



USAID | DELIVER PROJECT

FROM THE AMERICAN PEOPLE

Task Order 5

Procurement and Distribution of Essential Public Health Supplies

Annual Report FY2014

October 2013–September 2014



DECEMBER 2014

This publication was produced for review by the U.S. Agency for International Development. It was prepared by the USAID | DELIVER PROJECT, Task Order 5.

Task Order 5

Procurement and Distribution of Essential Public Health
Supplies

Annual Report FY2014

October 2013–September 2014

USAID | DELIVER PROJECT, Task Order 5

The USAID | DELIVER PROJECT, Task Order 5, is funded by the U.S. Agency for International Development under contract no. GPO-I-00-06-00007-00, order number AID-OAA-TO-10-00066, beginning September 30, 2010. Task Order 5 is implemented by John Snow, Inc., in collaboration 3i Infotech, Inc.; Crown Agents USA, Inc.; FHI 360; Logenix International, LLC; The Manoff Group, Inc.; PATH; Imperial Health Sciences, and UPS Supply Chain Solutions, Inc.. TO5, Task Order Procurement and Distribution of Essential Public Health Supplies, supports USAID's procurement and delivery of condoms, contraceptives, and other essential public health supplies to USAID-supported programs worldwide with a goal of 95 percent on-time delivery. The task order provides direct procurement, warehousing, freight forwarding, demand planning, order management, management information system, and, upon request, short-term technical assistance services in support of this goal.

Recommended Citation

USAID | DELIVER PROJECT, Task Order 5. 2014. *Task Order 5: Procurement and Distribution of Essential Public Health Supplies, Annual Report FY2014, October 2013–September 2014*. Arlington, Va.: USAID | DELIVER PROJECT, Task Order 5.

Cover photo: Workers load a truck for distribution of essential medicines in South Sudan, USAID | DELIVER PROJECT.

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
Internet: deliver.jsi.com

Contents

- Acronyms..... v**
- Executive Summary.....vii**
- Procurement I**
 - Framework Contracts I
 - Non-Contraceptive Country Procurements 4
 - Product Registration 6
 - Quality Assurance..... 8
 - Global Collaboration 9
 - Global Health Supply Chain Transition Planning..... 10
 - Priorities for FY2015 10
- Supply Operations..... II**
 - Improving the Global Supply Chain Operations II
 - Demand Planning II
 - Warehouse Management..... 13
 - Freight Forwarding..... 14
 - Customer Service and Order Management 16
 - Global Collaboration 19
 - Global Health Supply Chain Transition Planning..... 19
 - Priorities for FY2015 20
- Short-Term Technical Assistance 2I**
 - Procurement Planning and Monitoring Report 2I
 - Commodity Planning Status Report..... 2I
 - Contraceptive Quantification Data for Global Forecasting and Inventory Management..... 22
 - Global Collaboration 22
 - Priorities for FY2015 22
- Management Information System..... 25**
 - Performance..... 25
 - Maintenance Work Completed..... 26
 - Priorities for FY2015 27
- Management, Monitoring, and Evaluation..... 29**
 - Risk Management..... 29
 - Performance Monitoring and Reporting 30
 - Financial Management 32
 - Priorities for FY2015 32

Conclusion.....	33
Key Accomplishments	33
Vision and FY2015 Priorities.....	33
Challenges.....	33
Appendix A. Reasons for Late Shipment, FY2014.....	35
Appendix B. Emergency Order Tracking	37

Figures

Figure 1. Task Order 5 average on-time delivery rate.....	vii
Figure 2. Contraceptive and condom shipment values.....	vii
Figure 3. Value map of framework commodities shipped during FY2014, by country.....	ix
Figure 4. Quantity of emergency contraceptives procured, FY2011–2015.....	2
Figure 5. Constructive vendor management.....	3
Figure 6. Trend in value of non-contraceptive procurements, FY2009–FY2014.....	4
Figure 7. Logistics plan for the procurement of hospital equipment for Mozambique.....	5
Figure 8. Model of the registration task force roles and responsibilities.....	6
Figure 9. Male condom registration status for high-priority countries	7
Figure 10. Data needed for demand planning.....	11
Figure 11. 80/20 analysis of male condom demand.....	12
Figure 12. Current shipment report.....	15
Figure 13. Number of orders processed	16
Figure 14. Number of orders that included emergency orders in FY2014.....	17
Figure 15. Decrease in number of emergency orders.....	17
Figure 16. Reasons for emergency orders, FY2014.....	18
Figure 17. Emergency orders by commodity, FY2014.....	18
Figure 18. Stockouts as a percentage of reported stocks in PPMR countries, 2008–2014.....	21
Figure 19. <i>My Commodities</i> visits.....	25
Figure 20. Logons to USAID DELIVER PROJECT website	26
Figure 21. Enhanced online order entry and automatic lead-time suggestions	27
Figure 22. Late shipments by reason code	30
Figure 23. Average overall PMP score, FY2011–2014.....	31
Figure 24. FY2014 on-time shipment dashboard	31

Tables

Table 1. Values of orders for contraceptives and condoms issued in FY2014.....	1
Table 2. Non-contraceptive commodities and services ordered in FY2014.....	5
Table 3. Distribution of quarterly essential medicine cartons in South Sudan.....	16

Acronyms

ACS	Authorization of Contraceptive Shipments
ASAP	as soon as possible
CARhs	Coordinated Assistance for Reproductive health supplies
CCP	Central Contraceptive Procurement (USAID/CSL)
CHAI	Clinton Health Access Initiative
COMT	customer service and order management team
CPIR	contraceptive procurement information request form
CPSR	Commodity Planning Status Report
CSL	Commodities Security and Logistics Division (USAID)
CY	calendar year
DTP	delivery-to-promise
EMF	Essential Medicines Funds
ERP	Enterprise Resource Planning/Expert Review Panel
FY	fiscal year
GH	Bureau for Global Health/global health
IUD	intrauterine device
MIS	management information system (but Management Information System team)
MOH	Ministry of Health
OAA	Office of Acquisition and Assistance (USAID)
OPRH	Office of Population and Reproductive Health in USAID's Global Health Bureau
PEPFAR	U.S. President's Emergency Plan for AIDS Relief
PMI	Project Management Institute
PMP	Performance Monitoring Plan
PMT	project management team
PPMR	Procurement Planning and Monitoring Report
PTOC	Procurement Technical Oversight Committee
QA	quality assurance
QuRHM	Quality Assurance for Reproductive Health Medicines Meeting

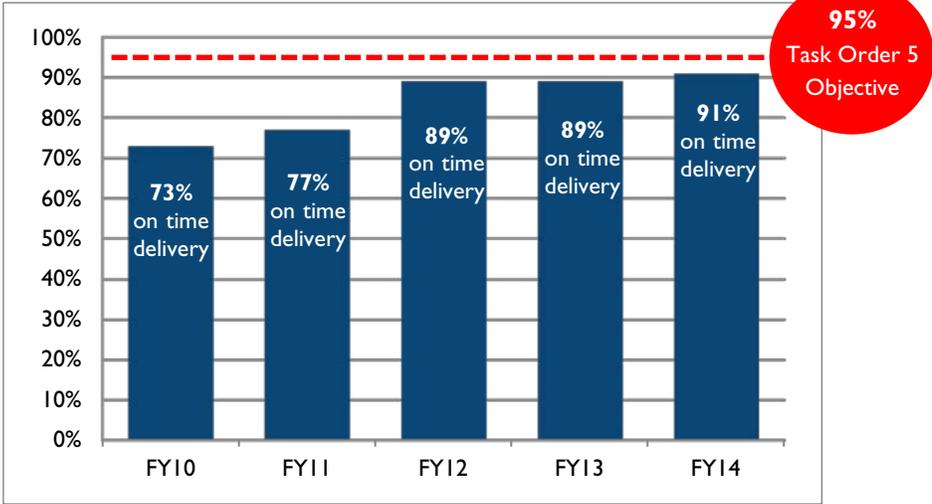
RFP	Request for Proposal
RFQ	Request for Quote
RHSC	Reproductive Health Supplies Coalition
RO	requisition order
SCMS	Supply Chain Management System project
SMT	supplier management team
SOP	standard operating procedure
SSWG	Systems Strengthening Working Group
STTA	short-term technical assistance
TO	task order
TRP	Technical Review Panel
UNFPA	United Nations Population Fund
USG	U.S. Government
WHO	World Health Organization

Executive Summary

During fiscal year (FY) 2014, Task Order 5 (TO5) of the USAID | DELIVER PROJECT (the project) continued to focus on strengthening USAID’s integrated supply chain for contraceptives and condoms, on-time delivery, and expanding its procurement and delivery work to include new non-contraceptive product categories.

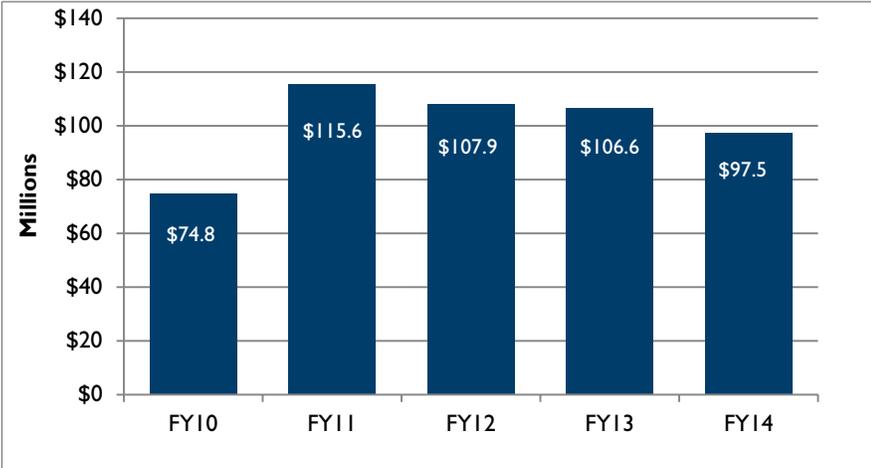
TO5’s overall on-time delivery, as measured through the Delivery-to-Promise (DTP) Monitoring tool, increased from an average of 89 percent in FY2013 to an average of 91 percent in FY2014—bringing the task order close to achieving its objective of 95 percent DTP for contraceptives and condoms (see Figure 1). This increase was driven

Figure 1. Task Order 5 average on-time delivery rate



by improvements in global supply chain operations. Additionally, efforts over the years to mitigate registration, supplier, shipping, and supply planning constraints continue to produce results. When shipments were late, it was most often due to customs clearance or pre-approval delays, or consignee errors.

Figure 2. Contraceptive and condom shipment values



The total value of the Central Contraceptive Procurement (CCP) project’s contraceptive and condom shipments in FY2014 was U.S.\$97,508,302, as shown in Figure 2. Although the total value of condoms and contraceptives shipped in FY2014 decreased from recent years, the task order continued to procure and deliver large volumes of non-contraceptive public health

Note: Shipment values include freight and handling costs. Data sourced from USAID | DELIVER PROJECT website, <http://deliver.jsi.com> on November 11, 2014.

products: 91 orders (375 items) valued at \$46.55 million procured from 12 vendors. See Figure 3 on the following page for additional information about the value of commodities shipped to countries worldwide during FY2014.

