

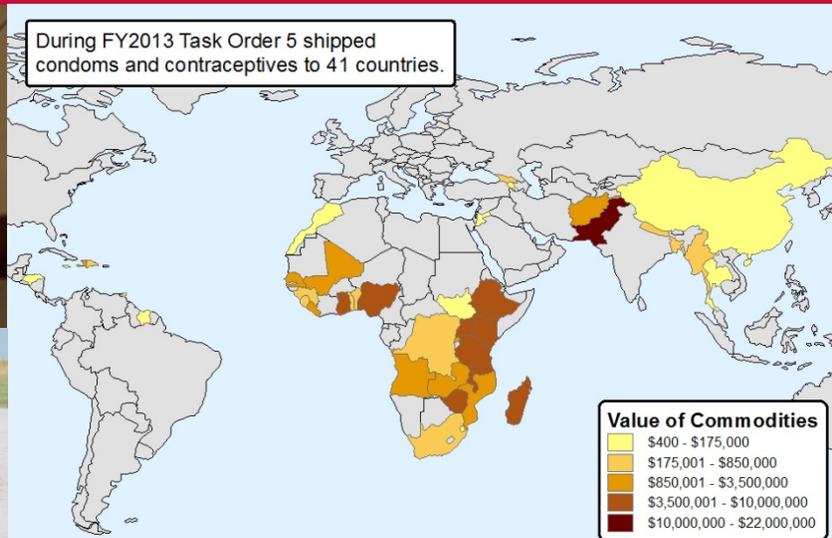


Task Order 5

Procurement and Distribution of Essential Public Health Supplies

Annual Report FY2013

October 2012–September 2013



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Task Order 5

Procurement and Distribution of Essential Public Health
Supplies

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Acronyms

ACS	Authorization of Contraceptive Shipments
APICS	The Association for Operations Management
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
CPT	Contraceptive Procurement Table
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
GIS	geographic information system
IUD	intrauterine device
MCH	maternal and child health
MIS	management information system (but Management Information System team)
OAA	Office of Acquisition and Assistance (USAID)
OPRH	Office of Population and Reproductive Health in USAID's Global Health Bureau
PEPFAR	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

PSB	Procurement Services Branch
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
SDLC	System Development Life Cycle
SKU	stockkeeping unit
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
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
USG	U.S. Government
VMI	vendor-managed inventory
WHO	World Health Organization

Executive Summary

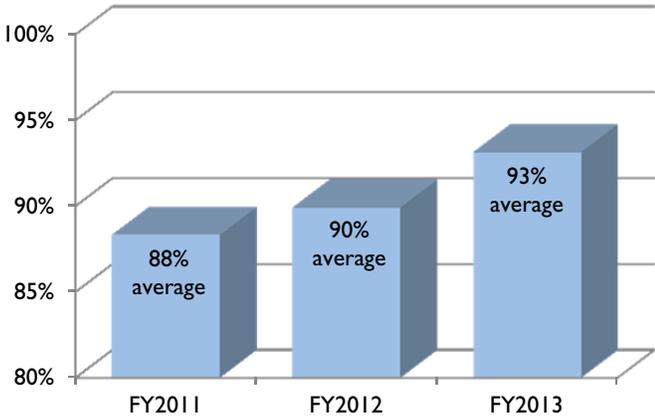
During the last year, Task Order 5 (TO5) of the USAID | DELIVER PROJECT continued to focus on strengthening USAID’s integrated supply chain for contraceptives and condoms, on-time delivery, and expanding its procurement and delivery work to include new non-contraceptive product categories. The task order is approaching its objective of achieving 95 percent delivery-to-promise for contraceptives and condoms.

TO5's overall performance as measured through its Performance Monitoring Plan (PMP) increased from an average of 88 percent in fiscal year (FY)2011 to an average of 93 percent in FY2013 (see figure 1). This increase was driven by improvements in four of the five categories of the PMP. TO5’s on-time delivery rate remained 89 percent for FY2013. Most of the late shipments were due to customs clearance delays or lags in preclearance by national authorities. Our efforts over the past few years to address registration, supplier, shipper, and supply planning constraints continue to

yield results. The total value of the Central Contraceptive Procurement (CCP) project’s contraceptive and condom shipments in FY2013 was U.S.\$106,591,517, as shown in figure 2. See figure 3 for additional information about the value of commodities shipped to countries worldwide during FY2013.

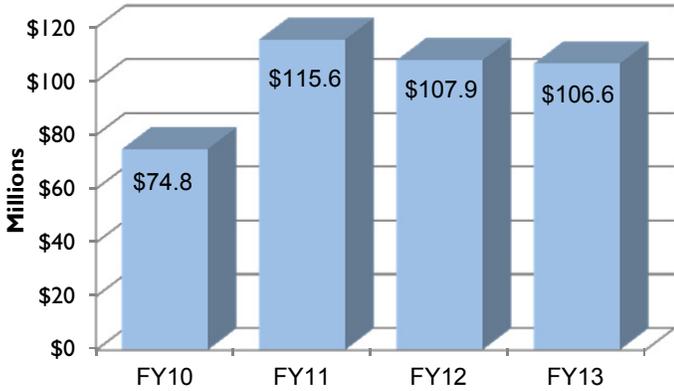
As we noted last year, our priority for FY2013 was to continue to strengthen CCP’s integrated supply chain for contraceptives and condoms to ensure it delivers a high level of customer service as efficiently as possible. An integrated supply chain is one where supply chain functions and levels are interconnected and operate as a coordinated whole. Characteristics of an integrated supply chain include data

Figure 1. Task Order 5 Increased Its Average Overall PMP Score



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

Figure 2. Contraceptive and Condom Shipment Values



Note:
Shipment values include surcharge and freight costs.
Data sourced from USAID | DELIVER PROJECT website, <http://deliver.jsi.com> on October 11, 2013.

on supply and demand being visible to all parties; an understanding and embrace of overall performance goals; agility in responding to unexpected changes in supply, demand, or operational capacity; trust and clarity of roles, responsibilities, and procedures; and continuous improvement. Improvements made to CCP's supply chain during the last year include—

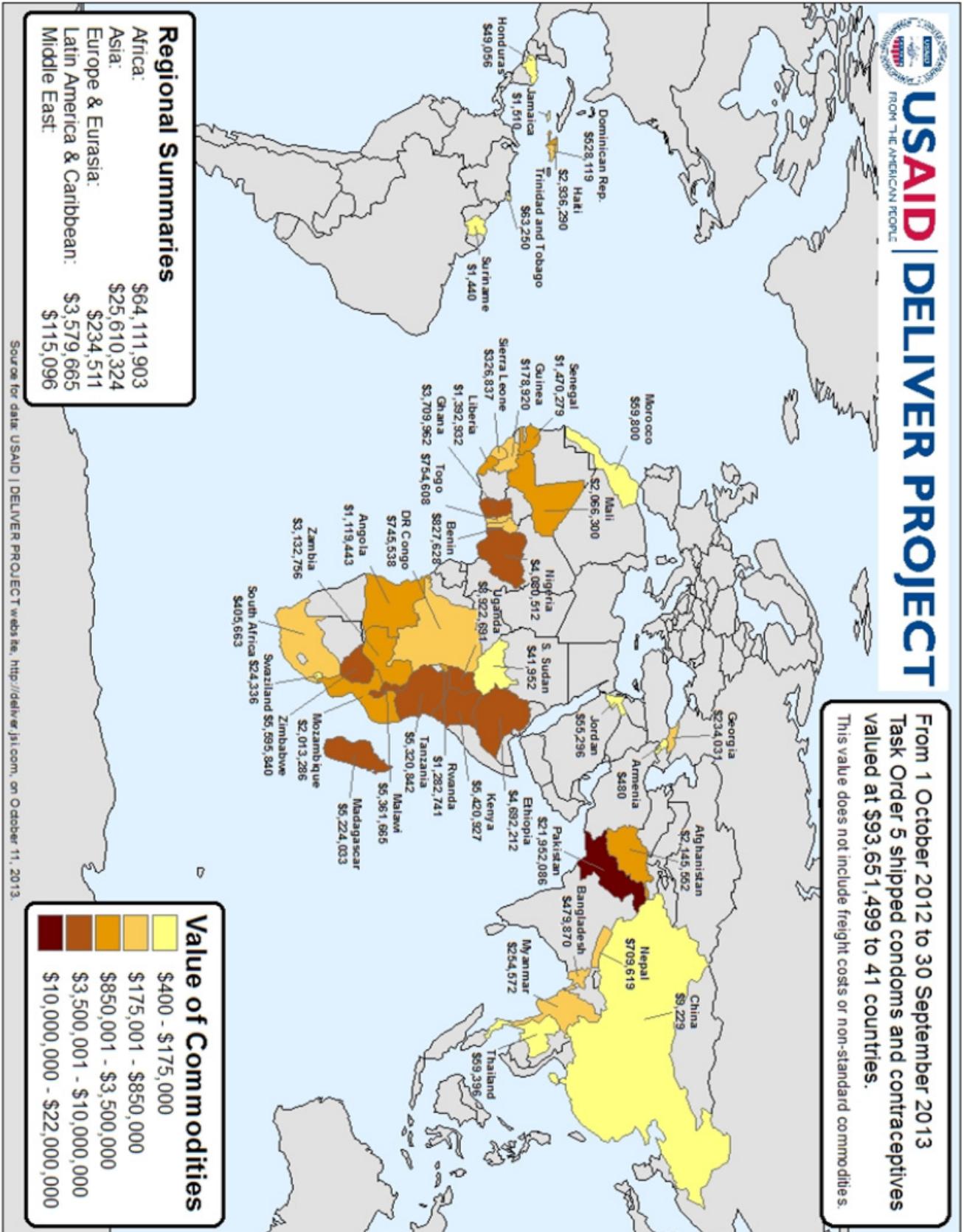
- **Improved data visibility** by improving the Commodity Procurement Status Report and focusing on countries most likely to submit emergency orders; expanding collaboration and information sharing with the United Nations Population Fund (UNFPA) for procurement, quality assurance, and supply planning; and improving the online order entry system.
- **Increased agility** by implementing a revised inventory management strategy, awarding a long-term contract to a second intrauterine device (IUD) vendor, and continuing proactive information sharing and planning with our freight forwarders and suppliers.
- **Improved trust, clarity of roles, and alignment of objectives** by implementing a supplier management task force, in collaboration with Commodities Security and Logistics Division (CSL) and FHI 360; developing a strategic planning initiative with the CCP team; routinely meeting with CSL and FHI 360; holding annual performance reviews and work planning with CSL; carefully onboarding new vendors; routinely sharing of scorecards and regular calls with suppliers and forwarders; and updating the ordering guidelines and product catalog for missions.
- **Continuous improvement** by using the Deliver-to-Promise Monitoring Tool, which is the task order's performance-monitoring plan; developing an operating cost analysis; using internal tickler reports to monitor processes; and collaborating with APICS on public health supply chain performance metrics and benchmarks.



