



USAID | DELIVER PROJECT

FROM THE AMERICAN PEOPLE

IQC ANNUAL REPORT

OCTOBER 2006 TO SEPTEMBER 2007



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USAID | DELIVER PROJECT

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ACRONYMS

ACT	artemisinin-based combination therapy
AI	avian influenza
AIDS	acquired immunodeficiency syndrome
AIS	Avian Influenza International Stockpile
AS/AQ	artesunate/amodiaquine
BPS	Business Process Studies
CA	cooperating agency
CMS	central medical stores
COCU	Condom Coordination Unit
CPT	Contraceptive Procurement Table
CSL	Commodities Security and Logistics Division (USAID)
CTO	Cognizant Technical Officer
DFID	Department for International Development (UK)
DGFP	Directorate General of Family Planning
DTTU	Delivery Team Topping Up
EDI	electronic data interchange
ERP	enterprise resource planning
FAO	Food and Agriculture Organization
FBO	faith-based organization
FHI	Family Health International
FP	family planning
FPLM	Family Planning Logistics Management (project)
FP/RH	family planning/reproductive health
FY	fiscal year
GH	global health
HIDN	Health, Infectious Diseases and Nutrition
HIV	human immunodeficiency virus
HQ	headquarters
HHS	Health and Human Services

IAPHL	International Association of Public Health Logisticians
IBP	Implementing Best Practices
IEC	Information, Education, and Communication
IQC	indefinite quantity contract
JSI	John Snow, Inc.
LGA	local government area
LMIS	logistics management information system
LOE	level of effort
LSO	Logistics Support Officer
m	million
MIS	management information system
MOH	Ministry of Health
MOP	Malaria Operational Plan
MSH	Management Sciences for Health
NGO	nongovernmental organization
OAA	Office of Acquisition and Assistance
PMI	President's Malaria Initiative
PPE	personal protective equipment
PRH	Office of Population and Reproductive Health
QA	quality assurance
RDC	regional distribution center
RDT	rapid diagnostic test (malaria)
RFP	request for proposal
RH	reproductive health
RHSC	reproductive health commodity security
RWH	Regional Warehouse
SCMS	Supply Chain Management System
SDP	service delivery point
SIBASI	basic system for integrated health (in El Salvador)
SOP	standard operating procedure
STTA	short-term technical assistance
TA	technical assistance
TO	task order

UIMS	Upazila Inventory Management System
USAID	U.S. Agency for International Development
USG	U.S. Government
WHO	World Health Organization
WIMS	warehouse information management system

IQC ANNUAL REPORT

IQC VISION

The objective of the USAID | DELIVER PROJECT is to increase the availability of essential health supplies for public and private services and programs. The purpose of this Indefinite Quantity Contract (IQC) is to design, develop, strengthen and, upon request, operate safe, reliable, and sustainable supply systems that provide a range of affordable, quality essential health commodities including drugs, diagnostics and supplies to clients in country programs. USAID field missions indicate a strong desire for technical support that strengthens all aspects of in-country supply chains, including forecasting, procurement, distribution, management information systems, quality assurance, storage, and infrastructure. While family planning and reproductive health remain a priority in the field and for this project, field missions also seek supply chain systems that are designed to handle a range of health products, including contraceptives and condoms, essential drugs, and select commodities for HIV/AIDS, malaria, maternal and child health, and infectious diseases. This project seeks to strengthen supply systems for all essential health commodities and create environments that are conducive to their sustainability.

The project was awarded as an IQC with individual task orders being issued for specific scopes of work. This first IQC annual report provides an IQC perspective of how the project has responded to the overall mandate of the IQC. It addresses IQC-specific issues and crosscutting themes rather than delving into the specifics of each task order's activities. Additional task order specific details are available from the individual task order annual reports. However, we do provide a summary of task order specific achievements.

To date, three task orders have been awarded under this IQC:

- Task Order 1 on September 29, 2006 by the Office of Population and Reproductive Health to support public health programs, including family planning and reproductive health programs
- Task Order 2 on March 21, 2007 by the Bureau for Global Health's Avian Influenza and Pandemic Response Unit
- Task Order 3 on April 6, 2007 by the Office of Health, Infectious Diseases, and Nutrition to support the President's Malaria Initiative

Product availability is a simple yet powerful concept. At the IQC level, product availability is supported through the three IQC objectives:

- Improve and strengthen in-country supply systems
- Improve advocacy and collaboration with global and regional partners for commodity security
- Improve USAID's provision of commodities to programs.