In FY2014, the task order continued to strengthen CCP's integrated supply chain for contraceptives and condoms to ensure it delivers a high level of customer service as efficiently as possible. Improvements made to CCP's supply chain during the last year include—

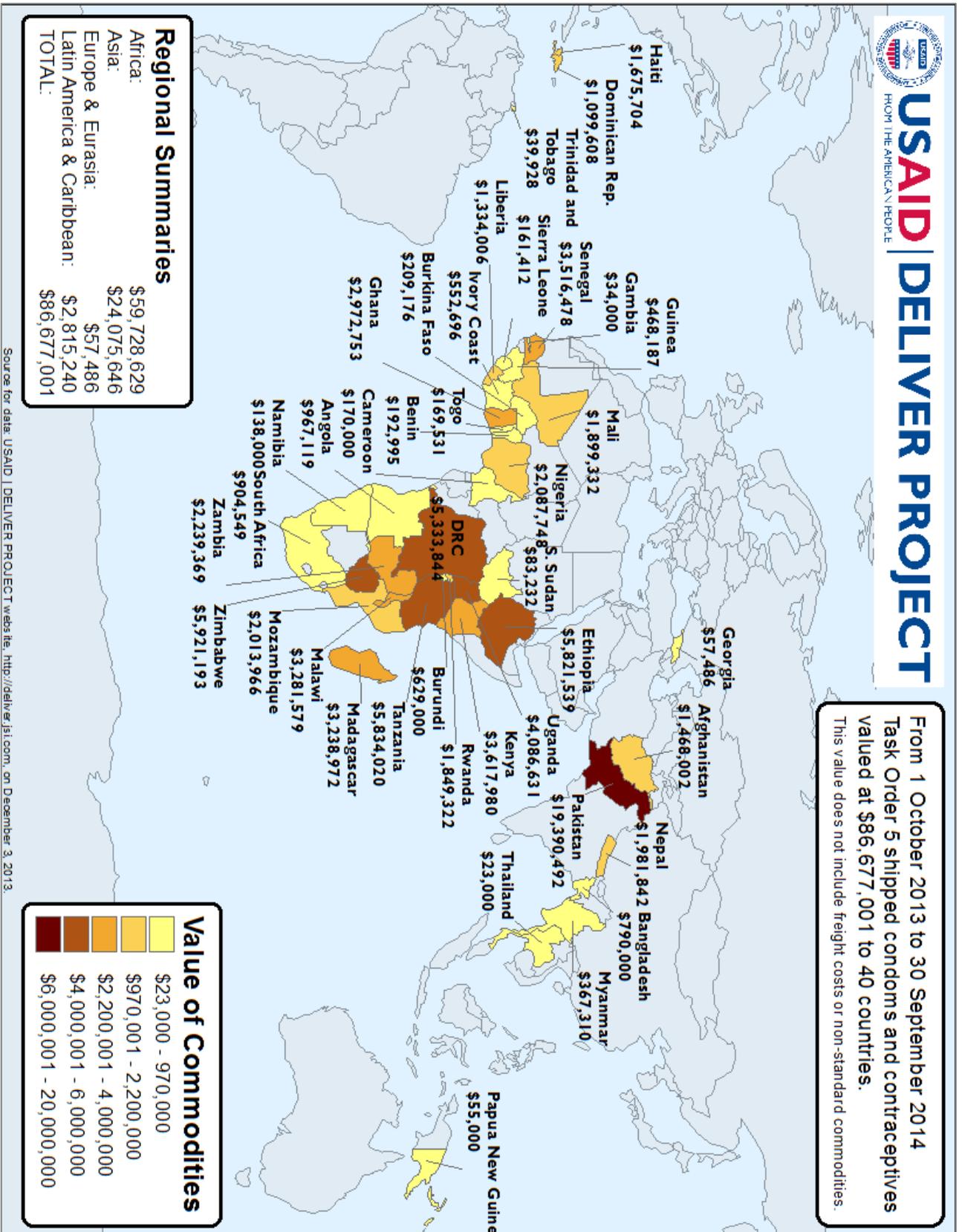
- **Improved data visibility** by utilizing the Commodity Planning Status Report (CPSR) to focus on countries that had not placed orders; expanding collaboration and information sharing with the United Nations Population Fund (UNFPA), Clinton Health Access Initiative (CHAI), and the Bill & Melinda Gate Foundation (the Gates Foundation) for procurement, quality assurance, and supply planning; and enhancing the online order entry system.
- **Increased agility** by adding an additional warehouse for inventory storage; implementing new approaches and activities for non-contraceptive procurements; introducing two new products to the contraceptive portfolio; and continuing to share information and plan with the task order's freight forwarders and suppliers.
- **Improved trust, clarity of roles, and alignment of objectives** by routinely meeting with CSL and FHI 360; holding annual performance reviews and work planning with CSL; transferring some roles of mission-country backstopping to the task order; regularly sharing scorecards and meeting with suppliers and forwarders.
- **Continuous improvement** by using the DTP monitoring tool and the task order's performance monitoring plan to manage and communicate task order performance, and using internal tickler reports to monitor operating processes.

The following sections provide additional detail on our activities and performance in each of the key areas of the task order: 1) procurement; 2) supply operations; 3) short-term technical assistance; 4) management information systems; and 5) management, monitoring, and evaluation.



Credit: John Snow, Inc. 2012. Getting Products to People.

Figure 3. Value map of framework commodities shipped during FY2014, by country



Procurement

The TO5 procurement team manages the direct procurement of public health supplies for USAID-supported countries and oversees manufacturing subcontractors. The team maintains a competitive and transparent capability to procure high-quality commodities that fully comply with all applicable U.S. Government (USG) contracting laws and regulations; leverages bulk purchasing for reliable product availability and significant cost reductions for commodities; and incorporates the best-value approach to procurement for all commodities, even when the commodities are not purchased in large volumes.

Framework Contracts

In FY2014, the task order extended contracts and placed orders for the methods and products traditionally offered by CCP: male and female condoms, oral contraceptives, IUDs, injectable contraceptives, contraceptive implants, cycle beads, and lubricants.

See Table 1 for the value of contraceptive and condom orders issued in FY2014.

Table 1. Values of orders for contraceptives and condoms issued in FY2014

Commodity	Orders Value (\$)
Contraceptive implants	16,527,362
Cycle beads	207,200
Emergency contraceptives	94,357
Female condoms	5,760,700
Injectable contraceptives	29,914,453
IUDs	1,116,432
Male condoms	37,032,921
Oral contraceptives	13,507,146
Personal lubricant	243,062
Grand Total	104,403,633

The task order endeavors to provide the best value for USAID's money and seeks cost savings wherever possible while still ensuring the highest quality products and customer service. In preparation for the last year of the task order, the procurement



team gained agreement from all suppliers, except for the supplier of injectable contraceptives, to maintain their unit prices through September 2015 with only minimum volumes guaranteed to each supplier.

TO5 also added two new products to its portfolio:



Left: Implanon NXT, the new implant gradually replacing Implanon Classic.

Right: Sayana Press, the prefilled injection system for subcutaneous injection.

- Implanon NXT, a contraceptive implant, will gradually replace Implanon Classic in recipient countries. Implanon NXT is similar therapeutically to Implanon Classic, but contains a radiopaque rod and has a new, more user-friendly applicator designed to facilitate the insertion of the implant.
- Sayana Press, an injectable contraceptive, contains 104 mg/0.65 ml of depot medroxyprogesterone acetate (DMPA) prefilled in the Uniject™ system—a non-reusable injection system for subcutaneous injection.

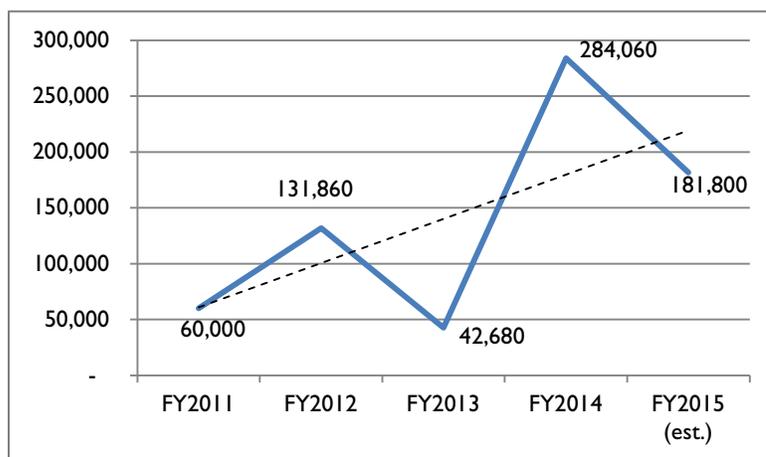
Since the beginning of the project, the task order has bought an increasing quantity of emergency contraceptives (ECs). See Figure 4. The task order works with two prequalified manufacturers to meet requests for ECs.

Expanding CCP's Supplier Base

Using the results from the World Health Organization's (WHO) Expert Review Panel (ERP) for hormonal contraceptives, the task order worked with FHI 360 to identify potential new hormonal contraceptive suppliers. This included discussions with manufacturers of injectables and oral contraceptives about product presentation, country registrations, and the status of bioequivalence studies.

To mitigate the risk of supply disruption when two manufacturers of male condoms faced quality issues (see details in the Quality Assurance section), the task order and FHI 360 identified an additional manufacturer that can be used should current suppliers face production or quality constraints.

Figure 4. Quantity of emergency contraceptives procured, FY2011–2015



Note: FY2015 quantity is estimated and based on confirmed orders to date.

Supplier Management Team and Vendor Management

The supplier management team (SMT) strengthens supplier involvement and accountability and identifies opportunities for improvements in performance and cost. The team consists of members from the task order, CSL, and FHI 360. See Figure 5 for the model of constructive vendor management.

During FY2014, the SMT focused on the following activities:

- Contracting a new IUD vendor resulted in on-time deliveries from the supplier and a commitment to register their product in additional countries.
- Monthly and quarterly supplier calls with hormonal contraceptive vendors resulted in a rapid quality assurance (QA) review and validation for the two new contraceptives added to the portfolio this year (Implanon NXT and Sayana Press), as well as a better understanding of the planned introduction and roll-out of Sayana Press and Implanon NXT.

Figure 5. Constructive vendor management



- Quarterly calls with the male condom manufacturers lead to smooth allocation of orders, excellent overall on-time delivery (95%), completion of complex registrations (e.g., in the Democratic Republic of the Congo [DRC]), and insight into the consolidation of the Karex group. These gains were reinforced during the May, 2014 FHI 360 and task order annual joint trip to meet with the condom suppliers.
- Rapid response to QA issues for two male condom manufacturers. Starting in February 2014 the condom test results for one vendor suggested impending quality issues (though no failure took place until April 2014); in August 2013, another vendor's condoms failed pre-shipment testing. USAID, the task order, and FHI 360 worked intensively with both manufacturers to improve and stabilize their quality, minimizing the disruption to in-country deliveries.

Supplier Performance

Since Q2 FY2012, the task order has issued quarterly supplier scorecards that analyze each vendor's on-time delivery performance. If the performance is not acceptable, we request and monitor a corrective action plan from the supplier.

Supplier performance is recorded and reviewed monthly using the DTP tool and is measured by the percentage of orders that vendors release on time. For FY2014, the on-time release of orders for all methods was 88 percent.

The following were released on time—¹

- 100 percent of the female condom orders.
- 100 percent of the cycle bead orders.
- 96 percent of the male condom orders.
- 91 percent of the IUD orders.
- 84 percent of the oral contraceptive orders.
- 77 percent of the contraceptive implant orders.
- 38 percent of the injectable orders.

The low level of on-time performance for injectables was due to a combination of factors (i.e., manufacturing changes and implementation of a new ERP) but did not lead to stockouts or late deliveries to recipients.