Finally, the task order continued to procure and deliver a large volume of non-contraceptive public health products: 93 products valued at approximately \$8.6 million. These products were procured from eight different vendors and were delivered to six countries.

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) management information systems; (4) short-term technical assistance; and (5) management, monitoring, and evaluation.

Figure 3. Value Map of Framework Commodities Shipped during FY2013, by Country



Procurement

The TO5 Procurement team manages the direct procurement of public health supplies for USAID-supported countries and oversees manufacturing sub-contractors. 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

Contracts Awarded

In FY2013, TO5 placed orders for the methods and products traditionally offered by CCP: male and female condoms, oral contraceptives, IUDs, injectable contraceptives, and contraceptive implants (see table 1).

In collaboration with the USAID CCP team, the task order has negotiated the following cost savings in contraceptive unit costs:

- 60 percent cost reduction, per unit, for Jadelle since calendar year (CY)2008
- 56 percent cost reduction, per unit, for Implanon since CY2011
- 47 percent cost reduction, per unit, for a second IUD supplier
- estimated savings of \$429,000 in sampling and testing costs after condom suppliers moved from lots of 2,000 to 3,000 gross.

The task order extended the long-term agreements for lubricant and the standard-days method and awarded a new long-term contract for IUDs. For the new IUD contract, we negotiated a price decrease of 47 percent, per unit, compared to the historical manufacturer's price, while maintaining USAID's product quality standards. With two IUD suppliers, USAID will have greater supply security and more supply flexibility.



The task order negotiated and operationalized a vendor-managed inventory (VMI) arrangement with Merck—they hold one production batch of Implanon at their manufacturing facility in Oss, the Netherlands, for the task order. This arrangement has allowed us to respond to emergency or exceptional orders from the field without incurring the carrying and inventory management cost for this product.

Table 1. Orders for Contraceptives Issued in FY2013

Commodity	Supplier	Award Value (\$)
Contraceptive implants	Bayer Schering Pharma	2,340,000
	MSD/NV Organon	6,391,872
Cycle beads	Cycle Technologies	162,150
Emergency contraceptives	HRA Pharma	31,583
Injectable contraceptive	Pfizer	32,421,283
IUDs	Injeflex	1,076,574
	Pregna International	64,128
Oral contraceptives	Bayer Schering Pharma	12,354,487
Female condoms	Female Health Company	495,000
Male condoms	Innolates	571,853
	Karex	3,678,912
	Qingdao Double Butterfly Group Co	7,263,916
	Suretex	1,414,825
	Thai Nippon	4,798,338
	Unidus Corporation	3,371,183
Personal lubricant	Suretex	500,712
TOTAL (All Commodities)		\$76,936,816

Technical Review Panel

TO5 uses a standard procedure to evaluate the proposals received in response to a Request for Proposals (RFP). After all proposals are received, the RFP is closed, and a Technical Review Panel (TRP)—comprising members from the USAID | DELIVER PROJECT (the project), CSL, and FHI 360—is convened and a two-stage evaluation process begins:

1. *Technical review:* Technical proposals are examined to determine whether the offerors and their products meet the eligibility criteria and requirements set out in the RFP. A standard evaluation template is used, which details all the technical requirements.
2. *Business review:* Business proposals submitted by the offerors who passed the technical proposals review are evaluated. A standard evaluation template is used for this review and one or more best value offerors are identified.

This process was followed for the award of the new IUD contract that resulted in an award of two contracts: one to the task order’s historical supplier and one to a new supplier. A TRP was also convened for a complex non-contraceptive procurement for South Sudan.

Supplier Management Team and Vendor Management

The Procurement team routinely monitors supplier performance; it depends on a collaborative buyer–vendor interaction for success. Following the 2012 joint CSL/TO5/FHI 360 retreat, the three partners formed a Supplier Management Team (SMT). The team includes members from all three organizations who speak with a unified *Task Order 5 voice* and who leverage the strategic advantages of each organization. The main objective of the team is to develop and maintain long-term and mutually beneficial relationships with quality suppliers. This leads to—

- cost-savings
- improved availability of supply
- minimized risk of interruptions in the supply chain
- improved customer service for field programs (see figure 4).

As part of the team’s effort, TO5 has developed an overarching strategy, standard practices and procedures, and tools, including—

- a more comprehensive life cycle approach for all suppliers
- onboarding materials for new suppliers
- routine calls with suppliers to monitor supplier performance and supplier concerns
- a toolbox of materials to use in building, monitoring, and maintaining supplier relationships and supplier performance.

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, the task order requests and monitors a corrective action plan from the supplier.

The supplier performance, as evaluated by the delivery-to-promise (DTP) tool, is measured by the percentage of orders that vendors release on time. For FY2013, the on-time release of orders for all methods was 93 percent.

Figure 4: Constructive Vendor Management



The following orders were released on time¹:

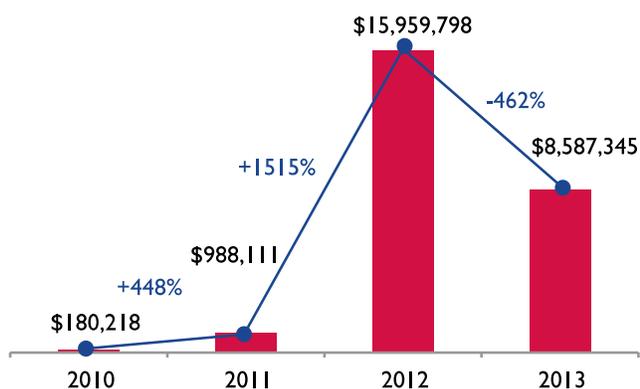
- 100 percent of the IUD orders
- 100 percent of the cycle bead orders
- 97 percent of the male condom orders
- 93 percent of the contraceptive implant orders
- 88 percent of the injectable orders
- 87 percent of the oral contraceptive orders
- 83 percent of the female condom orders.

Each month, most vendors released their shipments on time. For five months this year, all vendors released their shipments on time each month; for three months, all but one vendor released their shipments on time each month. Even when they were late, most orders 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 have continued; those requests are considerably more complex than procurement of contraceptives and condoms. In FY2013, the task order provided missions with a wide range of non-contraceptive products and services, valued at \$8.6 million. See table 2 for details. Although the value is less than in FY2012, the non-contraceptive procurement activities have remained large in scale, increased in complexity, and often included value-added services; such as in-country distribution and installation, training or maintenance of equipment, and complex requirements (e.g., Essential Medicines Funds Project for South Sudan, hospital equipment for Mozambique and Rwanda, among others). See figure 5 for year-on-year trends in non-contraceptive procurement.

Figure 5. Trend in Value of Non-Contraceptive Procurements



¹ These data represent the percentage of number of orders for which the products were available, on time, from August 1, 2012, through July 30, 2013, for condoms; and from September 1, 2012, through August 30, 2013, for all other commodities, as monitored on the FY2013 DTP report.

