used these forecast and resource data to promote the importance of contraceptive security in meeting the Ministry's FP targets in various forums. In parallel, the project has also worked with RHBs and RH stakeholders to develop and strengthen Regional Family Planning and Reproductive Health (RH) Task Forces to mobilize additional resources for contraceptive procurement.

*Prior to 2007, all contraceptives were secured through donor and partner support, which, because of the lack of supply predictability, sometimes resulted in stockouts and contributed to high unmet need for contraceptives.*

These advocacy efforts have helped the Government to recognize and plan for funding increases in response to widespread increases in demand, and to try to address contraceptive funding gaps in particular. In 2007, the Federal Government earmarked a budget line item for procurement of contraceptives the first time. In FY2007–2008, the Government increased its allocation to US\$ 910,000 from its own internally generated funds. In the same year, it also used US\$11.9 million from donor-provided basket funds to purchase contraceptives, representing 59 percent of total spending for public sector contraceptives that year. Total government spending increased to 68 percent in 2009, with US\$20 million allocated and used from basket funds.

*As the MOH and Regions authorize funding for contraceptives, they are taking ownership of the financing issue by mobilizing their own funds for contraceptives and addressing financing gaps to avoid contraceptive shortfalls.*

Similarly, the four major regions, Oromia, SNNP, Amhara, and Tigray, have all committed their own funds to support contraceptive security in recent years. Their commitments are also evident in their respective policy documents (five-year health strategies, etc.). While to date, only SNNPR has allocated funds as part of its annual planning and budgeting process during the past five+ years, the other three Regions have allocated funds for contraceptives using a gap-filling strategy based on estimated shortfalls and/or anticipated stockouts of contraceptives.

Tremendous credit must be given to each of these Regions, as these funding authorizations are taking place despite considerable competition for limited budget resources. As the MOH and Regions authorize funding for contraceptives, they are taking ownership of the financing issue by mobilizing their own funds for contraceptive procurement and addressing financing gaps to avoid contraceptive shortfalls. The experience in Ethiopia highlights both promising practices and lessons learned, and this success can serve as a model for other countries and regional and provincial entities to emulate.

## *USAID | DELIVER PROJECT Provides Technical Assistance ...from page 1*

Following the TOT, each of PFSA's 10 hub warehouses organized a "hub-based team" to manage the IPLS roll-out training and related supportive supervision. Each team included the PFSA hub, the project, Regional Health Bureau (RHB), and SCMS staff. These three-person hub-based teams trained a total of 1,693 staff between February and September.

To meet the demand for the IPLS training at new Health Centers, introduce new curricula, and increase the number of available IPLS trainers, a second TOT was organized in March 2011 in Hawassa in collaboration with PFSA and SCMS using UNFPA and project funding. Forty-five trainers from PFSA, RHBs, the project, and SCMS participated in the TOT, and then more than 210 health workers from 125 Health Centers from SNNP received the three-day IPLS program during the trainer "practice" sessions. In the planned roll-out and subsequent four-month IPLS supportive supervision program, an additional 350 sites from all Regions/Cities will be included, bringing the Phase I and II Health Center total to 1150.



Participants in the TOT Training at Hawassa, Haile Resort Hotel.

In opening remarks during the training, Ato Yemane Birhan Tadesse, Deputy Director General of Pharmaceuticals Fund and Supply Agency, said the training will lay the foundation for IPLS implementation by building the capacity of pharmacy personnel. He added that the training would help in reducing waste of pharmaceutical products by improving the storage and the overall logistic system.

## Facility Focus: Training Contributes to the Improvement of the Supply of Contraceptives in Leku Health Center

An average of 20 women come each day to the Leku Health Center in the SNNP Region for family planning services; on market days, the numbers are considerably higher. These women have a choice of several contraceptive methods; however, most of them prefer an injection of Depo-Provera because it lasts for three months.

Nurse Genet Assefa reported recently that her facility has had a steady supply of contraceptives for more than a year, and women can come knowing they will be able to obtain their favorite method.



Nurse Genet Assefa administers an injection of Depo-Provera, a popular contraceptive given every three months.

Nurse Genet and other health center staff were trained by the USAID | DELIVER PROJECT in collaboration with PFSA and other partners to calculate the monthly requirements for each contraceptive method and to avoid stockouts. If more clients come than usual, the logistics system ensures that the center has extra stock to cover the added demand.

As the work of the project continues, staff at remote health centers are now being trained, and a steady supply of contraceptives is available, through the support of government and partners. Contraceptive availability for the most common methods is regularly above 95 percent in MOH facilities, a far cry from the stockouts of only a few years ago.

Contraceptive security means making contraceptives available to all women and men who want and need them in each kebele and woreda of Ethiopia.

*"The health center places a contraceptive order every month, our orders are always filled, and we get exactly what we order. This has made a major difference."*

*Genet Assefa, nurse at Leku Health Center*

## The Implementation of HCMIS Facility Edition and Proper Warehouse Management Practices Have Improved Stores Management in Hidar 11 Hospital, Amhara Region

Management of efficient and effective warehouses, whether large or small, requires operational and automation systems that support and enhance daily operations. If volumes are large, automation is generally required to keep track of the many transactions that take place a daily and monthly, and to ensure that management and staff know exactly what they have and what they need at any given time.

The USAID | DELIVER PROJECT, in support of the RHBs and PFSA, has been working to strengthen the health sector's supply chain to enhance product availability. One of the project's key areas of support has been facility-level stores' organization, operational processes, and automation.

As the first step for a hospital or Health Center, the project conducts an assessment to identify both physical and operational problems encountered at the store. Hidar 11 Hospital is among the many facilities that the project has assessed during the past three years, and the findings, in Hidar 11 Hospital's case, were typical, because it had a disorganized store and minimal product management systems.