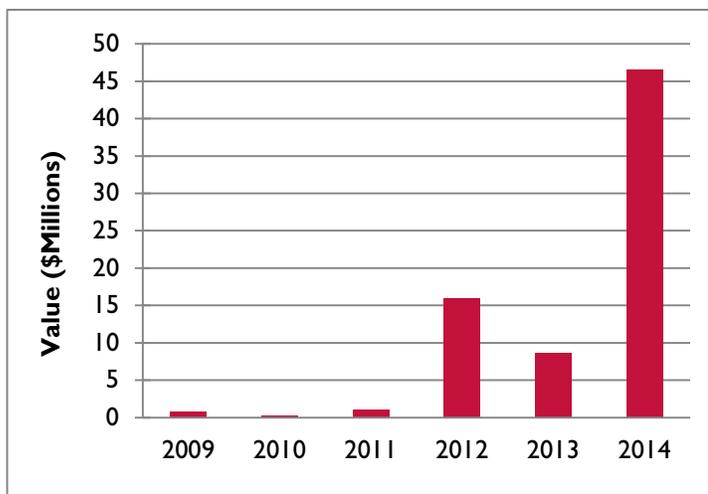
When orders were late, most were released within a week of the expected date, enabling the task order to deliver commodities as promised in almost all cases. If a vendor delay was going to cause a delivery delay to one or more customers, the task order worked with CSL to prioritize affected shipments to ensure that the countries with the greatest need received their shipments first.

Non-Contraceptive Country Procurements

Non-contraceptive procurement activities grew considerably from the previous year. These continue to be more complex than procurement of contraceptives and condoms. In FY2014, the task order provided missions with a wide range of non-contraceptive products and services, valued at \$46.55 million, split among 12 vendors, and comprising 91 orders and 375 items. See Table 2 on page 5 for further details and Figure 6 for year-on-year trends in non-contraceptive procurements.

To respond to these procurement requirements, the task order adopted a number of different approaches:

Figure 6. Trend in value of non-contraceptive procurements, FY2009–FY2014



¹ These data represent the percentage of number of orders for which the products were available on time from October 1, 2013 through September 30, 2014, as monitored on the FY2014 DTP report.

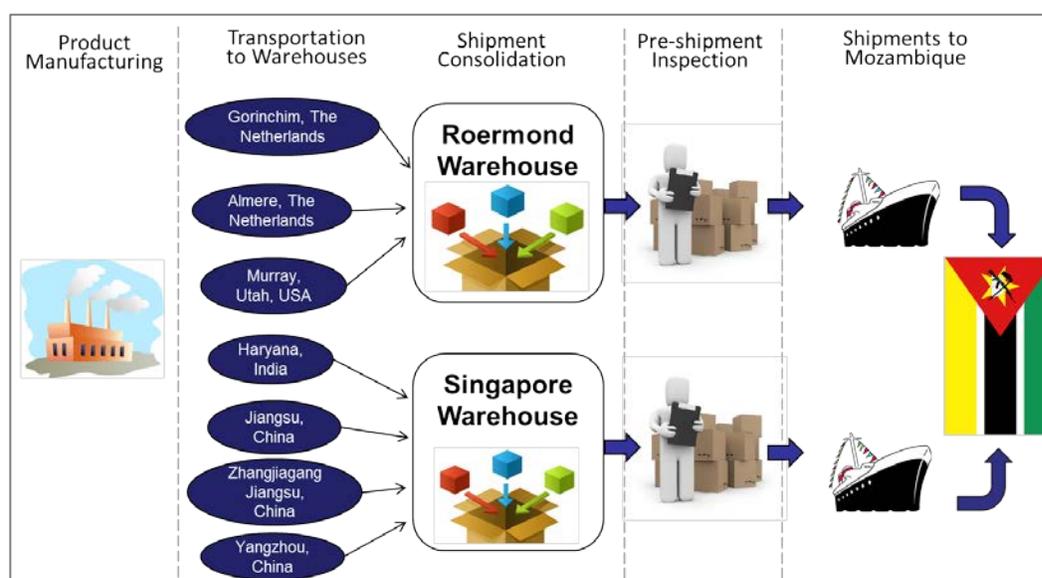
- Developed procurement planning models to help identify quantities to procure based on available funds (used for procuring small equipment and commodities for DRC and safe delivery kits for Kenya).
- Proactive identification of sources of new products (used for multiple micronutrient powder for Ghana).
- Consolidation of shipments at intermediate warehouse (used for hospital equipment for Mozambique, see Figure 7).
- Implemented new request and contracting mechanisms: liquidated damages, brackets, and the use of split RFQs based on the nature of products (used to procure hospital equipment for El Salvador).

Table 2. Non-contraceptive commodities and services ordered in FY2014

Country	Products/Services	Value (\$)
Afghanistan	Essential medicines	11,392,634
El Salvador	Hospital equipment	187,717
Ghana	Nutritional supplements	269,969
Mozambique	Medical equipment	1,858,539
Nigeria	Zinc sulfate & chlorhexidine	349,153
Pakistan	Trailers for water ambulances	22,410
Pakistan	In-country distribution of RH, TB, and HIV products	861,773
Rwanda	Hospital equipment	716,096
South Sudan	Essential medicines & distribution	30,888,592
TOTAL		46,546,883

These new approaches have allowed the procurement team to better plan the non-contraceptive projects, manage the missions' expectations, and improve responsiveness to the field despite the complexity of the procurements.

Figure 7. Logistics plan for the procurement of hospital equipment for Mozambique



Essential Medicines Funds Project in South Sudan

The South Sudan Essential Medicines Funds (EMF) project has been and remains the largest and most complex of the task order's non-contraceptive procurements. The EMF project continues to demand a great deal of staff time to manage the procurement, delivery, warehousing, and in-country distribution of the essential medicine kits.

The civil war that erupted in December 2013 disrupted the planning and implementation of the project, stalling it for almost three months. The procurement and delivery under the EMF project has been in full swing since then but there are risks to maintaining a continuous flow of commodities along the entire supply chain. South Sudan continues to face political challenges, affecting the task order's ability to deliver kits where they are needed. The task order has worked closely with all partners to minimize supply risks and distribute the kits as efficiently as possible. See the In-country Warehousing and Distribution section under Supply Operations for more details on EMF distribution activities.

Product Registration

The registration task force, with team members from TO5, CSL, and FHI 360, was launched in 2011. In FY2014 the registration task force continued to strengthen its approach to regulatory surveillance and vendor management (see Figure 8).

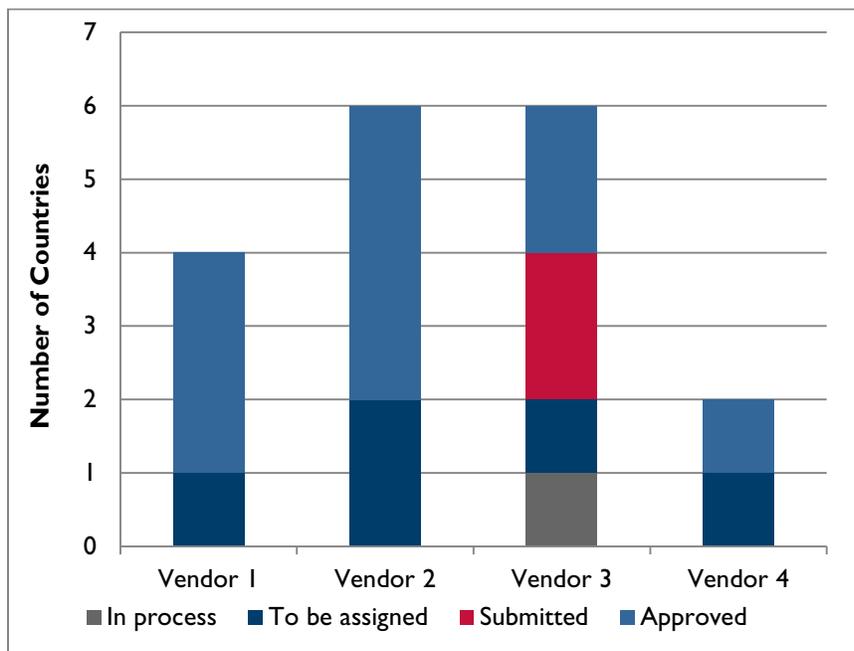
Figure 8. Model of the registration task force roles and responsibilities



In FY2014, the main challenges handled by the registration taskforce involved the labeling of oral contraceptives. WHO revised its labeling guidelines for climatic zone IVb, requiring products to be stable at 30° C with 75 percent relative humidity. The combined oral contraceptives purchased by the task order could not meet this new requirement and maintain labeling for a five-year shelf-life, so the manufacturer had to revise labeling to show a maximum temperature of 25°C with a five-year shelf-life. This required registration updates in most countries and resulted in Tanzania accepting a limited amount of the product. For a period of time shipments of public sector and social marketing oral contraceptives were placed on hold until the registration issues could be resolved, resulting in late shipments to many countries. This issue has been resolved for all countries except Tanzania.

The taskforce also supported several complex condoms registrations (e.g., in DRC) to avoid disruption in the supply of commodities. The task force continued working with condom vendors to provide the requested documentation and samples, as well as providing advice to missions on priorities for the manufacturers and brands to register. See Figure 9 for a snapshot of condom registration status.

Figure 9. Male condom registration status for high-priority countries



During FY2014, the registration task force also prepared two internal documents describing its approach and proposing activities to facilitate registration within the family planning and reproductive health arena:

- Enhancing the Registration Practices of Donor-Supported Programs: The Work of the USAID | DELIVER PROJECT Registration Task Force.
- Strategy to support availability of essential family planning/reproductive health (FP/RH) products by strengthening and accelerating registration activities in low- to medium-income countries (LMIC) of WHO Prequalified/ERP favorably evaluated products.

Quality Assurance

Collaboration with FHI 360

To meet USAID’s requirements for product quality, safety, and efficacy, the task order works in close partnership with CSL and FHI 360, an independent QA and research organization that has a separate agreement with USAID. CSL’s role is to set policy for product quality and monitor compliance with that policy; FHI 360 provides technical input into policy deliberations and provides and monitors guidelines for implementing that policy.

The task order’s role is to adhere to and implement the policy guidelines as part of procurement activities, and to support the activities linked to USAID’s quality procedures.

Framework Contracts

In FY2014, the task order continued to implement and integrate USAID’s regulations for all framework contracts, and has been focusing efforts on the following topics:

- 1. Maintain the existing quality-assured and reliable supplier base for male condoms.**
 - Corrective action: the task order experienced pre-shipment quality assurance problems due to the failure of condoms at one of the vendors testing stage in August 2013. Throughout FY2014, CSL, TO5, and FHI 360 worked closely to move the vendor back into compliance through cancellation and hold of existing orders; official communication to multiple levels of management and functional departments; management meetings; detailed corrective and preventive action (CAPA) plan and deliverables; specific QA measures (tightened inspection); and gradual allocation of new orders.
 - Proactive action: in February 2014, the downward trends in testing results for a second vendor reached a worrying level, though no failure had taken place. CSL, TO5, and FHI 360 alerted the vendor and had it launch an investigation and implement corrective actions. However, a low level of responsiveness from the vendor led to test failures in April 2014. CSL, TO5, and FHI 360 repeated the procedure ascribed above, which this time resulted in the vendor getting back into compliance.



Production and QA procedures in a condom manufacturer’s facilities

Through coordinated and comprehensive actions, the task order was able to avoid supply chain disruptions for male condoms and maintain an adequate pool of quality-assured sources.

2. Ensure smooth transition and introduction of new products.

- In coordination with TO5 and the manufacturers, FHI 360 completed a quality assurance assessment and product profiles for two new products—Implanon NXT from Merck and Sayana Press from Pfizer—enabling a smooth introduction of the new products into the USAID product range and the on-time fulfillment of country orders.

Non-Contraceptive Procurements

For each new procurement of non-contraceptive commodities, FHI 360 identifies the QA requirements in a document attached to the contraceptive procurement information request (CPIR) form from the mission. These requirements are then included in the Request for Quote (RFQ) issued by the task order and integrated into the task order's procurement and delivery processes.