While non-contraceptive procurements represent only a portion of the task order’s work in terms of commodity value, since the start of TO5, the task order has proactively worked with 30 vendors to procure approximately 300 unique items at the request of USAID Missions and programs, in approximately 15 different countries.

To best manage the increasing number and complexity of the non-contraceptive procurement activities, the task order, CSL, and FHI 360 have developed a methodology to streamline processes, track procurements, and identify best practices. Members from the three organizations have formed a non-contraceptive procurement task force to monitor all purchases; they use a bimonthly call, a tracking tool, and a work flow that clearly defines the roles and responsibilities of all stakeholders during the overall procurement cycle.

Table 2. Non-Contraceptive Commodities and Services Ordered in FY2013

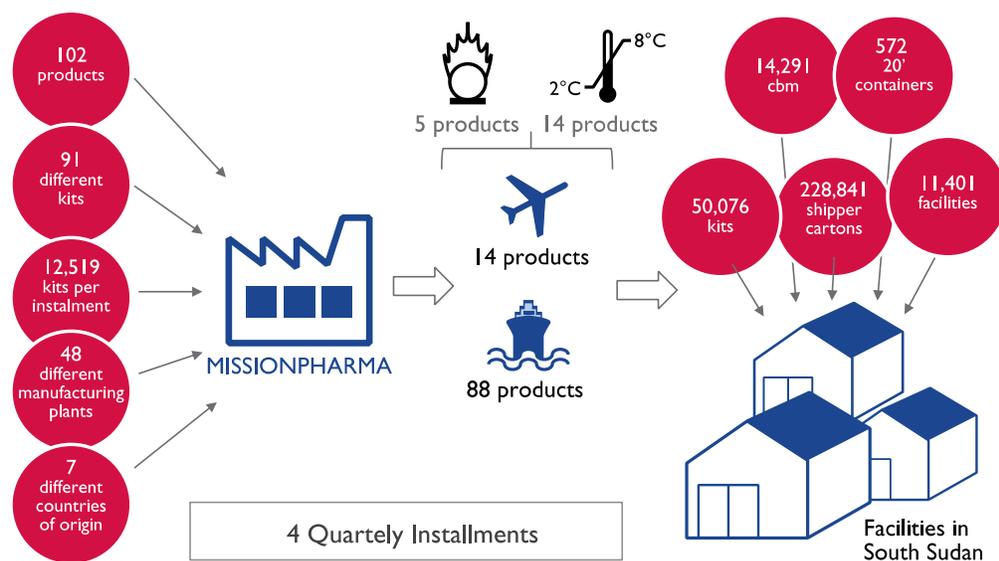
Country	Products/Services	Value (\$)
Afghanistan	Essential medicines	164,252
Ghana	Nutritional supplements	220,528
Kenya	MCH equipment distribution, installation & training	906,089
Pakistan	Ambulances	206,220
	TB commodities	249,340
	In-country distribution of RH, TB, and HIV products	393,811
South Sudan	Essential medicines	5,989,120
Uganda	Male circumcision kits	457,985
TOTAL		\$8,587,345

Essential Medicines Funds Project in South Sudan

The Essential Medicines Funds (EMF) Project in South Sudan has been and remains the largest and most complex of the non-contraceptive procurements; it has absorbed a great deal of staff time during the past year. The complexity is driven by—

- a multi-faceted scope of work spread across multiple task orders: procurement of commodities, renovation of warehouses, in-country distribution, system strengthening, etc.
- the size of the project: number of items, extensive distribution list, etc.
- the design of the project: multi-donor fund, kitting of the items into lots, etc.
- the high level of risk: political, supply chain and coordination, importation and clearance process, etc. (see figure 6).

Figure 6: Essential Medicines Funds Project in South Sudan



The task order effectively moved the EMF Project forward, especially the procurement aspects, thanks to a project management approach that includes the following key areas—

- **Planning and scheduling:** Clearly identified and monitored the key steps, milestones, timelines, and deadlines for the procurement process.
- **Quality:** FHI 360 developed a specific quality requirement document, a TRP comprising members from the project, CSL, and FHI 360 was organized for this procurement—although it is not the task order’s standard practice to convene one for non-contraceptive procurements.
- **Risk management:** Used a risk management approach throughout the main steps of the procurement—during the TRP, conducted an exceptional risk evaluation between the technical and the business evaluations; convened a workshop with the selected vendor for the task force, CSL, and FHI 360 before the contract was signed; the task force reviewed the operational plan and procurement plan of the subcontractor in detail during a workshop at the supplier’s headquarters; and reviewed a list of key risks regularly to assess their nature, likelihood, impact, and mitigation strategy. Additionally, the task order plans to evaluate the kitting capacity of the vendor during an on-site visit.
- **Coordination and communication:** Maintained strong coordination and communication with both the internal stakeholders—CSL, FHI 360, the project’s contracting department, TO4 and TO7 teams, the Supply Operations team, etc.—and the external stakeholders—subcontracted vendor of the essential medicines, Ministry of Health, donors, etc. Organized key workshops throughout the main phases of the procurement: before the contract signature, in-country with the local partners, and during the first implementation steps.
- **Monitoring:** Closely monitored internally the key steps of the procurement with the subcontracted vendor and CSL.

Product Registration

Overall Approach

The registration task force, with team members from TO5, CSL, and FHI 360, was launched in 2011. The registration task force has developed a global strategic approach around coordination and monitoring, vendor management and support, technical resources, and market vigilance—thus shaping a model that other international partners in the family planning/reproductive health arena are considering. At UNFPA’s request, the registration task force presented its strategic approach and model to them as they start to work with and understand the registration issues. The registration task force is preparing a white paper explaining its strategic approach, internally as well as externally, and the standardized procedures used in each key activity (see figure 7).

Figure 7: Roles and Responsibilities of the Registration Task Force



Since the beginning of TO5, the task order has developed and used a risk management strategy. The registration section of this plan is regularly updated to help anticipate and mitigate risks to our achievement of 95 percent on-time delivery of shipments, and to improve how we track progress against those risks. Since FY2011, registration has decreased as a risk because of the collective actions taken by the task order, CSL, and FHI 360.

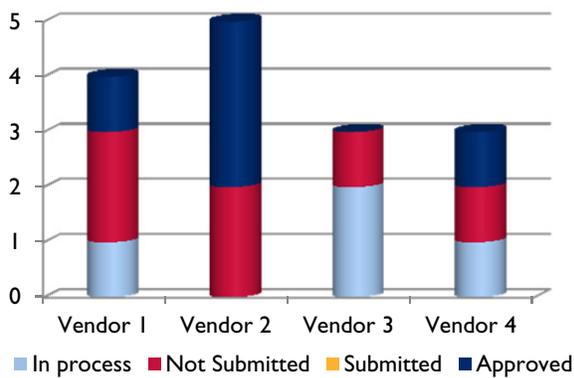
The greatest registration challenge faced by the task order in its first two years was registering oral contraceptives. However, by the end of FY2013—

- the low-estrogen combination oral contraceptive for the public sector was fully registered in 60 percent of the USAID high-priority countries; registration dossiers were submitted in an additional 40 percent
- the low-estrogen combination oral contraceptive for social marketing was fully registered in 92 percent of USAID high-priority countries; registration dossiers were submitted in an additional 8 percent
- the progestin-only oral contraceptive was fully registered in 67 percent of USAID high-priority countries; registration dossiers were submitted in an additional 33 percent.

While its primary focus was to track and monitor the registration of oral contraceptives by one key supplier, the task force has expanded its efforts to include the registration of medical devices. See figure 8 for a snapshot of condom registration status, by supplier. The task force worked with condom vendors to provide the requested documentation and samples, as well as providing advice to the missions on priorities for the manufacturers and brands to register. At the end of FY2013, three manufacturers were registered in Ethiopia; one manufacturer is registered and one is preparing the registration dossier for Zimbabwe; one manufacturer's registration is to be confirmed; one manufacturer's registration dossier has been submitted for the Democratic Republic of Congo (DRC); and two vendors are preparing their registration dossier for Tanzania.



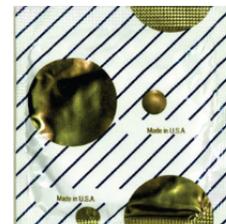
Figure 8. Male Condom Registration Status for High Priority Countries



TO5 sends a monthly report to CSL that includes current registration status across all public health commodities; it also continuously facilitates communication between CSL, USAID Missions, and vendors to initiate the registration processes; follows up on pending registrations; and provides country- or



product-specific registration updates. At present, for 65 countries, the registration status report includes priority lists, registration status, action pending, and comments for all methods.



Anticipating new regulations has been difficult, but the task force has helped to improve our responsiveness through the development and use of country regulatory profile templates and a template that details the flows between, and the roles and responsibilities of all stakeholders.

