



# USAID | DELIVER PROJECT

## Case Study

# Supply Chain Risk Management: Project Monitoring at the SCMS Project



Logistics worker checks inventory in warehouse in Mozambique.

**In 2012, the SCMS project turned to risk management as a way to monitor its country programs. This case study describes the process and results.**

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In 2003, U.S. President's Emergency Plan for AIDS Relief (PEPFAR) was launched to combat global HIV and AIDS. The Supply Chain Management System (SCMS), a PEPFAR project, administered by USAID, was established in 2005 to ensure a reliable, cost effective, and secure supply of high-quality medicines and health products for HIV and AIDS prevention, care, and treatment. By 2012, SCMS had offices in 16 countries and had undergone an aggressive decentralization program that started three years earlier. The SCMS headquarters in Arlington, Virginia, continued to have general responsibilities for managing SCMS. In 2012, the project turned to risk management as a way to monitor its country programs.

## Driver of Risk Management Approach

At the project headquarters in Arlington, the SCMS team provided general support to field offices; including additional bandwidth for country projects, when needed; and identifying and addressing common challenges across countries. Risk management appeared to be one approach that could help formalize a process of addressing the challenges. Risk management involves a focus on risk events and the mechanisms driving the risk events. Across many of the countries, the underlying causes of risks and the adverse risk events, were both similar.

## First Attempt at Risk Management Approach

First, a pilot for a traditional risk management approach was planned to take place in-country, with external consultants providing technical assistance. The approach included listing the risk events, evaluating their likelihood and impact, and formalizing plans to address the identified risks. Using this approach, headquarters could coordinate or provide inter-country support for risk mitigation plans that were common across countries. The



- Harmonization with other supply chain projects
- Customer relationship management
- Communication
- Other (Catch-all)
- Overall.

Note that risk areas were not predefined in the dashboard tool. The color key referred to any type of risk that could affect either the supply chain performance or the client satisfaction.

## Process

Soon after the dashboard was developed, the tool was introduced to country offices. The process for its use was as follows:

Every three months, the country directors used the color key to fill out the colored dashboard for their country. The overarching question for each management area was whether there were risks to the SCMS program that could affect (1) supply chain performance and (2) client (USAID) satisfaction. A program management officer (PMO) reviewed the dashboard; then, the PMO and country director discussed what action to take, especially the items in red.

## General Evaluation

The benefits of the risk management approach for monitoring and supporting country programs were primarily subjective. Headquarters thought that the approach was beneficial because it provided an agenda for discussions with country offices and identified a wide range of risks. Some country directors said the dashboard was helpful in providing a structured way of thinking through their risk management strategies.

The approach, however, continued to pose challenges. Country directors did not always respond quickly. Justification was not required for a country's assessment of *green* within a management area. Usually a *red* or *yellow* assessment included some notes explaining the assessment, but not for green. Finally, the approach only involved the country director; other country stakeholders were not included in the assessment.

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**USAID | DELIVER PROJECT**

John Snow, Inc.

1616 Fort Myer Drive, 16th Floor

Arlington, VA 22209 USA

Phone: 703-528-7474

Fax: 703-528-7480

Email: [askdeliver@jsi.com](mailto:askdeliver@jsi.com)

Internet: [deliver.jsi.com](http://deliver.jsi.com)