Coordination with PEPFAR and SCMS

TO5 participated in the biannual Joint Meeting on Commodity Procurement and Quality Assurance, which aims to harmonize approaches to pharmaceutical QA across offices and projects within USAID: the U.S. President's Emergency Plan for AIDS Relief (PEPFAR), CSL, Supply Chain Management System (SCMS) project, the project, and others. Topics included policies and regulations, joint audits (e.g., Missionpharma in September 2013), information on vendor QA, and other initiatives (e.g., waste management) that may impact quality.

The task order also participated in the summit for USAID-approved wholesalers in February 2014. Summit objectives included discussion of market trends, presenting the task order's priorities, and highlighting the challenges faced by all stakeholders in improving product availability, on-time performance, and overall level of service.

Global Collaboration

Increased collaboration to improve planning and operations was a continued focus for the task order in FY2014. Highlights included:

- Participated in the 2014 Quality Assurance for Reproductive Health Medicines Meeting (QuRHM) in New York, during which the WHO ERP mechanism for reproductive health commodities was discussed with UNFPA and other stakeholders. For products that go through the WHO ERP process that USAID may be interested in procuring, CCP will conduct an internal ERP to evaluate the risk and requirements for the task order to procure these products, potentially expanding the pool of suppliers.
- Helped CSL prepare for the 2014 joint UNICEF, UNFPA, and WHO meeting with suppliers. During this meeting, the WHO prequalification process and the ERP process for reproductive health commodities were discussed by WHO, the main procuring United Nations agencies, and other procurers including CSL and the vendors. CSL explained how it uses the WHO prequalification and the ERP processes to manage quality and risk.
- Collaborated with the Jadelle and Implanon Access Program, a backstop contract implemented by John Snow, Inc., with funding from the Gates Foundation. Results of this

collaboration have included better global planning to ensure adequate supplies of Jadelle for the task order; advance notice of potential country orders for the task order; development of global forecasts with UNFPA and CHAI; and development of draft global forecasting and supply planning processes with UNFPA. It has allowed the task order, USAID, and UNFPA to better allocate shipments across countries and funders to avoid supply disruptions in-country.

Global Health Supply Chain Transition Planning

With the task order scheduled to end on September 29, 2015, the priority in FY2014 was to plan production requirements to meet immediate recipient needs and USAID inventory requirements for the period between the end of the task order and the start of the new Global Health Supply Chain (GHSC) contract. To that end, the procurement team worked with the task order's other teams, CSL, and FHI 360 to forecast demand, develop production and delivery timelines, set inventory targets, and communicate with vendors. Working with CSL, we informed all vendors of the impending contract transition, production needs for the coming year, and the importance of on-time delivery. The procurement team used regular calls, meetings, and email exchanges with suppliers to keep vendors informed of production plans, secure USAID's production requirements, and anticipate potential production challenges.

Priorities for FY2015

- **Project closeout and transition to the GHSC contract.** This will remain a priority through the end of the task order to ensure on-time delivery from suppliers, rapid response to any changes in demand, and collaboration with the next contractor.
- **Further strengthen the supplier management effort and activities.** The SMT will continue to build strategic and productive relationships with vendors to ensure responsiveness during the last year of the task order and awareness of USAID's plans for procurements under the new GHSC award.
- **Continue ongoing efforts to identify potential new suppliers of hormonal contraceptives.** This effort will be conducted in coordination with FHI 360 and USAID, and will continue to leverage the efforts of WHO, UNFPA and other donors whenever possible.
- **Completion of all non-contraceptive procurements.** To minimize the risk of not completing deliveries on time, the task order will push to complete our non-contraceptive procurements as quickly as possible, monitor progress and quickly escalate any issues that arise, and identify and mitigate to the extent possible any risks to successful delivery. The task order will need the active support and collaboration of the USAID Missions and CSL in this process.

Supply Operations

The supply operations team ensures that all country-specific requests receive prompt attention. Under TO5, the team continues to refine its processes to ensure effective and efficient service. We continuously strive to provide a high level of customer service to USAID, recipient countries, and the task order's supply chain partners.

As in past years, the task order continued to follow the guidance of the panel of experts on the Procurement Technical Oversight Committee (PTOC) and our QA partner FHI 360, by completing its annual audit of standard operating procedures (SOPs) for all key functional areas. The SOPs were revised to ensure that they are aligned with current processes and that they reduce the overall risk of performance breakdowns.

Improving the Global Supply Chain Operations

The team implemented new procedures and tools to enhance our ability to collaborate with all stakeholders, both within and outside the project, to better meet the reproductive health commodity needs of country programs. The task order continued to work closely with CSL to increase visibility into potential demand from country programs. We used these data to develop demand forecasts and supply plans, which we shared with our suppliers to reserve production slots. Additionally, we developed forecasts for warehousing and shipping requirements and shared them with freight forwarding partners to help them meet our storage and freight requirements. This seamless flow of information up and down the supply chain improved visibility and vendor performance, and allowed us to better meet country needs. As a result, the overall on-time delivery performance for FY2014 increased to 91 percent.

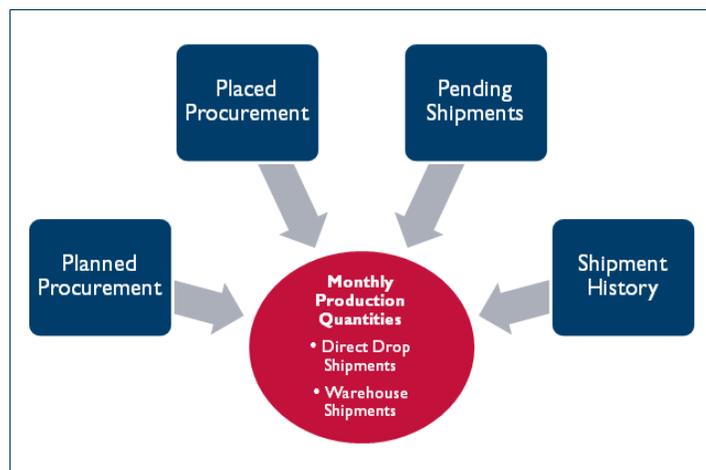
Demand Planning

Information Sharing

During FY2014, the supply operations team continued to improve information sharing with suppliers. In addition to providing suppliers with monthly forecasts, pending order information, and shipment history reports, we participated in the monthly procurement calls with suppliers to review the latest forecasts provided to them, answer supplier questions, and provide any additional information requested. See Figure 10 for a depiction of information used for demand planning, which is shared with

suppliers. By better understanding each other's needs and constraints, we are better able to

Figure 10. Data needed for demand planning



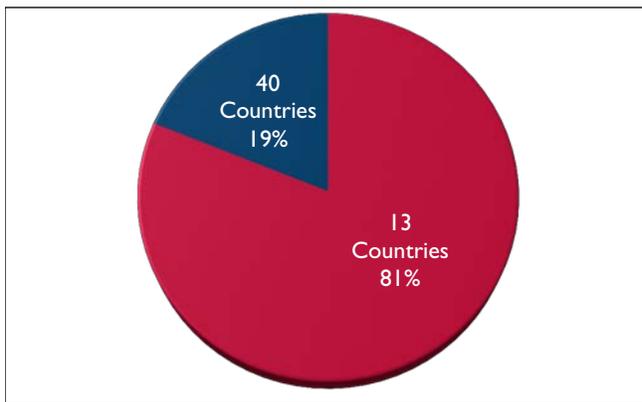
anticipate the upcoming needs of the task order, have strengthened our relationships with suppliers, and benefited from increased production and order flexibility on the part of the suppliers.

In FY2014, the demand planning unit participated in the registration task force to better understand current product registration constraints and to give the task force the latest information on upcoming order requests.

Forecast Analysis

The demand planning unit utilized order history, pending orders, and in-country forecast information to create an 80/20 commodity summary, which shows the top countries that reflect 80 percent of commodity demand (see the example for condoms in Figure 11). This allows the task order to focus on countries that have the highest impact on demand, as well as prioritize order

Figure 11. 80/20 analysis of male condom demand



inquiries with CSL and in-country staff to ensure that all current and upcoming orders for high-impact countries have been accounted for. In addition to creating the 80/20 analyses, the demand planning unit also began generating a bottom-up forecast that reflects demand from the country or recipient level, providing insight into ordering patterns. This allows the demand planning unit to compare the bottom-up country/recipient forecast with the overall aggregate demand forecast to ensure a full understanding of commodity demand from both a micro and macro level. The 80/20 analyses and bottom-up forecasts led to better-informed procurement and inventory decisions, contributing to our improved on-time delivery rate.

The demand planning unit worked to improve the forecasting tool by—

- expanding the projected demand outlook from 12 to 24 months
- specifying manufacturing sites for each product, allowing us to manage registration-specific demand
- adding funding requirements so that the tool now tracks procurement against funding requirements.

Buffer Stock and Inventory Balances

In FY2014, while inventory levels of some items fluctuated, the task order was able to respond to unplanned and planned orders and reported zero late shipments due to product availability. To ensure that CSL understood why the task order was experiencing lower or higher than average stock levels, the demand planning unit started providing a monthly inventory narrative to CSL. When possible, emergency orders were split, with one portion shipping immediately to meet in-country

0%

Shipments late due to availability of product

demand and the remaining portion going at a later date. As a result, the task order was able to meet planned and emergency requests. TO5 minimized the cost of emergency orders by sending urgent portions of the orders by air and the remaining quantities via ocean. Instead of filling the requests from inventory stock, large non-emergency orders for standard items were scheduled as direct-drop shipments to reduce transportation, handling, and warehouse costs.

Warehouse Management

TO5 continued to maintain inventory in two locations: Singapore and the Netherlands. The Singapore facility maintained inventory of male and female condoms, while the Netherlands facilities maintained inventory of pharmaceuticals and other inventoried items. Both locations have been used for storage and order consolidation for non-contraceptive procurements, allowing the task order to consolidate many orders into one shipment and simplifying the import process by obtaining pre-clearance prior to shipment from one location. Per the terms of our task order, both warehouse facilities completed inventory and process audits in FY2014. No discrepancies were found in either warehouse. The facilities have sufficient inventory control processes, and the audit team did not make any recommendations.



A prepared USAID order in the Singapore warehouse.

Process Improvements

During FY2014, the supply operations team continued to consolidate orders to reduce transportation costs by reducing the number of shipments or changing the mode of transit from air to ocean. All orders submitted through the online ordering system were extensively reviewed to determine if they could be consolidated, or if any orders could be shipped with orders already in the system.

The task order's warehouse partner added a new facility location in Venlo, Netherlands. This has enabled TO5 to accommodate inventory surges and provides space for the additional inventory required for the transition to the GHSC project.



The project's new warehouse in Venlo, Netherlands.

Both warehouses and freight forwarders continued to streamline communication on shipment preparation and pick-up procedures. This directly contributed to an as-soon-as-possible (ASAP) pick and pack success rate (within 10 days of notification for ocean and five days for air shipments) of 100 percent for all emergency shipments processed in both warehouses. Furthermore, the warehouses had a combined inbound processing success rate (within 2 days of shipment arrival) of 93 percent.

Freight Forwarding

The task order continued to manage and award shipments to our freight forwarding partners, Logenix and UPS, according to the published freight forwarding strategy. Shipments to many countries were bid between the forwarders, with the exception of destinations where a forwarder had a clear advantage in being able to meet local requirements for import and delivery, or where the USAID Mission in the receiving country requested a specific freight forwarder. Shipping lanes were awarded to a single forwarder for the following countries:

- Afghanistan
- Bangladesh
- Cambodia
- DRC
- Ghana
- Kenya
- Mozambique
- Nigeria
- Rwanda
- Tanzania

Through continued bidding of shipments, TO5 obtained an overall cost savings of 17 percent, or \$469,662.89, for FY2014. This savings was calculated based on the difference between the highest and lowest bids for individual shipments.