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, which is an independent quality assurance (QA) and research organization that has a separate agreement with USAID. CSL's role is to set and monitor compliance with overall policy for product quality; FHI 360's role is



QA testing in laboratory at FHI 360

to provide technical input into policy deliberations and to provide and monitor guidelines for implementing that policy. The project's role is to adhere to and implement the policy guidelines as part of the task order's procurement activities and to support the activities linked to USAID's quality procedure.

Framework Contracts

In FY2013, the task order ensured the implementation and integration of USAID's new regulations for all the existing and new framework contracts.

In addition, FHI 360 reviewed and revised the task order's risk mitigation plan and created a risk mitigation report for the condom manufacturers, as well as for the manufacturer of injectable contraceptives.

In June 2012, when we had pre-shipment QA problems for condoms because of failures at the testing stage with the six manufacturers, FHI 360 and the task order worked closely with each manufacturer to identify and solve the problems of securing long-term quality improvements. To detect any deviation and possible degradation of the quality of the condoms before failures occur at the pre-shipment testing stage, FHI 360 continuously monitors the testing results and trends for all condom manufacturers. FHI 360's vigilance and the suppliers' renewed awareness of the task order's long-term emphasis on quality have resulted in fewer problems.

Finally, we continue to work with generic vendors as part of the overall effort of expanding the supplier base.



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 form (CPIR) from the mission, which are then outlined in the Request for Quote (RFQ) issued by the task order.

Additionally, for the EMF Project for South Sudan, FHI 360 participated in the TRP and has closely worked with the task order on the risk mitigation strategy for this procurement.



Above and left—QA procedures being done in several of the TO's condom manufacturer's facilities

Procurement Excellence

Supplier Summit

Following the October 2012 retreat, through the SMT, the task order engaged in and implemented several activities focused on vendor relationships and vendor performance management. Staff also attended the UNFPA 2013 supplier workshop. The task order, CSL, and FHI 360 will continue to explore the possibility of a supplier summit.

Procurement Certification

Following the 2011 Procurement Technical Oversight Committee recommendation, all members of the Procurement team attended the United Nations Development Programme (UNDP) Introductory Certificate in Public Procurement–Level 2 training. This course is accredited by the Chartered Institute of Purchasing and Supply, ensuring compliance with high international qualification standards. It also ensures that all the team members have standardized skills and consistent procurement standards for the principles of effective public procurement, the generic procurement process, and the role of corporate and transactional procurement.

Global Collaboration

Increased collaboration has been a focus for the task order during the past year. Through an active collaboration with the Bureau for Global Health (GH)/OHA/SCM, the Supply Chain Management System (SCMS) project, UNFPA, and World Health Organization (WHO), the task order accomplished the following:

- Participated in the 2013 Quality Assurance for Reproductive Health Medicines Meeting (QuRHM) in New York, during which the WHO Expert Review Panel (ERP) mechanism for reproductive health commodities was discussed with WHO, UNFPA, and other stakeholders. For products that go through the WHO ERP process, and that USAID may be interested in procuring, CCP will conduct its own internal ERP to evaluate the risk and requirements for the task order to procure these products, potentially expanding the pool of suppliers.
- Participated in the 2013 joint UNICEF, UNFPA, and WHO meeting. During this meeting, the WHO prequalification process, as well as the ERP process for reproductive health commodities and others, were discussed between WHO, the main procuring United Nations agencies, and other procurers, including the task order and the vendors. The task order explained how it uses the WHO prequalification and the ERP processes to manage quality and risk.
- Actively engaged 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: President's Emergency Plan for AIDS Relief (PEPFAR), CSL, SCMS, the project, and others. Topics included policies and regulations, joint audits, sharing of information on vendor QA, and other initiatives (waste management) that may impact quality.
- Collaborated with the Jadelle Access Program, a backstop contract implemented by the project, with funding from the Bill & Melinda 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 Clinton Health Access Initiative (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. Following the signature of a similar backstop contract for Merck's one-rod implant Implanon in May 2013, the task order has collaborated with its stakeholders to achieve similar outcomes.

- Negotiated with Pfizer to release two million vials of Depo-Provera from the task order's production to UNFPA to meet emergency needs.

Priorities for FY2014

- **Further strengthen the supplier management effort and activities** initiated in December 2012. The SMT will continue to build strategic, positive, and productive relationships with the main vendors to continuously improve the performance and service levels of the task order. The SMT will further expand its approach to categories other than condoms, mainly focusing on the single-source suppliers for injectable contraceptives and oral contraceptives.
- **Continue on-going efforts to expand the TO's supplier base** to secure product availability and cost saving, while continuing to meet robust quality standards. This effort will be carried out in close coordination with FHI 360 and USAID, and will continue to leverage the efforts of other donors, whenever possible, e.g., the WHO ERP.
- **Effectively monitor the implementation of the EMF Project for South Sudan.** As its implementation moves forward and commodities begin to enter the country, all the elements in-country—solving the importation and clearance process, warehouse renovation, inventory and storing processes, in-country distribution contracting, extra warehouse rental, etc.—must be in place and operating to allow the continuous flow of products to the counties and health facilities. Consequently, TO5 will continue to monitor and manage the risks to successful delivery, relying on the active support and collaboration of the USAID Mission in South Sudan, as well as CSL's ongoing support.
- **Continue the collaboration initiated with UNFPA** for procurement, registration, and QA to identify opportunities to further improve the task order's overall goals.
- **Start planning for the transition to the new GHSC award,** from a contracting and operational perspective, to ensure a continuous, smooth supply of contraceptive commodities and condoms, and to complete the non-contraceptive procurements.

Supply Operations

The Supply Operations team ensures that all country-specific requests receive prompt and accurate 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.

In continued adherence to the guidance of the panel of experts on the Procurement Technical Oversight Committee (PTOC) and our QA partners at FHI 360, the task order completed an annual audit of its standard operating procedures (SOPs) for all key areas of activity. The SOPs were revised to ensure that they are aligned with current processes and that they reduce the overall risk of performance breakdowns. As a result, job aids and training manuals were also revised and/or developed.

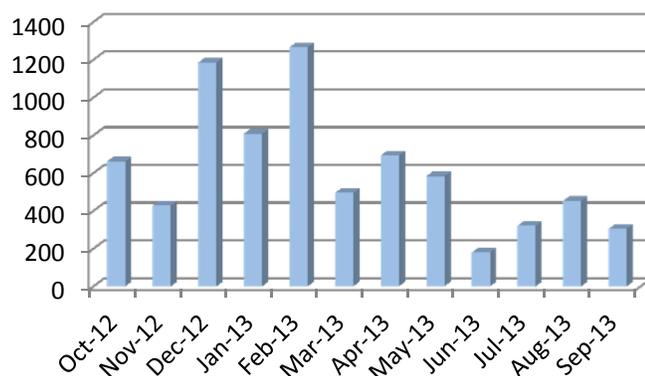
Demand Planning

During FY2013, the Supply Operations team focused on increasing information sharing with suppliers and warehousing partners. The task order provides suppliers with forecasts, pending order information, and shipment history reports monthly; this, in turn, has created a more efficient and effective procurement planning process, as suppliers are now in a better position to understand and plan for the upcoming needs of the task order. In addition, TO5 now works with suppliers to place purchase orders that correspond to container size quantities, whenever possible; this will minimize transportation costs by fully utilizing container loads.

The task order is in weekly communication with the warehouse partners by phone or email to ensure inbound and outbound shipments are processed on time, challenges are quickly resolved, and orders are appropriately prioritized, when necessary. Furthermore, we are developing a pallet forecasting system that will enable us to provide our warehouse partners with a three-month projection of upcoming estimated pallet levels, enabling them to optimize their planning for the offloading, picking, packing, and warehousing of our commodities. See figure 9 for a summary of outbound pallets processed through the Netherlands warehouse in FY2013.

As a result of increased information sharing with suppliers, supplier on-time performance increased from 86 percent to 93 percent.

Figure 9. Quantity of Outbound Pallets Processed in the Netherlands Warehouse



Analysis and Impact on Procurement Plans

To strengthen our analysis of the projected commodity demand, during the reporting period the TO regularly worked with the new demand planning tool. This has led to more informed decisions for the task order's procurement plans, as well as a better understanding of their associated impact on our inventory levels. In addition, we have further streamlined the procurement plan process by communicating purchasing needs to the Procurement team using a Contract Release Request Form; this will ensure that all requests are formally communicated and appropriately documented. By strengthening our procurement planning analysis, as well as our understanding of the associated impacts of our decisions, we have contributed directly to the task order's 89 percent on-time delivery average during the past year.

The Supply Operations team is also working to further improve the demand planning tool by doing the following:

- For oral contraceptives and implants, added inventory tables organized by stockkeeping unit (SKU) instead of commodity; this will better align our inventory with country requirements for these products, such as registration, manufacturing site, and packaging.
- Incorporated a country registration status check for each commodity to increase the visibility of commodity demand with the associated country product registration requirements.

Both additions will improve the management of country product requirements and, consequently, the associated inventory demands.