***Support in proper storage and dejunking greatly increased the storage capacity in the stores of Hidar 11 Hospital. This has contributed to significant improvements in product management for the hospital.***

To improve the situation in the store, the project provided the hospital with various types of support, including dejunking and reorganizing the store (shelving and providing essential warehouse equipment such as ladders, pallets, trolleys, etc.); improving the internal "resupply" system (store to dispensing units and vice versa); and installing HCMIS FE (Health Commodity Management Information System, Facility Edition). This "integrated" set of interventions has helped Hidar 11 Hospital shift from manual operations in a disorganized setting to automation in a sensible, well-planned system. Improvements in stores management are useful for minimizing product shortages, keeping standard stock levels (between minimum and maximum), and handling products systematically. Facilities can easily identify what they have on

hand, what is available for issuing, what they need to order, and which products are nearly expired. Good inventory management practices also support auditing and accountability.



Liyuwork Shimelis, Store Manager at Hidar 11 Hospital, shows how to update a bin card.

The changes in the health logistics system at Hidar 11 Hospital have improved product management practices and decreased costs incurred because of overstocks, expiries, and damaged products. The USAID | DELIVER PROJECT, in collaboration with PFSA and the RHBs, is expanding these efforts to other health facilities to further improve and strengthen the country's Health Commodity supply chain system.

***"The new computerized data-handling system is much better than the previous unorganized hard copies. The system helps us to easily monitor stock levels, eliminate or minimize expired drugs, and avoid drug wastage."***

***Liyuwork Shimelis, Store Manager at Hidar 11 Hospital***

## Tips for Arranging Commodities in a Facility Store

Arrange the store and shelves as follows:

*If using pallets, stack cartons on pallets:*

- at least 10 cm (4 inches) off the floor;
- at least 30 cm (1 foot) away from the walls and other stacks; and
- no more than 2.5 m (8 feet) high (general rule).

*For all storage:*

- Follow the manufacturer's or shipper's directions when stacking, and follow labels for storage conditions.
- Arrange cartons so arrows point up and identification labels, expiry dates, and manufacturing dates are visible. If this is not possible, write the product name and expiry date clearly on the visible side.
- Always store commodities in a manner that facilitates FEFO policy for stock management.
- Place liquid products on the lower shelves or on the bottom of stacks.
- Store products that require cold storage in appropriate temperature-controlled zones.
- Store high-security/high-value products in appropriate security zones.
- Separate damaged or expired products from usable stock without delay, and dispose of these products as soon as possible using established disposal procedures.



Well organized warehouse

### ***Stock Rotation***

When issuing products, it is important to follow the “First Expiry, First Out” (FEFO) policy. Following FEFO minimizes waste from product expiry.

- Always issue products that will expire first, while also ensuring that they are not too close to or past their expiration date. The remaining shelf life must be sufficient for clients to use the product before the expiry date.
- To facilitate FEFO, place products that will expire first in front of products with later expiry dates.
- Write expiry dates on bin/stockcards, so products can be sent to facilities/dispensing units at least six months before they expire.

## Key Concepts in Commodity Security and Logistics

**Commodities:** Used interchangeably with stock, goods, products, supplies, and other terms to refer to all of the items that flow through a logistics system.

**Full supply:** A commodity is in “full supply” when the amounts are adequate to meet the needs of all of the clients in the health facilities within the network (in economic terms, when supply is adequate to meet demand, as defined by product orders from health facilities). Within resource-limited environments like Ethiopia, this means that there is an explicit commitment to include a given commodity in a limited list of essential commodities that are to receive priority funding for procurement.

**Stock on hand:** The quantity of usable stock in inventory at a particular time. (Items that are unusable are not considered part of stock on hand.)

**Stockout:** Refers to a situation in which a storage facility has no stock of a particular product available—a “zero” stock balance. But in the case of Ethiopia, if the stock is available in the facility but is not accessible because the store has been locked for a long time, or the stock cannot be given to clients due to such reasons as product quality issue, it could be considered a stockout.

## Highlights of Project Accomplishments in the 2nd Quarter (January -March 2011)

- **Health Commodity Management Information System, Facility Edition (HCMIS FE):** The project supported a total of 12 clusters and 93 facilities in HCMIS FE. The project also distributed 25 computers, 16 printers, and 10 uninterruptible power supply (UPS) units to six clusters, including Nekemte (Oromia), Harari, Woldiya and Arba Minch (SNNP), Gondar (Amhara), and Tigray South.
- **Supportive Supervision:** The project's Regional Teams, together with PFSA, RHB/CHB, Zonal, and woreda staff, conducted supportive supervision using the project's integrated logistics checklist; provided on-the-job training in 61 hospitals and 388 health centers/posts; and made 171 management visits to Regions, Zones, and woredas—for a total of 620 visits.
- **Health Post Resupply Initiative:** Job aides, which explain in simple terms the various commodity management tasks required at Health Posts, were well prepared. In addition, 22 storage cabinets were delivered to the Dire Dawa and Harari Regional Health Bureaus for distribution to selected Health Posts.
- **Professionalization in Supply Chain Management:** The project completed an assessment of human resource capacity in Public Health Supply Chain Management. The results from this assessment will be used to aid in establishing a strategic plan for strengthening human resource capacity within the public sector's supply chain.
- **Warehouse Management:** The project assessed a total of 41 health facility stores (nine hospitals and 32 health centers), making a six-month total of 92 (19 hospitals and 73 health centers). In addition, 222 industrial shelves were installed in eight hospitals and one RHB warehouse (Addis Ababa). The project also distributed warehouse equipment (1,073 items) to a total of 126 health facilities (17 hospitals and 109 health centers).

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