In FY2012, the task order began maintaining a quarterly score card for each freight forwarder to monitor their overall performance and to ensure that forwarders are aware of any issues observed. For FY2014, the task order's freight

forwarders obtained an overall score of 91 percent for on-time delivery. This improvement was due to closer collaboration between the task order and its forwarders and a better understanding of each others' needs and requirements.

During FY2014, the freight unit improved the current shipment report by adding a new status feature, which highlights the following statuses in color to alert us to any potentially delays or challenges:

- Issued Warning (Orange)— the ETA is not available a month out from the desired receipt date.
- Early (Blue)— the ETA is 31 days earlier than the desired receipt date.
- On Time (Green)—the ETA is no earlier than 30 days from the desired date or no later than 6 days from the desired receipt.
- Warning (Yellow)—the ETA is between 7 to 30 days greater than the desired receipt date.
- Late (Red)— the ETA is 31 days greater than the desired receipt date. See Figure 12 for an example of the improved current shipment report document.

The task order achieved

\$469,663

overall cost savings as a result of our competitive bidding process

Figure 12. Current shipment report

RO Number	Destination	Mode	Desired Receipt Date	ASAP or Standard	ETD	Port ETA	Destination country/Door ETA	Status Alert	Early Arrival Approval	Shipment Status
5065	DRC	Ocean	12/31/14	Standard	10/5/14	10/30/14	11/13/14	Early	YES	Confirming Arrival
5285	Mali	Ocean	12/31/14	Standard	10/5/14	11/1/14	11/15/14	Early	Pending	In Transit
5344	Uganda	Ocean	12/31/14	Standard	10/10/14	11/2/14	11/16/14	Early	YES	In Transit
5758	Malawi	Air	11/30/14	Standard	10/6/14	10/7/14	10/7/14	Early	YES	Delivered
4916	Senegal	Air	11/30/14	Standard	11/1/14	11/2/14	11/16/14	On Time		Booked; pu 10/28
5133	Pakistan	Ocean	10/31/14	Standard	10/14/14	11/9/14	11/16/14	Warning		In Transit
4045	Zambia	Air	3/30/13	ASAP	3/10/13	3/13/13	3/15/13	On Time		Delivered
3815	Zambia	Ocean	1/15/14	Standard	10/22/13	11/10/13	1/13/14	On Time		Delivered
4660	South Sudan	Ocean	1/31/14	Standard	12/16/13	1/10/14	1/17/14	On Time		Delivered
4364	Mozambique	Ocean	3/30/14	Standard	3/15/14	4/21/14	4/25/14	On Time		Delivered
4803	Afghanistan	Ocean	3/15/14	Standard	12/20/13	1/23/14	2/18/14	On Time		Delivered
4803	Afghanistan	Ocean	3/15/14	Standard	12/20/13	1/23/14	2/18/14	On Time		Delivered
4804	Afghanistan	Ocean	4/15/14	Standard	2/27/14	3/8/14	4/1/14	On Time		Delivered
4908	Haiti	Ocean	3/31/14	Standard	1/21/14	3/11/14	3/27/14	On Time		Delivered
3854	Liberia	Ocean	3/31/14	Standard	2/10/14	3/17/14	3/27/14	On Time		Delivered
3167	Madagascar	Ocean	3/31/14	Standard	2/4/14	3/6/14	3/31/14	On Time		Delivered
4906	Nigeria	Ocean	4/15/14	Standard	2/28/14	3/7/14	4/9/14	On Time		Delivered
2853	Senegal	Ocean	4/30/14	Standard	3/19/14	4/20/14	5/8/14	On Time		Delivered
5056	DRC	Ocean	6/30/14	Standard	3/24/14	6/1/14	6/12/14	On Time	YES	Delivered
5074	Angola	Ocean	4/30/14	Standard	3/2/14	4/7/14	5/29/14	On Time		Delivered
5077	Ethiopia	Air	3/31/14	Standard	2/27/14	2/28/14	4/22/14	On Time		Delivered
5106	Cote D'Ivoire	Ocean	5/1/14	Standard	3/19/14	4/24/14	5/15/14	On Time		Delivered
5106	Cote D'Ivoire	Ocean	5/1/14	Standard	3/19/14	4/24/14	5/15/14	On Time		Delivered
4707	Haiti	Ocean	5/31/14	Standard	4/11/14	5/4/14	5/14/14	On Time		Delivered
3867	Nepal	Ocean	5/10/14	ASAP	3/14/14	4/25/14	5/12/14	On Time		Delivered
4787	Zambia	Ocean	6/30/14	Standard	4/10/14	5/12/14	6/6/14	On Time	YES	Delivered
5139	Pakistan	Air	4/17/14	ASAP	3/28/14	3/31/14	4/1/14	On Time		Delivered

The task order worked with CSL to identify countries experiencing frequent customs clearance delays. In two of those countries, Ghana and Rwanda, one forwarder had better on-time delivery rates. The task order and CSL awarded that forwarder the Ghana and Rwanda shipments to determine if on-time delivery performance improves.

The implementation of the Kenya Railway Development Levy (RDL) delayed many shipments to Kenya during FY2014. The task order, USAID, the Mission, and SCMS established systems and processes to track and prioritize shipments to avoid stock disruptions. Freight In Time, the UPS agent in Kenya, agreed to purchase a bond to release shipments for delivery pending payment of the RDL by the Kenyan Ministry of Finance. Fortunately, a new law was passed (effective for any shipment arriving on or after October 3) that will exempt the project’s shipments from the RDL.

In-Country Warehousing & Distribution

As part of the South Sudan EMF project, the task order managed the warehousing and distribution activities for the EMF commodities using its freight forwarder Logenix. During FY2014, the task order secured a total of 3,546 square meters of warehouse space, which was used to receive approximately 135 containers of essential medicines. The primary warehouse space is fully climate controlled and furnished with two 40-foot refrigerated containers for the storage of cold chain products.



Conditions of roads in South Sudan during the rainy season.

Distribution to the seven non-conflict states—Central Equatoria, Western Equatoria, Eastern Equatoria, Northern Bahr El Gazal, Western Bahr El Gazal, Warrap, and Lakes—began at the end of May 2014 when the first signed waybills were received from the Ministry of Health (MOH). From June through the end of September 2014, the task order delivered 27,949 Quarter 1 essential medicine cartons and 17,078 Quarter 2 essential medicine cartons (see Table 3). This work was accomplished during the rainy season and amid the ongoing civil strife in South Sudan.



A man wades through a flooded road in South Sudan.

Table 3. Distribution of quarterly essential medicine cartons in South Sudan

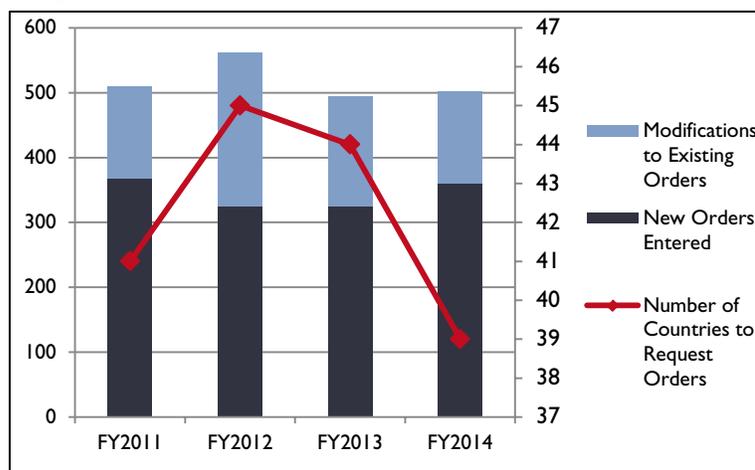
Quarter 1				Quarter 2			
State	No. of cartons distributed	Weight (kg)	Volume (m ³)	State	No. of cartons distributed	Weight (kg)	Volume (m ³)
CES	7,139	114,340	345.25	WBG	1,793	21,655	113.55
WES	4,153	67,484	192.16	WES	2,768	31,357	148.94
NBG	2,936	50,056	128.91	Warrap	2,291	27,085	136.66
WBG	2,329	37,289	108.86	CES	4,393	51,457	182.49
Warrap	3,048	44,410	149.77	NBG	1,355	14,914	74.81
Lakes	3,553	54,804	182.42	EES	2,612	30,561	157.28
ES	4,791	77,206	266.03	Lakes	1,866	13,797	66.38
Total	27,949	445,589	1,373.40	Total	17,078	190,826	880.1

Customer Service and Order Management

TO5 receives country commodity orders (Authorization of Contraceptive Shipments—ACSs) from the USAID missions through CSL backstops. The Customer Order Management Team then enters these orders into the ORION Enterprise Resource Planning system and makes all modifications to the existing orders.

During FY2014, the Customer Order Management Team processed 203 ACSs for 39 countries. These

Figure 13. Number of orders processed

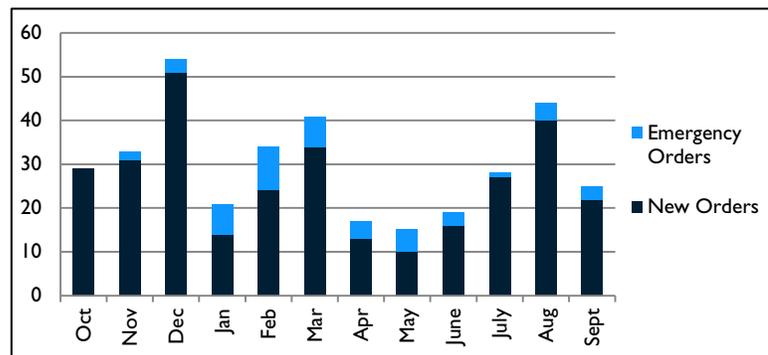


ACSs resulted in 360 new requisition orders (ROs) and 142 modifications to existing orders, including 121 changes and 17 cancellations. The total number of orders TO5 processed in FY2014 was consistent with previous years (see Figure 13 on the previous page).

Emergency Order Summary

Twenty percent of ACSs received in FY2014 included emergency orders or urgent modifications; 49 emergency shipments and four urgent modifications. See Figure 14 for a month-by-month summary of orders. Emergency orders, requested to be delivered ASAP in response to a stockout or threat of a stockout, are shipped immediately in entirety or partially. Urgent modifications include requests to delay an order that a freight forwarder has already packed, or to cancel an order already scheduled or in production.

Figure 14. Number of orders that included emergency orders in FY2014

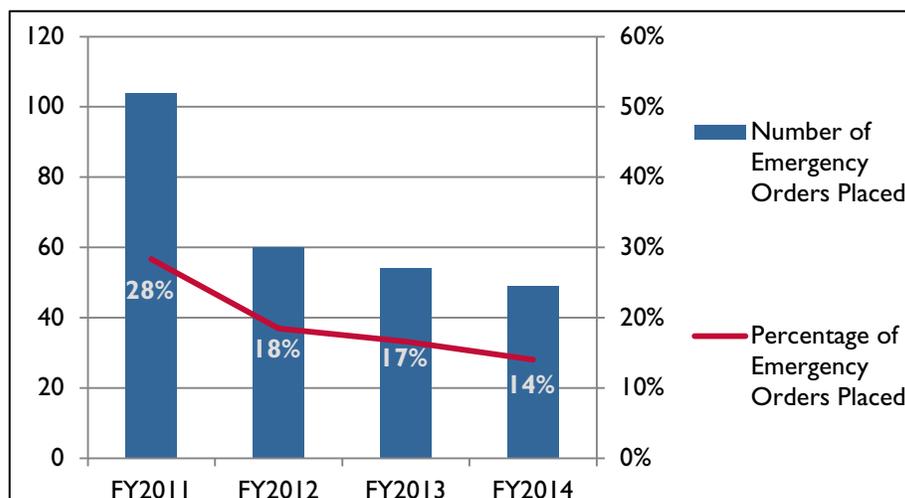


The task order received a total of four urgent modifications in FY2014:

- Two requests were received to place already produced orders on hold. One was diverted to the warehouse for storage until the mission was ready to receive the product. The mission decided to remove the hold request for the second and received the product.
- One urgent request was to delay an already produced order. The order was diverted to the warehouse for storage until the new ship date.
- One urgent request was to delay an existing order that was packed and ready for shipment. The freight forwarder and warehouse met the request to delay the shipment.