Central to efforts under the third objective—improve USAID's provision of commodities to programs—is the establishment of a best in class, effective, and responsive global procurement capacity supported by a state-of-the-art management information system (MIS). To build a solid procurement capacity, a new procurement services unit was created, reflecting the project's new mandate. The new MIS will support this mandate, allowing the project to effectively manage

procurements for multiple task orders, and strengthen global and regional coordination and advocacy for commodity security.

In addition to achieving the project’s objectives, USAID also wanted the project to do business in a new way, referred to as a new business model for the project. The main attributes of the new business model are:

- Innovate and use best practices in supply chain management
- Promote data-based decision making along the entire supply chain
- Partner with local organizations
- Use the private sector
- Utilizing local hires in project implementation
- Use subcontractor capacities
- “Lead from family planning”
- Serve as the “go to place” for information on strengthening public health supply chains

While retaining a common overall objective to increase the availability of essential health supplies, these IQC objectives and new business model have been implemented and emphasized differently by USAID among the three task orders.

In this report, we provide a summary of the IQC, its task orders, and their accomplishments during the first year of the IQC and describe progress against IQC-wide indicators and the new business model.

IQC IMPLEMENTATION

Each task order promotes improved product availability, although each focuses on different products and customers, and places a different emphasis on each of the three objectives. Table 1 summarizes key similarities and differences among the task orders under the three IQC objectives.

Table 1. Summary of Project Task Order Implementation

	Task Order 1	Task Order 2	Task Order 3
Start date	October 1, 2006	March 21, 2007	April 6, 2007
USAID Technical Office	GH/PRH/CSL	GH/AI	GH/HIDN
<i>Objective 1: Strengthen in-country systems</i>			
In-country supply chains strengthening	Large scale system strengthening supported, often with a focus on integration	Scope for improving national storage and some in-country distribution	Initial focus on quantification, procurement planning, coordination, and delivery to national, sub national, and SDP levels.

	Task Order 1	Task Order 2	Task Order 3
Field offices and field support funding (see Table 2 for more details on country funding and activities)	Field support provided by 17 countries and 3 regional bureaus with a project presence in 15 countries Field funding totaled \$15,201,000 in FY07	No field support, but core funded TA worth \$106,000 provided to 11 countries ¹ .	Field support from Tanzania, Mozambique, and Madagascar totaling \$1,575,000.
Core funding for innovations, best practices, tool and methodology development	Core funding for supply chain management, policy, monitoring and evaluation, innovations, and organizational strengthening	No explicit funding for innovations but existing tools adapted	Small amounts of core funding for adaptation of existing tools
Objective 2: Improve advocacy and collaboration with global and regional partners for commodity security			
Donor coordination	Substantial focus at country, regional and global levels	Under USAID auspices, global donor coordination and USG coordination	Limited participation in key international working groups
Global advocacy and resource mobilization	Substantial remit with RHSC and other partners	None	Limited engagement
Objective 3: Improve USAID's provision of commodities to programs			
Product categories	Family planning and other public health commodities	Avian influenza preparedness commodities	Malaria prevention, detection, and treatment commodities
Supply chain operations			
Order fulfillment	Yes	Yes	Yes
Procurement	Yes	Yes	Yes
Inventory Management	Yes	Yes	No
Warehousing	No	Yes	No
Freight	No	Yes	Yes
Quality Assurance	No	Yes	Yes
Fund tracking	Yes	Yes	Yes
Commodity procurement in FY07	\$10.2 million	\$168,502	\$5.1 million
Typical recipient	National health program	National AI recipient	National malaria control program

As Table 1 shows, there are a number of common characteristics and features across the different task orders (TOs), as well as a number of important differences. TO1 is field driven with field budgets nearly three times as large as the core-funded budgets, but with substantial core-funded technical and central work nonetheless. The emphasis in the field is very much on local systems strengthening, last mile logistics, and increasing the sustainability of local SCM partners with a focus on increasing contraceptive availability. The

¹ Ghana, Benin, Togo, Cote d'Ivoire, Mali, Burkina Faso, Nigeria, Bangladesh, Thailand, Indonesia and Vietnam

need to ensure full supply of a range of contraceptives places huge demands on local supply chains and requires that every facet of the supply chain from forecasting and financing to procurement and last mile delivery must work if women and men are to be able to choose, obtain, and use the contraceptives they need. The emphasis for central procurement activities is on sourcing high quality products at a reasonable price, ensuring timely deliveries to field recipients, making information on procurement and delivery visible to users in Washington and the field, and identifying and adapting best practices in sourcing and procurement.