Buffer Stock and Inventory Balances

Throughout FY2013, we successfully maintained an average of four months of stock for warehoused commodities, as we agreed to with USAID. As a result, overstocking of product did not occur during this time period, keeping warehousing costs to a minimum. Although the TO did have lower than average inventory levels for some of the commodities, it was always a direct result of responding to emergency requests, not a lapse in planning. In addition, to ensure the associated impact on stock levels were understood, the TO and USAID agreed on all decisions made to drop below average inventory levels to meet emergency orders. When possible, emergency orders were divided when the recipient agreed to receive a portion of an emergency order immediately to meet in-country demand and to receive the remaining portion at a later date. As a result, we kept inventory available for other planned or emergency needs, while still meeting the emergency requests. The task order was able to minimize the cost of emergency orders by sending urgent portions of the orders by air and sending the remaining quantities via ocean. For non-emergency orders, to reduce transportation, handling, and warehouse costs, the TO has worked diligently to schedule large standard orders as direct-drop shipments, instead of filling them from stock.

Inventory Task Force

During FY2013, we formed an inventory task force with USAID/CSL colleagues to re-evaluate the inventory strategy for our key family planning commodities. Specifically, the task force reviewed different inventory scenarios per commodity, including vendor-managed inventory, inventory reduction, and direct drop/low inventory hybrid models. Key outcomes of the inventory task force include the following:

- Discontinued inventory of Protector Plus male condoms due to lack of demand; reduced No Logo and Blue Gold male condom inventories to keep stock levels more in line with the current trajectory for standard condom orders. These changes have significantly reduced costs because quantity means lower handling and warehousing costs.
- Recognized the potential of a VMI approach for commodities, such as female condoms and IUDs. The task force decided not to pursue this approach for now, but will continue to evaluate its use going forward. Currently, a VMI strategy is in place; one of the implant manufacturers has a quantity reserved in stock at their facility for the task order.
- Decided to use a direct-drop/low inventory hybrid model with female condoms, male condoms, and IUDs, when possible. This model has been crucial in keeping inventory levels, handling costs, and warehouse costs as low as possible, while maintaining high customer service levels.

Warehouse Management

TO5 continues to maintain inventory in two warehouse locations: Singapore and the Netherlands. The Singapore facility continues to maintain inventory of male and female condoms, while the Netherlands facility continues to maintain inventory of pharmaceuticals and other inventoried items. Per contractual agreement, both warehouse facilities completed inventory and process audits this year. We found no discrepancies in either warehouse. Both facilities have sufficient inventory control processes, and the audit team did not make any additional recommendations.



The project's warehouse in Singapore

Process Improvements

During FY2013, the Supply Operations team continued to search for process improvement areas. We strengthened and streamlined the order consolidation process to further reduce transportation costs—by reducing the number of shipments or changing the mode of transit from air to ocean. Specifically, all orders that come through the online ordering system are extensively reviewed to determine if incoming orders can be consolidated, or if any orders can ship together with orders already in the system.

Our warehouse partners have also made some enhancements that have benefited the task order. The Netherlands warehouse is now a bonded facility, allowing for greater flexibility and more options in temporarily storing goods from outside the European Union for programs supported by the task order. This creates greater efficiencies and opportunities for cost savings by consolidating goods for transport to field programs. The Singapore facility has improved the system by installing a new and improved digital temperature



A prepared USAID order in the Netherlands warehouse

gauge that further increases visibility of temperature and humidity conditions, thus reducing the risk of temperature fluctuation and damage to commodities.

Additionally, both warehouses and freight forwarders have worked diligently to streamline their communication channels for shipment preparation and pick-up procedures. This has 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 process success rate—within 2 days of shipment arrival—of 99 percent.

Risk Management Strategy for Shipments and Consolidation

During the reporting period, the TO developed an order risk management and consolidation strategy for commodity shipments. Formal policy guidelines are now in place that outline the criteria required to ship multiple orders in one shipment:

- Consolidated orders have more than one item (SKU).
- Items must originate from the same location.
- All commodities are requested to be delivered within the same time period.
- Each item (SKU) quantity is less than a container load. (If an item [SKU] quantity by itself will fill a full container, for efficiency and to reduce costs, the item can still ship directly from the manufacturer.)

Additionally, to reduce the risk of late deliveries, policies for direct-drop shipments, maximum order size, and order cancellation were outlined:

- Orders for a single SKU will be handled as direct-drop shipments from the manufacturer if a minimum of a four-month production lead time has been provided before the required shipment date and the ordered quantities are at or above the minimum threshold set by the supplier.
- Commodity requests received from a single recipient to be filled from inventory should be limited to a maximum order size, when possible, to reduce delaying the fulfillment of other orders due to facility space and labor constraints, as well as to avoid complete depletion of the existing inventory levels. Each commodity has recommended maximum order quantities established.
- A request for an order cancellation of a standard, non-customized direct-drop order must be received no later than four months before the scheduled ship date to avoid placing the order into production; and, subsequently, the associated costs to produce, as well as to redirect and store the order in a warehouse facility. Customized orders (e.g., specialty brand condoms) cannot be canceled after production for the requested commodities has started—orders are placed at least five months before their schedule ship date. Customized orders cannot be canceled without express written authorization from USAID/CSL. If such authorization is granted, various cancellation charges may apply.

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 are bid between the forwarders, with the exception of destinations where a forwarder has a clear advantage in being able to meet local requirements for import and delivery, or when the USAID Mission in the receiving country asks to use a specific freight forwarder. Shipping lanes have been awarded to each forwarder accordingly—

We achieved **18%**
overall cost savings as a result of
our competitive bidding process

UPS

- Democratic Republic of the Congo
- Mozambique
- Tanzania.

Logenix

- Afghanistan
- Bangladesh
- Cambodia
- Nigeria.

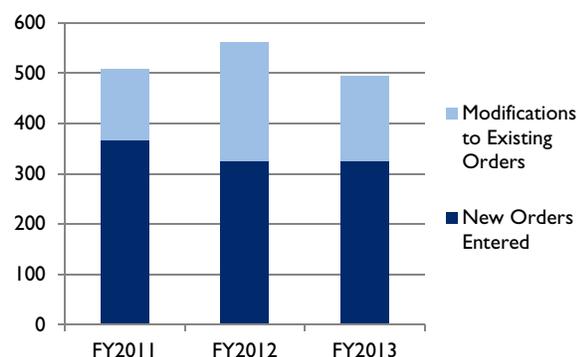
Through continued bidding of shipments, we have obtained an overall cost savings of 18 percent or \$346,138.78, for FY2013. This savings was calculated based on the difference between the highest and lowest bids for individual shipments.

In FY2012, we began maintaining a score card for each freight forwarder, which is assessed quarterly, to monitor their overall performance and to ensure that they are aware of any and all issues observed. For FY2013, the task order’s freight forwarders obtained an overall score of 92 percent for on-time delivery. This activity has resulted in closer collaboration to ensure that shipments are delivered on time and in good condition.

Customer Service and Order Management

As established under Task Order 1, the task order receives country commodity orders (Authorization of Contraceptive Shipments—ACs) from the USAID Missions through CSL backstops, including product quantity and required delivery date. The Customer Service and Order Management Team (COMT) then enters these orders into the Orion Enterprise Resource Planning (ERP) system and makes all modifications to the existing orders.

Figure 10. Number of Orders Processed



During FY2013, the task order received 191 ACSs for 44 countries. These ACSs resulted in 325 new requisition orders (ROs) and 169 modifications to existing orders, including 134 changes and 32 cancellations. We saw a slight decrease in the total number of orders entered in FY2013 compared with FY2011 and FY2012 (see figure 10).

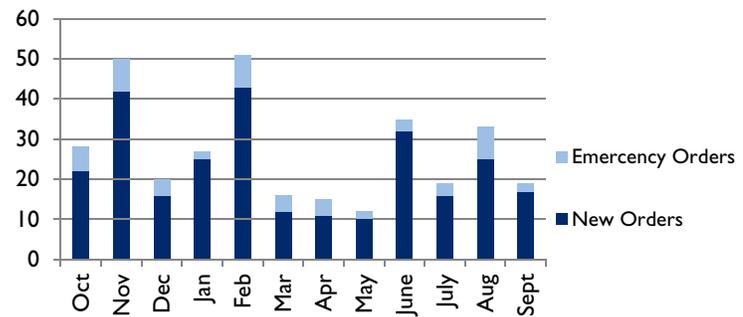
Key product resources—*USAID Ordering Guidelines* and *USAID Contraceptive and Condom Catalog*—were updated during the reporting period. The task order released 2013–2014 versions of the documents, updating product and shipping

information, as well as details about the new online ordering system. Additionally, the *My Commodities* section of the project website was updated to give USAID Missions easier access to the guidelines and catalog.

Emergency Order Summary

Approximately 20 percent of mission requests received in FY2013 included emergency orders or urgent modifications—54 emergency shipments and three urgent modifications. See figure 11 for a month-by-month summary of orders. Emergency orders are orders requested earlier than the published lead times, in response to a stockout or threat of a stockout. In most cases, these orders are shipped immediately at the mission’s request to prevent stockouts or other supply disruptions. 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.