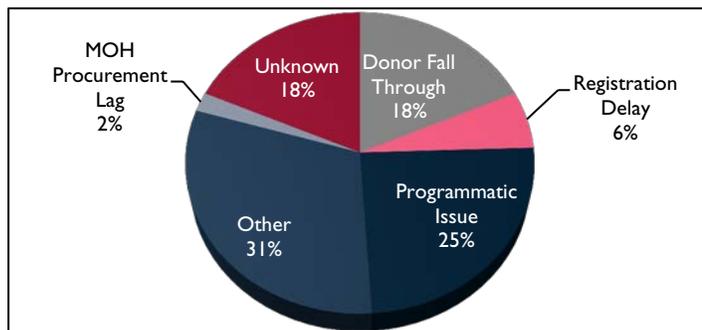
The trend of decreasing emergency orders continued and in FY2014 we received the fewest emergency order requests since we began tracking them (see Figure 15). The reduction in emergency orders is a result of improved visibility into customer demand and improved global coordination.

Figure 15. Decrease in number of emergency orders



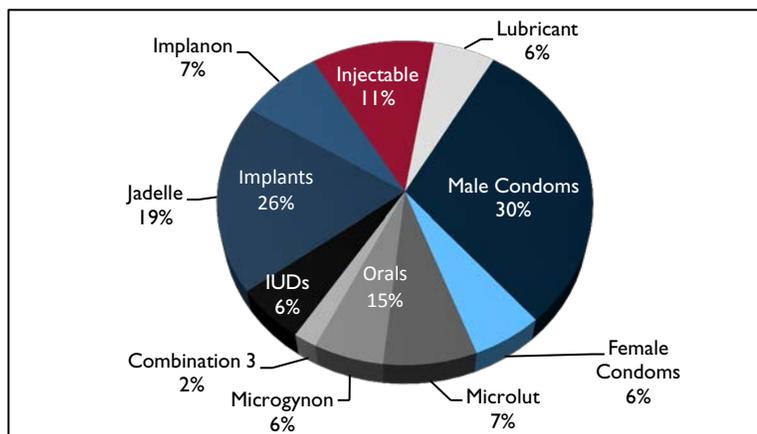
The reasons for emergency orders in FY2014 included programmatic issues, other donor not fulfilling promises, unknown reasons, registration delays, MOH procurement lags, and other reasons, which included miscommunication, airport fire destroying product, Coordinated Assistance for Reproductive Health supplies (CARhs) orders, delays in confirming orders, and revised forecasts. See Figure 16 for a summary of emergency orders in FY2014, and Appendix B for descriptions of emergency order reasons.

Figure 16. Reasons for emergency orders, FY2014



FY2014 saw an increase in the percentage of emergency orders for implants compared to other commodities requested as emergency shipments. Most emergency shipments were male condoms and implants, followed by oral contraceptives, injectables, female condoms, IUDs, and lubricant (see Figure 17).

Figure 17. Emergency orders by commodity, FY2014



Online Order Entry

The task order first implemented online ordering in FY2012. This year, significant enhancements—including the unapproval, submitting, and approval process for CSL backstoppers; line-item editing; selection of emergency lines; provision of lead-time suggestions; automatic population of shipment mode; and automatic update of order details in ORION—were released.

Since initiation of online order entry and the recent enhancements, the task order and CSL have benefited in multiple ways:

- **Errors are minimized** by enforcing that quantities entered are above the minimum requirement and are in increments of case sizes. The mode of transport is now automatically updated to select air or ocean, depending on the selected in-country receipt date, and is restricted for products that can only ship via air.
- **Suggested receipt dates are populated** to provide suggestions for the user based on realistic lead times for products and countries. This gives users a better understanding of the required lead time for placing orders.
- **An attachment field** allows all relevant documents to be grouped with the ACS. This has been most useful when special foil condoms are requested and image information can be sent with the ACS.

- **Version control** of ACSs is possible and allows different versions to be electronically tracked and viewed for the progression of changes. A comments field allows additional information about the ACS and orders to be entered over time.
- **Email notifications** are sent to alert CSL backstoppers and the Customer Order Management Team when ACSs are submitted, approved, and accepted. When action has not been taken, a reminder is sent, thus eliminating the possibility that requests will be forgotten.

Country Backstopping

The task order began backstopping four missions this year: Kenya, Liberia, Malawi, and Pakistan. The task order backstopper has direct communication with the mission and provides guidance for ordering procedures, reviews mission orders and enters changes, monitors supply planning exercises, responds to requests for order status information, and collaborates with CSL on financial issues. Transferring these backstopping roles to TO5 has streamlined communication, improved the task order's visibility into country needs, and allowed CSL to focus on policy and funding questions.

Global Collaboration

In FY2014, the task order participated in two principal collaboration efforts. The first was with the Coordinated Supply Planning group that started as a USAID and UNFPA forecasting, procurement, and supply planning collaboration and has grown to include participants from CHAI, the Reproductive Health Supplies Coalition (RHSC), the Systems Strengthening Working Group (SSWG), and the Gates Foundation, along with observational participation from several other groups. The initial focus was on tools and procedures for the contraceptive implant Jadelle and Depo-Provera to help both UNFPA and USAID forecast demand for products and translate that into a supply plan that could be shared with suppliers. The tools are being further developed by CHAI and will allow USAID and UNFPA to combine their demand forecasts and supply plans to better coordinate and ensure that country needs are met and that suppliers have greater visibility into the combined demand.

The second collaboration effort has been with the SCMS project. Through meetings between functional teams and co-locating the freight teams on the same floor of the building, both projects have greater visibility into situations in countries that affect both projects. We are also sharing ideas and coordinating inbound shipments to countries to avoid bottlenecks with simultaneous arrival of multiple shipments. Additionally, TO5, SCMS, and the malaria task order started working to determine in-country storage capacity and coordinate shipping schedules for commodities to be delivered toward the end of the three projects. This will avoid overloading ports, customs agencies, and in-country supply chains as the projects close out and transition to the next contractor.

Global Health Supply Chain Transition Planning

TO5 has worked closely with CSL to develop a transition plan to ensure that product will be accessible when the new contract is awarded. As a part of the plan, inventory levels for all standard commodities have been established to ensure availability for emergency needs while the program transitions, and the task order and CSL are sharing information regularly with countries to assist with their planning during the transition period. As mentioned above, the task order began collaborative planning with the malaria task order and the SCMS project to ensure that we do not overwhelm countries with end-of-project shipments.

Priorities for FY2015

- **Continue to improve our global supply chain operations** through close coordination between functional areas within the task order and CSL.
- **Implement and monitor the inventory strategy for the transition** by closely working with CSL to ensure that inventory levels are established within the parameters set by the transition plan and that adjustments are made to the plan as activities unfold in the coming year.
- **Continue global collaboration efforts currently underway—**
 - **Between USAID and UNFPA on forecasting and data sharing** to better support USAID programs and to continue to refine and improve forecast information sent to vendors, with the goal of improving service and product availability.
 - **With SCMS on coordination of closeout activities** by continuing to share and coordinate information across all projects to ensure a smooth transition.
- **Maintain high levels of warehouse performance** by continuing to improve information sharing, such as pallet-level forecasts, and refining inbound and outbound prioritization processes.
- **Partner with freight forwarders to mitigate customs clearance delays** by continuing weekly calls with the task order's freight partners to obtain the latest shipment information, rapidly address logistic challenges, and understand new country requirements that may necessitate an adjustment to the shipping instructions or lead-time information.
- **Ensure a smooth closeout and transition to the next contract** by working closely with CSL and other partners to meet contractual requirements, inventory needs, etc.

Short-Term Technical Assistance

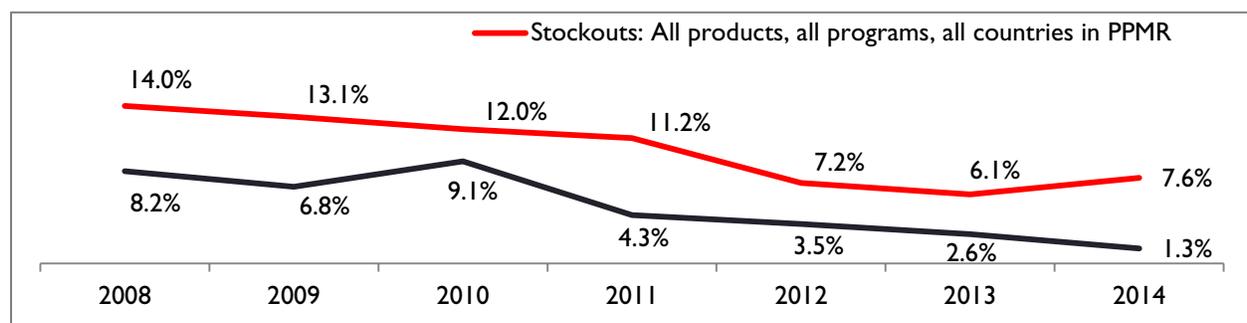
The activities in this core element support high-quality contraceptive quantifications and utilize quantification and supply data to diminish the likelihood of emergency orders to USAID and stockouts to countries. Under this element, at USAID’s discretion, we also provide technical assistance for quantification in countries that do not have a project presence.

Procurement Planning and Monitoring Report

The Procurement Planning and Monitoring Report (PPMR) system was developed in 2012 with TO5 funds. In FY2014, it continued to gain a wider and more diverse audience, with a user-base of more than 200 individuals. In addition to continued use in support of the CARhs group, the Implants Access Program (IAP) and CHAI used PPMR data to forecast and monitor implants and quarterly injectables. Manufacturers began accessing data from countries allowing use of their data, giving Bayer, Female Health Company, Famy Care, and Merck access.

Data from the PPMR continue to demonstrate the value of USAID’s investment in supply chain management in terms of its own supply chain into countries, as well as technical assistance to project-presence countries. An analysis of stockouts reported in the PPMR from 2008 to 2014 compared all countries, programs, and products to countries with a TO4 project presence that received USAID-supplied products. The analysis showed that while stockouts declined from 2008 to 2014 in general, they were on average 5 percent lower per year for USAID-supplied products in project-presence countries than overall (see Figure 18).

Figure 18. Stockouts as a percentage of reported stocks in PPMR countries, 2008–2014



Commodity Planning Status Report

The task order used the CPSR to identify USAID-supported programs that had not yet placed orders in advance of the September 30, 2014 deadline and were at an increased risk of stockout in FY2015. Given project closeout in September 2015, it was especially important this fiscal year to identify programs without orders. The identification of programs without orders for 2015 allowed

CSL country backstops to target missions in those countries, making more efficient use of backstop and task order staff time.

Contraceptive Quantification Data for Global Forecasting and Inventory Management

The task order collected supply plans for 20 countries and 29 programs, including non-presence countries. The collected supply plans were shared with the supply operations team to support global forecasting and inventory planning. They were also shared with partners, such as IAP and CHAI, to inform forecasting and monitoring efforts for Jadelle and Depo-Provera.