The focus in TO2 is much more on getting the products to the country where they are needed quickly and efficiently in response to AI outbreaks. This has initially required the establishment of a fully integrated global supply chain with an emphasis on emergency preparedness and on identifying the most efficient mechanisms to ensure product availability. The work is entirely core funded with no field support. As TO2 has been implemented, and products have been delivered to national partners, there has been an increasing recognition by these partners that they need support to properly store and manage these commodities. As a result, there has been an increased demand for support to in-country storage and in some cases distribution. Where this is needed, it is funded from core funds. STTA support for supply management has been given to 11 countries in Asia and West Africa. It is expected that this support will evolve in the next year to include greater attention to in-country distribution and, in the case of Indonesia, operation of cold chain distribution for poultry vaccines in 8 pilot districts.

TO3 funds are largely from field support and almost entirely for commodity purchase, with limited field funding for in-country logistics support or core funding for DC-based technical and management support. The emphasis is on the rapid and reliable procurement and delivery of high quality products to national or sub-national recipients implementing malaria control programs. STTA has typically been provided to support the capacity of local institutions to manage malaria commodities. This has included assistance in forecasting, quantification, procurement planning, and the clearance and distribution of commodities.

As Table 2 illustrates, the project has provided a variety of in-country logistics support across the task orders. For TO1, the assistance provided supports strengthening local capacity across the supply chain, as well as forecasting, financing, performance improvement, and supply chain innovations. In comparison, TO2 and TO3 technical support has been primarily focused on forecasting, warehousing, and distribution. In all cases, support is tailored to local priorities.

TO1 authored and fully embraces the new business model. The project has reflected this in its TO1 workplans and monitoring tools. While supportive of many of the aspects of the new business model, TO2 and TO3 have been more focused on the procurement and delivery of supplies.

To measure progress against project objectives and against the new business model, the project developed an IQC performance monitoring plan. Each of the task orders has or will have its own plan, and it will typically contain a subset of the indicators in the IQC plan. Task order plans may also contain indicators outside of the IQC plan. For activities in this first reporting year of the IQC, the only common indicators that can be presented in this report are those measuring USAID's provision of commodities to programs. We also present anecdotal evidence of progress against the new business model indicators.

Table 2. In-country Technical Assistance Support

Country	Budget FY07	System		Type of commodity				Type of Logistics TA provided								
		Vertical	Integrated	Contraceptives	HIV/AIDS	Essential Medicines	Avian Influenza ¹	Malaria	Forecasting	Finance	Procurement	Warehousing	Distribution	Performance Improvement	LMS & Monitoring	SCM Innovations
TASK ORDER 1																
Bangladesh	\$ 742,000	•		•				•	•	•	•	•	•	•	•	•
El Salvador	\$ 350,000	•		•				•	•	•			•	•	•	•
Ethiopia	\$ 3,108,000		•			•		•			•	•	•	•	•	•
Ghana	\$ 700,000		•	•	•	•		•	•	•	•	•	•	•	•	•
Jordan	\$ 100,000			•				•					•			•
LAC CS	\$ 586,000			•									•	•		•
Malawi	\$ 672,000		•	•		•		•	•	•	•	•	•	•	•	•
Mozambique	\$ 1,000,000		•	•		•		•	•		•	•	•	•	•	•
Nepal	\$ 200,000		•	•	•	•		•	•	•		•	•	•		
Nicaragua	\$ 168,000		•	•		•		•	•	•			•	•		•
Nigeria	\$ 1,500,000		•	•	•			•	•	•	•	•	•	•		•
Pakistan	\$ 40,000	•			•					•						
Paraguay	\$ 700,000			•				•	•	•	•	•	•	•	•	•
Rwanda	\$ 200,000	•		•				•	•	•	•	•	•	•	•	•
South Africa	\$ 1,002,000	•			•			•			•	•				
Tanzania	\$ 795,000		•	•		•		•	•	•	•	•	•	•	•	•
Uganda	\$ 560,000		•	•		•		•	•	•	•	•	•	•	•	•
West Africa	\$ 625,000			•	•								•	•	•	•
Zambia	\$ 1,853,000		•		•			•	•	•	•	•	•	•	•	•
Zimbabwe ²	\$ 500,000		•	•	•			•		•	•	•	•	•	•	•
TASK ORDER 2³																
Bangladesh		•					•				•	•				
Benin		•					•				•	•				
Burkina Faso		•					•				•	•				
Cote d'Ivoire		•					•				•	•				
Ghana		•					•				•	•				
Indonesia	\$ 100,323	•					•				•	•				
Mali		•					•				•	•				
Nigeria		•					•				•	•				
Thailand		•					•				•	•				
Togo		•					•				•	•				
Vietnam		•					•				•	•				
TASK ORDER 3⁴																
Ghana	\$ 500,000		•				•				•	•	•	•		
Madagascar	\$ 535,000	•	•				•									
Malawi ⁵		•	•				•				•	•		•		
Mozambique	\$ 1,060,000	•	•				•	•	•		•	•				
Rwanda ⁵		•	•				•				•	•				
Tanzania	\$ 330,000	•	•				•	•	•		•	•				