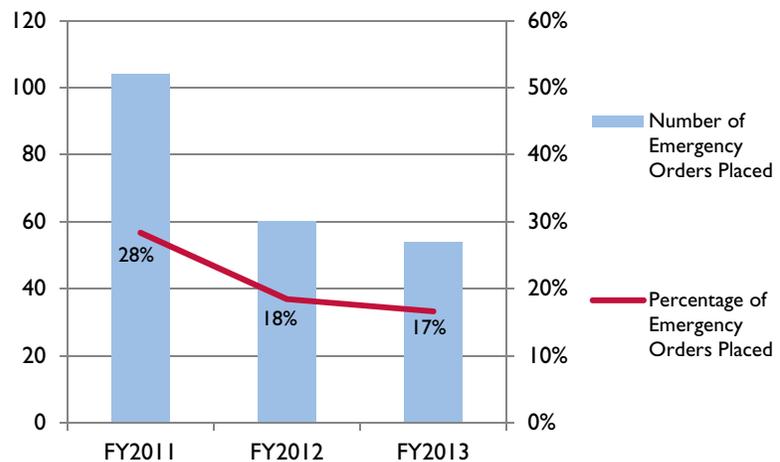
Figure 11. Number of Orders that Included Emergency Orders in FY2013



- The task order received one request to modify an existing order for a product that was already in production or in a queue for production. The task order was able to partially accommodate this urgent request by diverting half of the product to another country; the remaining half of the product was sent as originally scheduled.
- The task order received two urgent requests to modify existing orders picked and packed at the warehouse or booked for shipment by the forwarder. In all cases, we were able to meet the request.

Continuing the trend from last year, TO5 saw a decrease in urgent requests and fewer emergency orders in FY2013 compared to FY2012 (see figure 12). This improved the management of order processing and availability of product. If this decline continue, it will allow more efficient and cost-effective management of the inventory at both warehouses. With continued focus on educating missions about ordering with even more lead time, it is our goal to take further advantage of more direct-drop order fulfillment to reduce costs for inventory management.

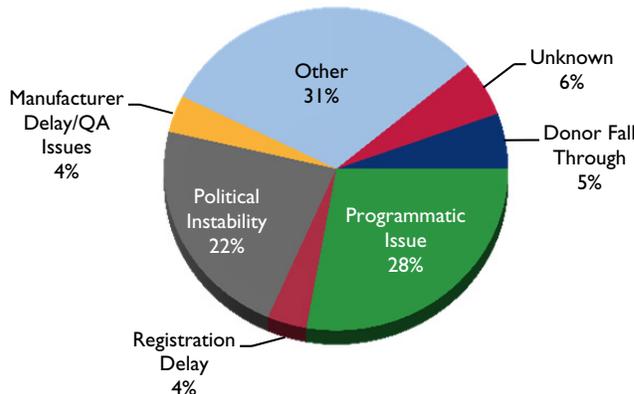
Figure 12. Decrease in Number of Emergency Orders



In FY2012, a new tracking system was incorporated into the ACS form missions used to place orders. This system provides reason codes, allowing USAID and the task order to track the various reasons why missions place emergency orders and also enables further analysis of the data. In

FY2013, most of the emergency orders were for *other* reasons; programmatic issues; and political instability, followed by unknown reasons; other donor not fulfilling promises; registration delays; and manufacturer delays/QA issues. *Other* reasons included Coordinated Assistance for Reproductive health supplies (CARhs), miscommunication, delayed Contraceptive Procurement Tables (CPTs), warehouse fire, mission thought the order was placed online, and limited stock in-country. See figure 13 for a summary of reasons. See appendix B for additional information about reasons for emergency orders.

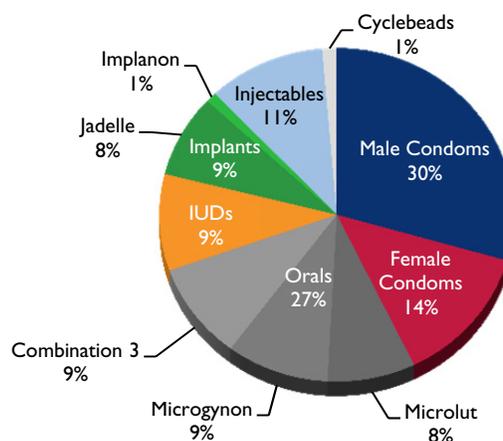
Figure 13. Reasons for Emergency Orders, FY2013



Some trends the task order observed in FY2013 are—

- **Emergency orders from social marketing programs represented 67 percent of all emergency orders**, which is higher than the percentage social marketing represented in FY2012 (60 percent) and CY2011 (48 percent).
- **High percentage of male condom and orals emergency shipments.** Most emergency shipments were male condoms and oral contraceptives, followed by female condoms, injectables, implants, IUDs, and cycle beads (see figure 14).

Figure 14. Emergency Orders by Commodity, FY2013



Overall, the number of urgent orders decreased by 10 percent, with 54 emergency orders in FY2013 compared to 60 in FY2012. We will continue to track this information during the upcoming reporting period.

Global Collaboration

As part of a new collaboration between USAID and UNFPA, we hosted a summit during October 1–3, 2013, which included representatives from both organizations as well as TO5. The purpose of the summit was to discuss forecasting methodologies, including those currently used by the task order; and how data could better be shared between the organizations to help improve planning and

forecasting efforts. By opening these lines of communication, and discussing how each organization managed planning for orders and other procedural details, the group realized that a great deal could be gained by sharing this type of information, specifically for commodities that both organizations procure. To continue the momentum gained with this summit, the teams continue to meet periodically to discuss future tools and procedures that can be used to help move the initiative forward. The next full team meeting is scheduled for November 7, 2013; the goal is to review a tool for tracking actual orders, potential orders, and forecasts from the countries each organization supports. With the continued hard work of all parties, this collaboration is expected to result in better visibility of product demand, both globally and at the country level for the programs' focus countries; better planning and coordination with suppliers to ensure product availability, when needed, and potentially shorter lead times; and a more efficient supply chain for both organizations. This will lead to better support for country programs at a lower overall cost.

Priorities for FY2014

- **Improve our global supply chain operations** through closer coordination between functional areas within the task order and CSL: country challenges—regulation changes, etc.; and vendor challenges—suppliers, freight forwarders, warehouses, etc.
- **Strengthen our inventory strategy** by refreshing our 80/20 analysis on which countries comprise the bulk of demand per product. This information will enable us to better respond to specific country demands, which significantly impact our inventory levels. We will also continue to work closely with USAID to ensure optimal inventory levels are maintained in the most economical and efficient manner to meet program needs.
- **Collaborate with 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, in turn, improving service and product availability (see above for details).
- **Maintain high levels of warehouse performance** by continuing to improve information sharing, such as pallet-level forecasts; as well as further refining inbound and outbound prioritization processes.
- **Implement online order enhancements** with USAID to simplify the order and amendment process; also, to put in system parameters that will provide the order requester a preliminary estimated time of arrival, based on product, mode, and destination.
- **Work in partnership with freight forwarders to mitigate customs clearance delays** by continuing our 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 require an adjustment to our shipping lead time information.

Short-Term Technical Assistance

TO5 provides short-term technical assistance (STTA) in selected countries; we support the preparation of contraceptive quantifications and the analysis and use of quantifications and supply plans received from countries to support the task order's operations. The activities in this core element help maintain a high-quality standard in task order-facilitated contraceptive quantifications, and leverage quantification and supply data proactively to mitigate the risk of emergency orders to USAID and the risk of stockouts to countries. Under this element, at USAID's discretion, we can also provide technical assistance for quantification in countries without a project presence.

Contraceptive Quantification Collection and Quality Assurance

The task order collected supply plans for 16 countries and 19 programs, including non-presence countries, such as Afghanistan and Senegal. To support global forecasting and inventory planning, the collected supply plans were shared with TO5 Supply Operations team.

This fiscal year, quantifications were received from Task Order 4 offices in Ethiopia, Ghana, Guinea, Liberia, Malawi, Mozambique, Pakistan, Rwanda, Tanzania, Zambia, and Zimbabwe—USAID supplies only male and female condoms to Zimbabwe. Additional quantifications were done in West Africa with DFID funds: Burkina Faso, Cameroon, Chad, Mauritania, and Togo. Continuing efforts to build on the project's long history of high-quality quantification have been fruitful. Country offices in Ethiopia, Ghana, Liberia, Zambia, and Zimbabwe actively used forecast accuracy reports to prepare their quantifications, reviewing them with stakeholders to identify areas for improvement before beginning the quantification exercise.

Most project presence countries conduct an annual quantification exercise, and they update their quantifications approximately six months later (a few update more often, every quarter). At the suggestion of the Ghana field office, the forecast accuracy tool was further developed to include both the accuracy of the annual forecast, as well as the forecast accuracy following the six-month update. The comparison of forecast accuracy at these two junctures shows how well the forecast update was able to correct any errors in the original forecast.