This fiscal year, quantifications were received from TO4 offices in Ethiopia, Ghana, Guinea, Liberia, Malawi, Mozambique, Nigeria, Pakistan, Rwanda, Tanzania, Zambia, and Zimbabwe (USAID supplies only male and female condoms to Zimbabwe). Additional quantifications under the West and Central Africa initiative in Burkina Faso, Cameroon, Mauritania, and Niger were also received. Through outreach by project and USAID staff and contacts from the PPMR, the task order also received quantification data from countries and programs not supported with project technical assistance, but that receive a significant amount of commodity support from USAID, including the MOH in Kenya; the MOH and AFFORD in Uganda; and the Society for Family Health in Nigeria, which receives the largest quantity of USAID's social marketing oral contraceptive, Combination3, of any project in the world.

Collaboration with IAP to support technical assistance in quantification resulted in the first-ever national quantification conducted in DRC, including the MOH, DKT, and PSI. This collaboration also led to training in the use of PipeLine software to support supply planning as part of an MOH-led national quantification in Senegal.

Global Collaboration

As part of the Coordinated Supply Planning group described under the Supply Operations section, the task order provided technical input on forecast methodology and supply planning functionality, as well as data from quantification reports, PPMR, and ORION, which CHAI used in building the two tools to support CSP in forecasting and supply planning.

Priorities for FY2015

- **Identify and mitigate risk of stockout to USAID-supported programs during project transition** through support to USAID backstops, use of project-developed tools, and improved visibility into downstream demand.
- **Continue to support CSP in building a close working relationship and joint planning processes with UNFPA** to benefit recipient countries, USAID, and the wider global reproductive health community during and after project transition. Close coordination of shipments with UNFPA is expected to be especially valuable during the transition from the current task order to the follow-on GHSC project, to allow USAID to request scheduling of UNFPA shipments to meet country needs if USAID shipments are not available.

- **Support TO5 project closeout and handover of activities to the follow-on GHSC project** by providing data, documented processes, and introductions to key partners and stakeholders as directed by USAID.

Management Information System



The Management Information System (MIS) team streamlined the commodity order process with an upgrade to the online ordering system. The complete supply chain cycle—from procurement to delivery—underwent almost weekly minor updates and enhancements to the ORION Enterprise Resource Planning (ERP) software and the USAID | DELIVER PROJECT website. In addition, executing its primary mission, the MIS team provided day-to-day operational support to the system that records and provides information for management review, including aggregate demand by country and recipient program, shipment requests by country and recipient program, financial accounts by country and funding source, production and warehouse stock levels, and current status of shipments.

The MIS was continuously available to authorized users from the project, the USG and partners, both centrally and in the field, via a secure web-based user interface, My Commodities, on the USAID | DELIVER PROJECT website. The MIS, managed according to the highest project management standards as defined by the Project Management Institute, uses a standard system development life cycle approach. Periodic updates of the MIS were provided to ensure customer satisfaction, based on requests from internal and USG sources.

Performance

MIS reliability, availability, and ease of secure access are measured against a service level agreement (SLA); the task order met or exceeded the SLA standards in FY2014.

The My Commodities web interface enables authorized users to access shipment and financial information. Visibility into shipment status is an important aspect of worldwide supply chain management. These key data are refreshed three times during each business day to provide the most current status. My Commodities received an average of 7,541 visits per month (see Figure 19).

The USAID | DELIVER PROJECT website was available 99.95 percent of the time, essentially providing shipment and funding information nonstop. In a slight decrease from last year, the website registered an average of 576 authorized sessions—defined as a successful logon by a registered user—per month. See Figure 20 on page 26 for details.

Figure 19. My Commodities visits

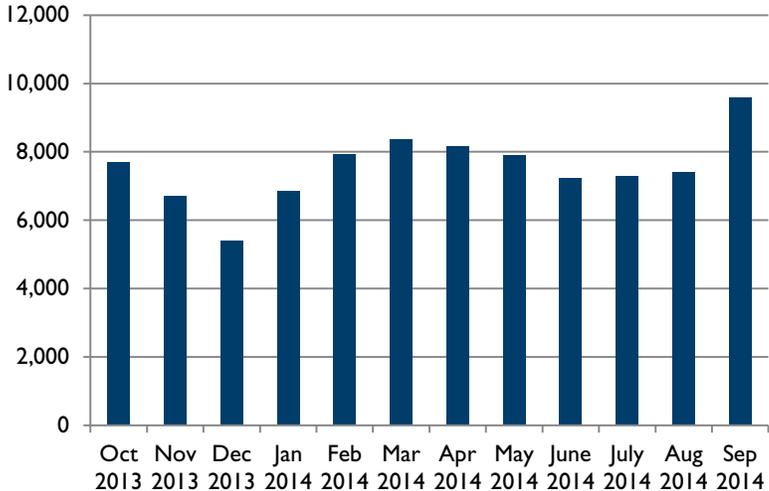
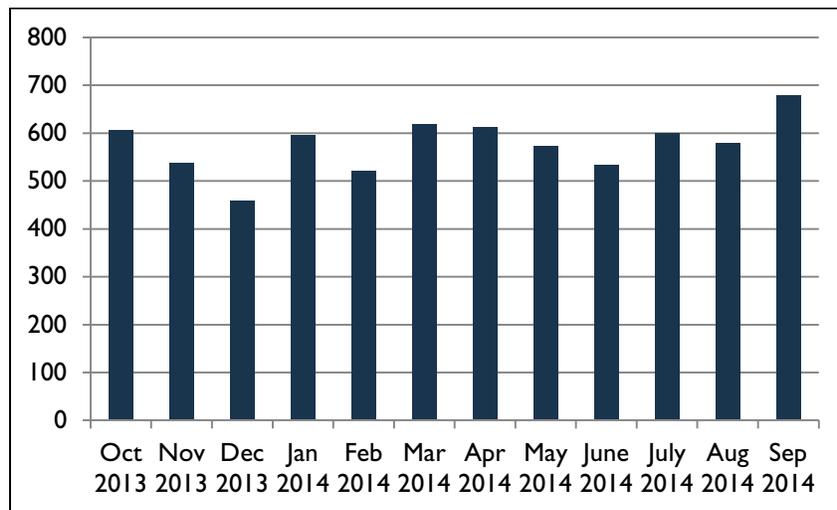


Figure 20. Logons to USAID | DELIVER PROJECT website



Maintenance Work Completed

The MIS team modified the ORION ERP system and the USAID | DELIVER PROJECT website to improve data availability and operational productivity. This ongoing effort is characterized by daily support of operations including ad hoc queries, user assistance, anomaly research and resolution, and pre-project definition and estimation. The following are highlights of the past year's enhancements.

- **Automated email notifications.** Emails shipment and order status changes to clients and recipients.
- **Financial system improvements.** Added support for a variety of returns and reversals and made a number of financial reports more user friendly and informative.
- **Data modeling.** Provided and described data models for the MIS.
- **Support to USAID's new business intelligence contractor.** Provided data and data structures to USAID's new contractor and explained how the MIS operates, the data it collects, and how it is used.
- **Online ordering update.** Added new functionality to make it easier for users to interact with the system and created an automated link between the online ordering system and orders in the ORION ERP. See Figure 21 for an example of an added function—automatic lead-time population—to the online order entry form.
- **Completed the funds tracking database.** USAID now has access to a web-based version of this tool for tracking CCP funding and obligations.
- **Developed and maintained a list of transition tasks.** These tasks will be performed when the new GHSC project is awarded.
- **USAID | DELIVER PROJECT website.** Several dozen enhancements were made to management reports to provide more relevant data and ease data analysis. Numerous software upgrades were implemented to tighten security and reduce vulnerability to unauthorized access.

Figure 21. Enhanced online order entry and automatic lead-time suggestions

Line Items

Stock Special **Emergency/Unplanned:**

Sub - Category: Female Condom In-Country Receipt Date: 04/30/2015
 Item: Condom, Female, Synthetic Nitrile Sheath, 17 cm, FC 2, piece (100443)
 Case Size: 1000 Minimum Quantity: Quantity Requested: 10000 Mode: Ocean
 (unit size NOT case size)
 Has USAID shipped this item to you in the last 2 years? Yes No

Lead Time Suggestions:
 Shipment for Air: 19-JAN-2015
 Shipment for Ocean: 24-APR-2015

NOTE: SPECIAL ORDER ITEMS CANNOT BE RETURNED OR CANCELED

Modified	Edit	Delete	Line Item #	Item Type	Sub-Category	Item	Minimum Quantity	Quantity Requested	Case Size	Mode	In-Country Receipt Date	Has USAID shipped this	RO #	Item Comments	Emergency	Reason Code
			1	Stock	Contraceptive Implan	Levonorgestrel 75mg [Jadelle]		5,000	100	Air	31 Jan 2015	Yes				

Priorities for FY2015

- **Day-to-day operations support.** Ongoing maintenance and support of procurement, inventory management, shipment, and all other operations by developing ad hoc queries, providing user assistance, anomaly research and resolution, and pre-project definition and estimation.
- **Continue to support the business intelligence contractor.** Provide required data to the business intelligence contractor.
- **Complete the transition tasks.** Complete the transition to the new contractor when the GHSC project is awarded.

Management, Monitoring, and Evaluation

The task order continues to follow the priorities identified with CSL in late 2012:

- Supplier management
- Global donor coordination
- Expanding supplier base
- Inventory strategy and supply planning
- Transition planning (new in FY2014).

During the year, TO5 and CSL met monthly to review task order performance and identify high-priority items for resolution, and met weekly to discuss outstanding operational issues. Our efforts in supplier management and supplier base expansion are discussed in the Procurement section, above. Our inventory strategy and supply planning efforts are discussed in the Supply Operations section, also above. Global coordination and transition planning are addressed in the Procurement, Supply Operations, and STTA sections.

Risk Management

Throughout this year, we continued to use a risk-management approach to operations. The major risks to achieving our overall objective are the same as last year: missions not ordering leading to the task order being unable to accurately forecast; registration; suppliers unable to meet demand; and countries not accepting USAID QA results. During the last year, we continued to reduce our registration and supplier risk. Thanks to work by CSL country backstops, the CPSR and PPMR reviews, routine updates to supply plans, and the new coordinated supply planning efforts with UNFPA and others, we reduced our risk of missions not ordering and the task order being unable to meet demand. The reduction in emergency orders is noted in the section on supply operations. Despite these efforts, downstream visibility into demand and mission orders remained a challenge.

At the operational level, the task order identifies and mitigates risks through—

- monthly procurement and financial reviews to ensure enough funding to meet our procurement needs is available
- inventory planning with monthly updates to ensure sufficient inventory to meet demand
- supplier diversity, forecasts, and scorecards to promote good performance and redundancy in case of supplier failure
- monthly review of internal and external metrics to monitor performance and correct deviation as quickly as possible.

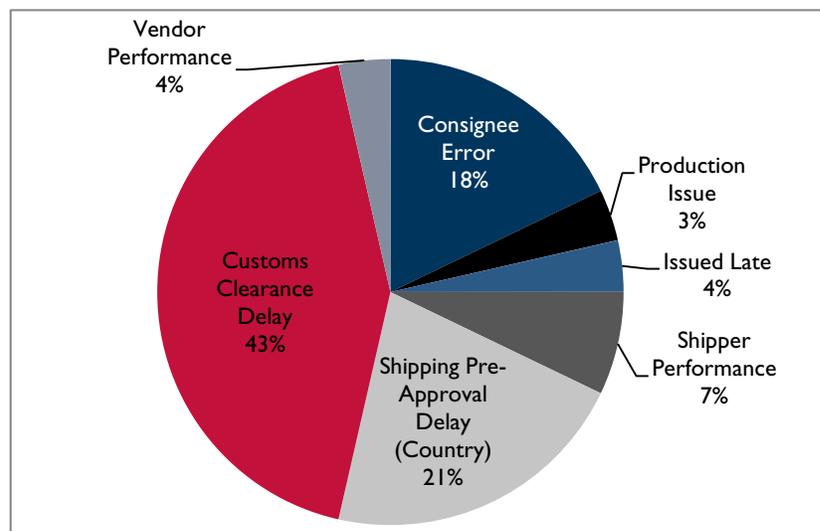
We applied our risk-management approach to complex non-contraceptive procurements as well. In these cases, we treated each procurement as a large project, with a timeline (work plan), risk plan, and budget. This improved how we anticipated and managed challenges, managed expectations with in-country partners and USAID, and estimated the time and cost of these procurements. South Sudan, as described earlier, is a good example of how we have used this approach. This past year, we had an instance in Afghanistan, where this approach was not as well implemented as it could have been. After a thorough review of our processes and procedures, we updated our operating procedures and contractual documents to reduce the likelihood of this happening again.