Note: 1. All commodities include PPE, Decon & laboratory kits except Bangladesh, which includes lab supplies
 2. Zimbabwe money was forward funded from Core and paid back in FY07
 3. All Country funds are all core funded and not individually tracked by country but rather as total support provided to the field.
 4. Most countries thus far have integrated storage but vertical distribution, for Malawi future distribution will be integrated
 5. Use of commodity money for some TA and procurement of commodities

IQC INDICATORS

Common indicators across task orders for year one are related to USAID's provision of commodities. These are drawn from NEWVERN, procurement records, and ORION. The MIS data are drawn from MIS documents. The indicators are shown in Table 3 and discussed thereafter.

Table 3. IQC Indicators

Objective 3: Improve USAID’s Provision of Commodities to Programs	
Outcome	Indicator
Subcomponent 1: Support to USAID’s central procurement systems	
3.1.2. Support USAID central commodity procurement system	% of orders shipped within the task order required number of days from the desired or planned date
3.1.3. Transition to new USAID MIS contract	USAID informed of transition progress, approves key reports from new MIS Reports developed
Subcomponent 2: Direct procurement service	
3.2.1. Establish an effective, competitive, transparent capability to procure required commodities compliant with USG regulations	% of contracts adhering to all USG guidelines and requirements Supplier fill rate (full quantity on time)

Support to USAID’s central procurement system and direct procurement services

The establishment of a best in class procurement capacity represents one of the most important evolutions from the DELIVER to the USAID | DELIVER PROJECT. A best in class global procurement capacity requires an agile and efficient organization that can generate economies of scale across the task orders. It must combine the best facets of commercial procurement with the proper management and governance expected of public procurement. It must ensure value for money in purchase prices while guaranteeing total quality standards in terms of both compliance with Federal Acquisition Regulations and product safety and quality control. It needs to ensure safe storage and on time delivery to clients. It must provide transparency, visibility, accuracy and timeliness in information flows between multiple facets of the supply chain. Finally, it must be guided by a strategic understanding of the markets it purchases in, understanding how suppliers and consumers are likely to influence future product availability.

While DELIVER executed procurement actions, they tended to be one off in nature for individual country programs and for a relatively limited number of products. As the original RFP envisaged, the USAID | DELIVER PROJECT has a much more extensive scope. In the first year, it has encompassed a wider range of essential health commodities, on a global scale with repeat orders and the need for a strategic understanding of the market place. It has required the establishment of IQC contracts with manufacturers. It has also required establishment of a fully integrated, commercial global supply chain for AI and Malaria commodities, including delivery to the very last mile of service delivery in some cases. To underpin and support all of this, the project is building a state of the art management information system.