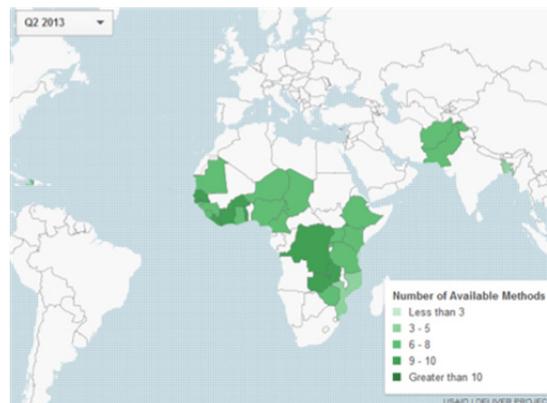
Finally, after an external consultant's work last year, to identify how we could improve the quantification documentation and review process, we started work on an Excel-based quantification documentation tool. This tool was completed during the fiscal year with TO4 funds, and is currently being field tested.

Procurement Planning and Monitoring Report

Using funding from TO5, the reach of the Procurement Planning and Monitoring Report (PPMR) expanded significantly last year when the database was upgraded to an online system. This year, the data in the PPMR garnered attention from the international community. The Bill and Melinda Gates Foundation used PPMR data on Depo-Provera to support a working group on quarterly injectables supplies; CHAI used PPMR data in support of the Jadelle Access Initiative, to produce a global forecast that accounts not only for demand, but also for the existing supply.

During the year, again with funds from TO4, PPMR data were imported into a geographic information system (GIS) mapping tool, enabling registered users of the USAID | DELIVER PROJECT website to view PPMR data in a new and highly useful visual format. See figure 15 for an example of this tool.

Figure 15. PPMR Interactive Web Mapping Tool



Commodity Planning Status Report

The task order implemented a redesign of the Commodity Planning Status Report (CPSR), based on last year's analysis of its predictability. The new design uses a scoring matrix to rank programs for emergency order risk in countries that receive 80 percent of the value of contraceptives shipped by USAID, as well as any other country designated by the joint USAID | DELIVER PROJECT and CSL project management team (PMT) as being useful to track. During the year, the PMT reviewed the September 2012–December 2012 CPSR risk scores, and determined that an additional column was needed to add risk, based on a PMT consensus. The column adds a point to the risk score of each program/country combination, and reflects the internal knowledge of the PMT about conditions on the ground in countries they cover. The PMT continues to use the CPSR to focus their outreach to the countries determined to be most *at risk* for placing emergency orders, based on having a greater-than-average risk score.

Global Collaboration

Task Orders 4 and 5 jointly participated in an ongoing workstream to coordinate forecasting and supply planning, which started last fiscal year in the Systems Strengthening Working Group (SSWG) of the Reproductive Health Supplies Coalition (RHSC). A group, comprising UNFPA/Procurement Services Branch (PSB), USAID, and the USAID | DELIVER PROJECT staff, met via phone throughout the fiscal year to collect and organize shipment history and to forecast data for Depo-Provera. At a meeting planned for early FY2014, the group will meet in person to conduct a joint preliminary forecast for Depo-Provera and to discuss how to institutionalize data sharing going forward. For TO5, the benefits of this collaboration include greater insight into other donors' decisions to support UNFPA in purchasing specific products—such as Depo-Provera, Jadelle, and female condoms—which directly affects demand for those products from programs that USAID supplies.

Priorities for FY2014

- **Continue to expand the task order's visibility into customer demand** by preparing, using, and analyzing CPSR and PPMR data and participating in the CARhs group and other coordination efforts; and to identify countries and programs requiring additional support from USAID to strengthen their quantification and supply planning capabilities.
- **Facilitate quarterly meetings with UNFPA/PSB colleagues** around specific products that both organizations ship in order to better understand the impact of UNFPA programs on orders placed with USAID.

Management Information System



The Management Information System (MIS) team strengthened and expanded the commodity order process with the completion of the rollout of the Online Ordering system; it will be used by the USAID Missions, USAID | CCP, and the Order Fulfillment team at the project. The complete supply chain cycle—from procurement to delivery—was continually improved with almost weekly minor updates and enhancements to the ORION ERP software and the USAID | DELIVER PROJECT website. In addition, executing its primary mission, the MIS team provided day-to-day operational support to TO5 by recording and providing information for management review, including aggregate demand by country and recipient program, shipment requests and shipment status 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 (PMI), uses a standard System Development Life Cycle (SDLC) 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; the task order met or exceeded all standards in FY2013.

The *My Commodities* web interface enables authorized users to access shipment and financial information. Data visibility into a shipment is an important tool for worldwide supply chain management. To provide the most current status, these key data are refreshed three times during each business day. *My Commodities* received an average of 4,643 visits per month (see figure 16).

The USAID | DELIVER PROJECT website was available 99.99 percent of the time, providing shipment and funding information, essentially nonstop. It is accessed an average of 584 authorized sessions per month (a 12 percent year-over-year increase); a session is defined as a successful logon by a registered user. See figure 17 for month-by-month details.

Figure 16. My Commodities Visits

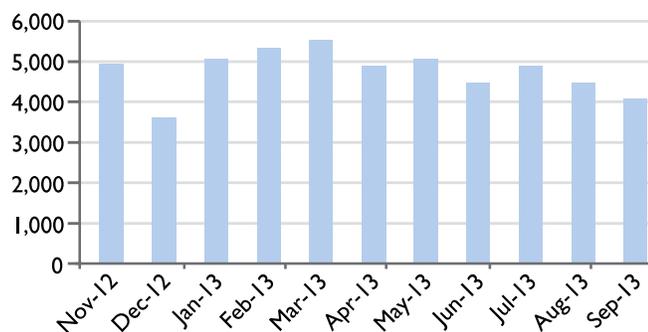
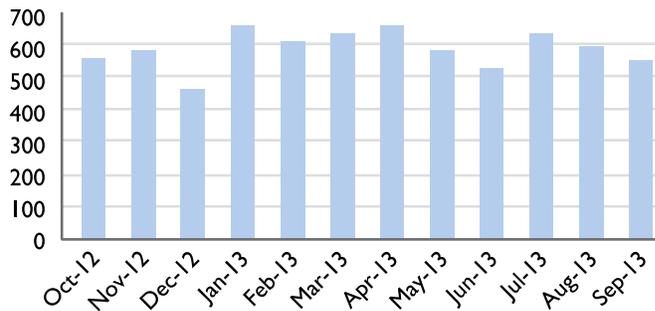


Figure 17. Logons to USAID | DELIVER PROJECT Website



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 is an ongoing effort and is completed with day-to-day support of operations that include ad hoc queries, user assistance, anomaly research and resolution, and pre-project definition and estimation. The following are the highlights from the past year's enhancements:

- **Automated vendor returns.** Replaced a manual process for vendor returns with a system-based automated return process for inventory and finance. This complements the previous implementation of Automated Sales Returns and provides end-to-end automation of the return process.
- **USAID | DELIVER PROJECT website.** To provide more relevant data and allow for easier data analysis, several dozen enhancements were made to management reports. Numerous software upgrades were implemented to tighten security and reduce vulnerability to unauthorized access.

Priorities for FY2014

- **Completion of the web-enabled funds tracking database.** This project began in FY2013 and will be completed early in FY2014. It will allow USAID to track funds obligated to CCP using a web-based platform that will be easier to use and maintain than the previous Microsoft Access-based platform.
- **Online Ordering Phase II.** This will automate some of the manual processes that were not addressed with the initial implementation, as well as improving usability. After almost a year of use, the task order has pinpointed processes to be further automated and system functionalities that may be enhanced. The result will be a reduced level of effort for all users, combined with easier order modification.
- **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.

Management, Monitoring, and Evaluation

CSL and TO5 had a retreat in October 2012 that identified priorities for the remaining two years of the task order. This retreat, marking the mid-point of TO5, was an opportunity to celebrate our accomplishments, discuss complex issues faced by our team, brainstorm strategies to maintain effective performance, and define priorities for the next two years.

Using presentations, we reviewed our performance to-date and then identified the following priorities:

- supplier management
- global donor coordination
- expanding supplier base
- inventory strategy and supply planning.

At the end of the retreat, we defined next steps, including creating supplier management and inventory task forces, finalizing a new Office of Population and Reproductive Health (OPRH) QA procedure, and harmonizing and coordinating with UNFPA and WHO on their supplier risk management assessments.

During the year, TO5 and CSL continued to meet monthly to review task order performance and identify high-priority operational items for resolution, and to meet weekly to discuss outstanding operational issues.