Performance Monitoring and Reporting

TO5 provides a series of routine reports to the USAID management team for performance monitoring and to ensure full visibility into procurement activities and supply operations. These include weekly, biweekly, monthly, quarterly, semi-annual, annual, and ad hoc reports containing detailed data on task order operations. All routine reports are posted to the *Project Spaces* website, which authorized CSL and task order staff can access at any time. Email notices are sent to staff when reports of interest to CSL are posted and ready for review.

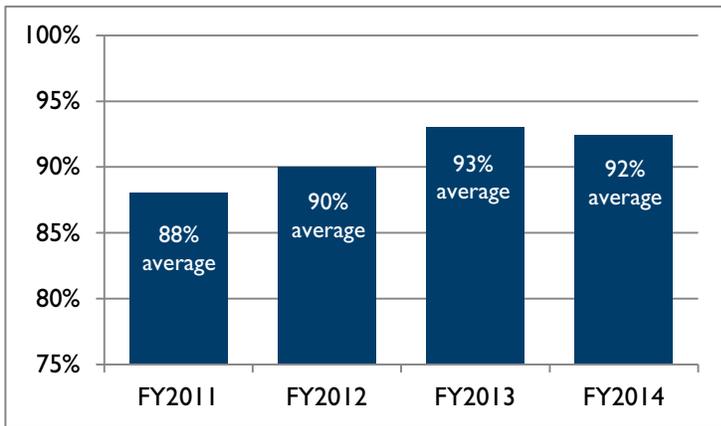
In addition, the task order produces two monthly reports for performance monitoring that are reviewed monthly in detail with the USAID management team. Both the DTP monitoring tool and the performance monitoring plan (PMP) tool enable the task order to track performance using key indicators that signal how well each part of the supply chain is performing and raise issues that need to be addressed. This year, there were no significant changes to the performance reports. The DTP report includes data on key supply chain functions, including on-time shipments; inventory levels; and freight forwarder, warehouse, supplier, and QA performance. Figure 22 shows the breakdown of all late shipments in FY2014 from the DPT report, by reason code.

Figure 22. Late shipments by reason code



The PMP report includes 14 indicators and is organized according to five performance criteria that cover the key operational areas of the task order, as described in the contract. The average overall PMP score for FY2014 was 92.4 percent, which is within the preferred range. See Figure 23 on the following page for the trend in overall average PMP scores during the last four years. The PMP report includes a section on client satisfaction with task order performance, which is measured by a monthly survey of CSL staff and includes feedback on performance in each technical area. For FY2014, the average client satisfaction score was 19.4 out of 20 (97 percent) overall for general procurement, supply operations, SITTA, performance management, and MIS. The TO5 team continued to provide feedback to the CCP team on a quarterly basis.

Figure 23. Average overall PMP score, FY2011–2014



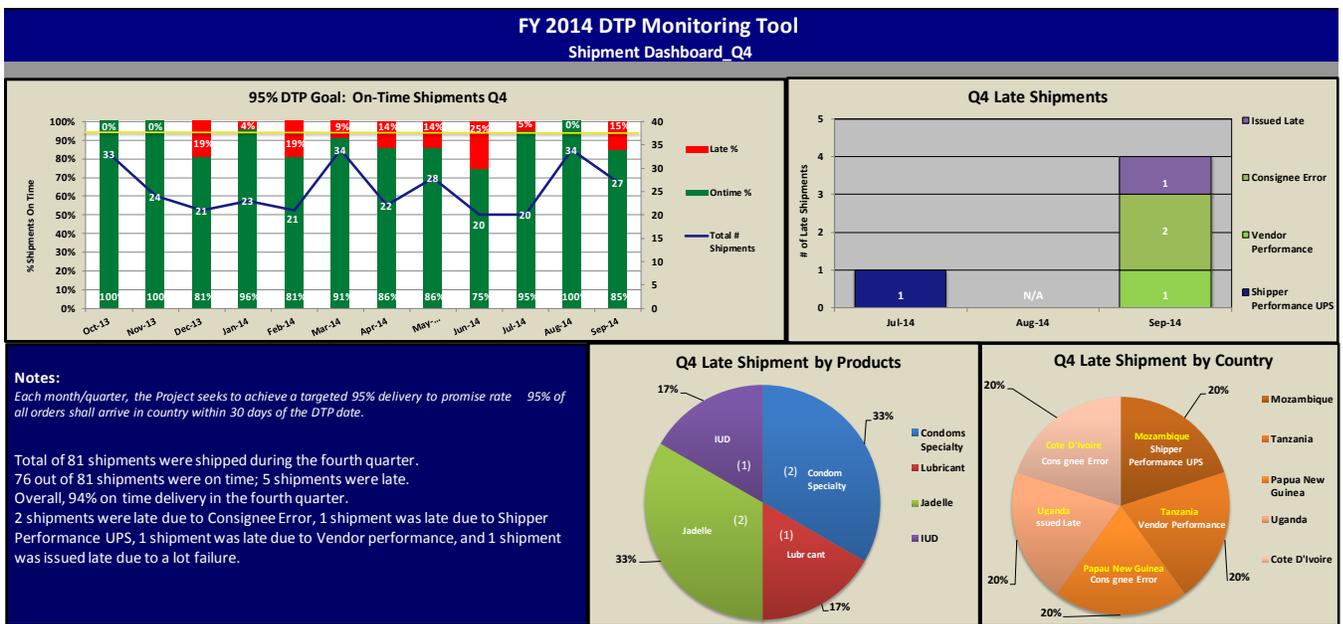
Note:

Data for FY2011 represents the average overall PMP score for months March 2011 through September 2011

At the end of FY2013, the team developed a new report, the Quarterly On-Time Shipment Dashboard, and submitted it throughout FY2014 for senior CSL leadership review. This dashboard summarizes on-time shipments for each quarter and presents a graphic summary of late shipments by reason code, product, and country (see Figure 24).

These data are used for ongoing performance management and improvement and to ensure strong communication between the USAID and the task order teams.

Figure 24. FY2014 on-time shipment dashboard



Operating Cost Analysis

The task order continues to periodically analyze operating costs to measure and monitor the costs of ensuring supply and meeting demand. Year-over-year analysis of the key cost drivers has highlighted continuous efficiency gains in the project’s operations, even as demand continues to rise. As the quantity and volume of shipments has increased, the project has maintained high rates of on-time deliveries and lowered costs. The analysis has also helped quantify the impact on cost resulting from strategic decisions such as changes to the inventory management strategy.

Financial Management

A critical financial activity during this reporting period was to collaborate with the task order's demand planning and procurement teams to ensure that resources are adequate and applied appropriately to meet procurement requirements.

Meetings were held at least quarterly, and will continue to be held monthly to—

- evaluate future demand for all products and services
- assess the status of utilization against approved contract ceilings
- account for supplier production capacity and delivery lead times
- evaluate available funding by type
- identify potential funding concerns—shortages or excesses—to provide early warning to CCP.

TO5 continued to maintain the CCP project's central financial database of USAID Mission accounts, client and procurement expenditures data, and CCP surcharge collections and expenses.

Priorities for FY2015

In the coming year, task order management, monitoring, and evaluation efforts will focus on the following priorities:

- Improve on-time performance using risk management, performance monitoring, and collaborative planning with CSL, FHI 360, and other partners.
- Hold a retreat with CSL to distill lessons from the current task order that can be applied to both contraceptive and non-contraceptive procurements in the future.
- Support CSL in planning transition to the follow-on award.
- Monitor and manage final TO5 funding levels with CCP to ensure alignment with procurement and inventory transition strategies.
- Completion of CCP operations support and contract closeout.

Conclusion

Key Accomplishments

The key accomplishments for this year were an improvement in on-time delivery performance, continued high overall PMP scores, successful management of a significant and increasing amount of non-contraceptive procurements, and improved integration of CSL's global supply chain. These accomplishments were possible because of dedicated efforts from the TO5, CCP, and FHI 360 teams, and their collaborative approach to meeting the task order's objective.

Vision and FY2015 Priorities

For 2015, our priorities will be to continue strengthening CCP's integrated supply, to improve our on-time delivery performance, and to successfully transition task order activities to CCP's next contractor. We will do this by—

- continuing our coordinated approach to vendor and registration management in collaboration with CCP and FHI 360
- monitoring and refining our end-of-task order inventory strategy so that CCP has sufficient inventory to meet customer demand during the transition to the next contract
- under CCP's guidance, collaborating with other international organizations to reduce the risk of stockouts in-country, better plan shipments and orders, assist vendors in their production planning, and identify potential new suppliers
- continuing to monitor and improve our own performance
- collaborating closely with the new GHSC contractor.

Challenges

In the coming year, we expect to face a number of challenges:

- Procurement and delivery activities will be ongoing through 2015. If there are production, delivery, or political issues or natural disasters, completion of these procurements could be at risk. However, close monitoring of these procurements and risk planning will allow us to bring them to completion or a satisfactory end-state.
- In 2015, we will have little flexibility to change our framework production. If there is an emergency need or a production failure, we may not have alternatives. We will monitor client demand and vendor performance closely and identify options for CCP should demand or production be an issue.
- If the new contract is not awarded early in 2015, there is a significant risk of supply disruption because new production orders will be delayed, as will inventory handover and customer shipments.

Despite these challenges, we expect our on-time performance in the coming year to be good and that our inventory and orders will be successfully transitioned to a new contractor.

Appendix A. Reasons for Late Shipment, FY2014

Reasons for Late Shipment, FY2014														
Reason	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	FY2014 TOTAL	TOTAL %
Production issue			1										1	4%
Customs clearance delay			3		3	2	1	3					12	43%
Shipping pre-approval delay				1	1	1	1	1	1				6	21%
Consignee error							1		2			2	5	18%
Shipper performance									1	1			2	7%
Vendor performance												1	1	4%
Issued late												1	1	4%
TOTAL LATE SHIPMENT	0	0	4	1	4	3	3	4	4	1	0	4	28	100%

Appendix B. Emergency Order Tracking

Code	Reason for Emergency or ASAP Order
1	<p>Other Donor Unable to Fulfill Order(s) Another donor (not MOH) was unable to fill a prior commitment to procure a specific product.</p>
2	<p>MOH Procurement Lag An MOH-funded procurement did not arrive when expected.</p>
3	<p>Registration Delay The product was only recently registered, the government has initiated a new registration requirement, or USAID did not initially receive a waiver to import an unregistered product.</p>
4	<p>Programmatic Issue The product is needed for programmatic purposes, such as provider training or an informational campaign.</p>
5	<p>Political Instability War, coup d'état, or political turmoil—either within the country as a whole or in parts of the government—has delayed shipments.</p>
6	<p>Manufacturer Delay/QA Problem A supply problem—either at the manufacturer of the product, or with the quality of the product after arrival—has resulted in the need for a shipment.</p>
7	<p>Unknown, Other, or Multiple Reasons Use this code when the above codes do not adequately describe the reason for the order, or when multiple codes apply.</p>

For more information, please visit deliver.jsi.com.

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

Internet: deliver.jsi.com