Under the previous project, the JSI/CCP team, using a custom-built software application called NEWVERN, entered orders, issued procurement and shipping instructions, and tracked and documented shipments of contraceptives, which were procured directly by USAID and stored and shipped by a freight forwarder under a separate contract. That team has now been completely restructured into a procurement and logistics team that services all three task orders. Managed as a single entity, it achieves economies of scale with integrated order fulfillment, demand planning, procurement, quality assurance, inventory management, storage, and freight forwarding services. These services are managed through an off-the-shelf, Oracle-based enterprise resource planning (ERP) software application called ORION, which is owned and implemented by project

subcontractor 3i-Infotech. It provides the management information capability for order processing, inventory management, fund tracking, and direct procurement for multiple task orders.

To fulfill its functions, the logistics and procurement team includes technical experts in demand planning, procurement, finance, customer service, quality assurance, and freight forwarding. The team includes full time staff located in our project HQ from JSI, PATH, Crown Agents and UPS and part time staff off site from FHI and USP. In addition, we have regularly called upon the specialized expertise of all of these subcontractors in the last year to provide technical inputs on different product specification, market research, procurement, storage and freight forwarding of individual procurement actions. There are also three full time and several temporary MAP employees managing the TO2 stockpile warehouse in Savannah, Georgia.

A transition team was constituted at project inception to oversee the move from NEWVERN to ORION. Since then, standard operating procedures (SOPs) have been and continue to be developed for all work processes so that the team can monitor and improve quality performance. Team members have analyzed the business requirements of the three task orders to ensure the configuration of ORION is responsive to their different operational and reporting needs. This includes meeting the different business needs of each task order while ensuring economies of scale by managing them within the new procurement team and information system. Table 4 summarizes the different task order business requirements.

Table 4. Business Requirements by Task Order

Task Order	Task Order 1	Task Order 2	Task Order 3
Business requirements	<ul style="list-style-type: none"> • Missions fund orders through CCP • Funding and orders are based on OPs and CPTs • Procurement forecasts are based on CPTs from country programs • Funding is pooled for central procurement • Buffer stock is maintained in warehouses in US, Europe, and Asia • JSI supports CCP procurement • JSI provides direct procurement services 	<ul style="list-style-type: none"> • Funding is provided centrally • JSI provides direct procurement services • Stock is held at a purpose managed US warehouse by MAP and overseas RDCs by UPS and Fuel • Business model includes planned and emergency response • Assemble and disassemble kits • Support USG strategic decisions on US and overseas procurement 	<ul style="list-style-type: none"> • Missions fund orders through the USAID DELIVER PROJECT • Funding is provided for specific orders based on MOPs • JSI provides direct procurement services • No buffer stock is maintained • Freight forward to countries, and upon request, provide assistance to in-country distribution plans • Detailed quality assurance SOPs must be supported
Products procured and managed	<ul style="list-style-type: none"> • Sole source contract awarded to Wyeth for Duofem to bridge the end of the current orals contract and expected award of a new one. Value: \$6,200,124 • Sole source contract awarded to Female Health Company for female condoms. Value: \$4,000,000 	<ul style="list-style-type: none"> • Synbiotics AI Test Antigen Type A. Value: \$97,500 • Laboratory Equipment and Supplies. Value: \$31,725 • Viral Transport Media. Value: \$13,552 • Cooler Shipper and Ice pack. Value: \$10,600 • Igloo cooler – Lab Kit, lab 	<ul style="list-style-type: none"> • Artemether/Lumefantrine (Coartem). Value: \$7,113,434 • Bed Net, Polyester, Deltamethrin, 100dn. Value: \$1,733,129 • Artesunate/Amodiaquine (AS/AQ). Value: \$283,035 • Rapid Diagnostic Test –

Task Order	Task Order 1	Task Order 2	Task Order 3
	<ul style="list-style-type: none"> • Contract negotiated with Cycle Technologies for cycle beads for Senegal. Value: \$19,800 • IUD and orals RFPs posted. Bids were received, two review panels were established, and both panels are currently in discussions. 	Supplies – Lab Kit, Office Supplies – Lab Kit. Total Value: \$59,049 Managed US international AI stockpile: <ul style="list-style-type: none"> • 1.3 million PPE. Value: \$11,094,756 • 11,707 decontamination kits. Value: \$4,095,700 • 30 laboratory kits. Value: \$36,000 	Malaria. Value: \$93,000

Percent of orders shipped within the task order required number of days from the desired or planned date

The bottom line measurement of success for the project’s procurement function is the timely response to the commodity needs requested by the recipients. The project monitors the responsiveness to the client by measuring on-time shipment rates. Each task order has defined slightly differently what on-time means to them. Table 5 lists the on-time shipment percentages for each task order.