Risk Management

Throughout this year, we continue to use a risk management approach in managing our operations. The major risks to achieving our overall objective are the same: missions not ordering and, as a result, 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, thanks to significant efforts from the registration and supplier management task forces, we continue 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 coordination and collaboration with UNFPA and others, we reduced our risk of missions not ordering and the task order being unable to meet demand. Despite significant work on the part of the task order and CSL, downstream visibility into demand and mission orders are still a challenge.

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

- quarterly procurement and financial reviews to ensure enough funding is available to meet our procurement needs

- inventory planning, with monthly updates, to ensure we will have sufficient inventory to meet demand
- supplier diversity, supplier forecasts, and supplier scorecards to promote good supplier performance and redundancy in case of supplier failure
- monthly review of internal and external metrics to monitor performance and to correct deviation as quickly as possible.

We applied our risk management approach to our complex non-contraceptive procurements, as well. In these cases, we treated each procurement as a large project, with a timeline (work plan); a risk plan; and a budget. This improved how we anticipate and manage challenges, manage expectations with in-country partners and USAID, and estimate the time and cost of these procurements. South Sudan, as described earlier, is a good example of how we have used this approach.

Performance Monitoring and Reporting

TO5 continues to provide 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 that include 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 particular interest to CSL have been posted and are ready for review.

In addition, we have produce two monthly reports for performance monitoring, which are reviewed in detail with the USAID management team at monthly meetings. 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 can raise issues that need to be addressed (see figure 18). The DTP report is prepared and presented to CSL at monthly management team meetings; it includes data on key supply chain functions, including on-time shipments, inventory levels, freight forwarder performance, warehouse performance, supplier performance, and QA performance.

The PMP report is also prepared and presented monthly; the CCP management, with the TO5 task order director and performance manager, review the results. 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 FY2013 was 93 percent, which is within the preferred range. 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

Figure 18: DTP Tool Monitors Monthly One-Off Supply Chain Performance

USAID		One-Off Procurement 95% DTP Monitoring Tool				May 2013	
Overall	Weighted	On-Time Shipments	Inventory Levels	Supplier Quality	Freight Forwarder	Warehouse	Supplier
ON-TIME SHIPMENTS (On-time shipments from March 2013)							
PO Number	Country	Product	Estimated Receipt Date	Actual Receipt Date	Number of Shipments	On-Time	Comments
PO 1234	USA	Medical	15 Jun 13	15 Jun 13	1	100%	
Total On-Time			Total # of Shipments		100%		
Overall Monthly 100%							
Weighted Performance							
DTP - Shipping Performance				DTP - Weighted Performance			
Supplier Performance (Orders in review from April 2013)							
Supplier	Country	PO Number	Quantity Ordered	Quantity Received	Quantity Shipped	On-Time	Comments
Supplier A	USA	PO12345	1000	1000	1000	100%	
Total Supplier Performance		1000		1000		100%	

technical area. For FY2013, the average client satisfaction score was 19.6 out of 20 (98 percent) overall for general procurement, supply operations, STTA, performance management, and MIS. This year, the CCP team asked the TO5 team to provide similar feedback; now, task order staff can provide similar feedback, which they submit quarterly.

As in past years, during FY2013, the team made some minor changes to the performance reports to better reflect task order operations and performance. On the DTP this year, we changed the reporting month for condom suppliers. For the FY2013 DTP report, the reporting month for condoms suppliers was changed to two months prior to the reporting month; for all other products, the reporting month was maintained as the month prior to the reporting month. This was done to ensure the condom supplier data was complete for reporting. This change also affected the PMP indicator 3.3, related to on-time delivery by suppliers.

In addition, the team made two changes related to the inventory metric on the DTP report, which affected indicator 3.1 of the PMP. First, the team decided to exclude the exceptionally large FY2012 IUD shipments from the target inventory levels for FY2013 because they would not be repeated in the future. Also, related to the inventory metric, the team decided not to maintain Protector Plus condoms in inventory, beginning in May 2013. Beginning with the May 2013 DTP and PMP reports, Protector Plus was removed from the inventory metrics.

With all the data noted here, the results are used for ongoing performance management and improvement, and to ensure strong communication between the USAID and the project teams.

Operating Cost Analysis

The task order continues to periodically analyze operating costs and related data to measure and monitor the costs of ensuring supply and meeting demand. This in-depth look at the key cost drivers of both supply and demand has shown positive trends in operating efficiencies; it also illustrated how strategic decisions impact operating costs. With the addition of a benchmarking component, this analysis also highlights the value-for-money achieved with the current operating model.

Financial Management

Monitoring and Management of Funding to Meet Procurement Demands

A critical financial activity during this reporting period has been 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 quarterly, and will continue to be, organized 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 any potential funding constraints to provide early warning to CCP.

Managing CCP Project's Funds

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 FY2014

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

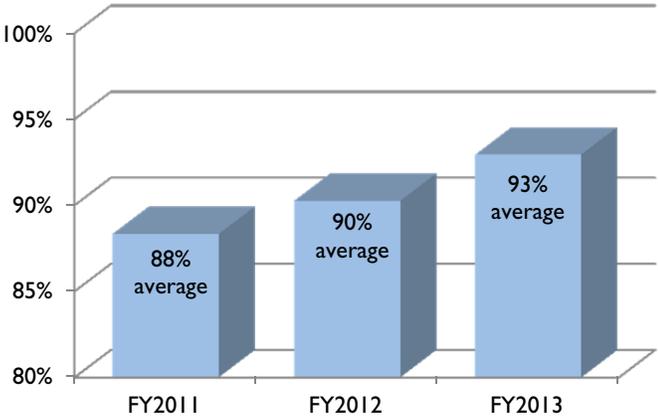
- Improve on-time performance using risk management, performance monitoring, and collaborative planning with CSL, FHI 360, and other partners.
- Monitor progress on mitigation efforts for high-risk areas.
- Hold a planning session with CSL to develop a roadmap for the final years of the contract.
- Support CSL in planning for the transition to the follow-on award.

Conclusion

Key Accomplishments

The key accomplishments for this year were (1) an improvement in our average overall PMP score, (2) continuing the high level of on-time delivery performance, (3) successfully managing a significant amount of non-contraceptive procurements, and (4) improving the integration of CSL's global supply chain. This was possible thanks to the dedicated effort of the TO5, CCP, and FHI 360 teams, and the collaborative approach the three organizations have taken in carrying out the task order's objective. See figure 19 for the trend in overall average PMP score during the last three years.

Figure 19. Task Order 5 Increased Its Average Overall PMP Score for FY2013



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

Vision and FY2014 Priorities

For 2014, our goal is to continue strengthening CCP's integrated supply and to improve our on-time delivery performance by accomplishing the following:

- Strengthen our approach to vendor management, in collaboration with CCP and FHI 360.
- Refine our inventory management strategy to identify opportunities to reduce costs and improve the levels of customer service.
- Segment our customer base to ensure that CCP can focus on the customers that drive our performance.
- Under CCP's guidance, collaborate with other international organizations to increase our supplier base, better manage our vendors, and respond better to our customers.
- Continue to monitor and improve our own performance.

Challenges

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

- Continuing to execute timely non-contraceptive procurements. We still have a significant pipeline of funds for non-contraceptive procurements, and we do not know the timing and specifications for using all these funds. However, with improved procedures for managing non-

contraceptive procurements, and additional experience in this area, we expect to respond, as requested.

- For our framework products, we continue to be challenged by not knowing customer demand; a constrained supplier base, in some cases; and the unreliability of other funders in some countries. By following the measures discussed in the previous sections, we hope to mitigate these risks.
- The final year of the contract, at present, is September 2014. If this date does not change, this year will be very busy with the transition, spend down, and closeout plans; without a follow-on project awarded, it is possible that service to the field will be disrupted. CSL said that they expect TO5 will receive an extension to September 2015, which would mitigate this risk considerably.

Despite these challenges, we expect to improve our on-time performance in the coming year and deliver even more value to our colleagues at CCP and to our customers in the field.

Appendix A

Reasons for Late Shipment, FY2013

Reasons for Late Shipment FY 2013														
Reasons	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	FY 2013 TOTAL	TOTAL %
Shipper Performance Logenix					1								1	3%
Shipper Performance UPS					1								1	3%
Customs Clearance Delay	2	2		1	3					1			9	27%
Production Delay		1					1						2	6%
Shipping Pre-Approval Delay (Country)		1	2	1		1			4	1	2		12	36%
Steamship Delay	2												2	6%
Vendor Performance	1								2				3	9%
Warehouse Delay			1										1	3%
Registration								1	1				2	6%
TOTAL LATE SHIPMENT	5	4	3	2	5	1	1	1	7	2	2	0	33	100%

Appendix B

Emergency Order Tracking

Code	Reason for Emergency or ASAP Order
1	Other Donor Unable to Fulfill Order(s) Another donor (not MOH) was unable to fill a prior commitment to procure a specific product.
2	MOH Procurement Lag An MOH-funded procurement did not arrive when expected.
3	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.
4	Programmatic Issue The product is needed for programmatic purposes, such as provider training or an informational campaign.
5	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.
6	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.
7	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.

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

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