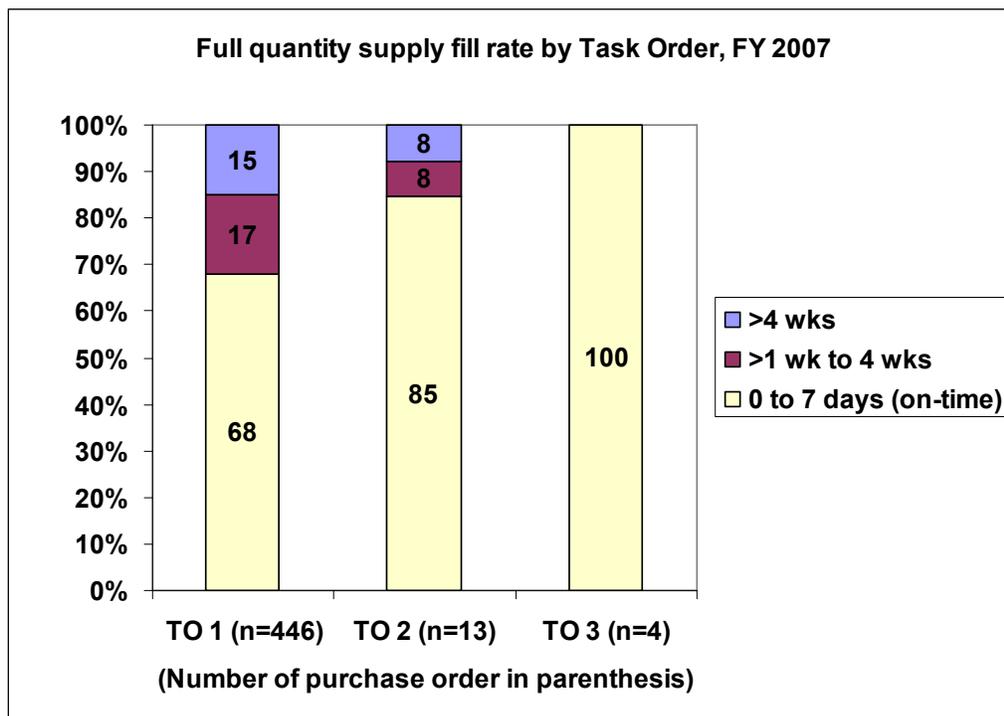
Table 5. On-time Shipments

On time shipments			
Task Order	Definition	Percent	N
TO1	Percentage of shipments shipped within 30 days of the desired shipped date	73%	466
TO2	Percentage of shipments shipped within 24 hours of the planned shipped date	72%	219
	Percentage of shipments shipped within 7 days of the planned shipped date	91%	219
TO3	Percentage of shipments shipped within 10 days of the planed shipped date	100%	10

Percentage of purchase orders delivered on-time by manufacturers

The procurement team tracks on-time full quantity delivery rate, referred to as the supply fill rate, as one of the indicators to monitor how well USAID and the project are managing procurement contracts. The supply fill rate within seven days of the desired date is considered on-time and appears in Figure 1. The data is presented according to the task orders. During the reporting period, about 68 percent of the 446 contraceptive purchase orders issued by TO1 were supplied on-time by the manufacturers. For TO2, the supply fill rate was 85 percent for 13 purchase orders for laboratory equipments. For two purchase orders for ACTs and two purchase orders for bed nets under TO3, the supply fill rate was 100 percent.

Figure I. Full Quantity Supply Fill Rate by Task Order FY2007



Percentage of procurement according to USG guidelines

During FY 2007, the procurement team purchased \$7,917,257 worth of commodities across all three task orders. All purchases were according to US Government guidelines and for those requiring OAA approval, all were approved. Table 6 summarizes the IQC’s procurement activities.

Table 6. Procurement According to USG Guidelines

Task Order	No. of procurements	No. of procurements with value >\$100,000	No. of pharmaceutical product procurement	No. of procurements requiring OAA approval*	No of procurements approved by OAA	Percentage of procurements according to USG guidelines
1	3	2	1	2	2	100%
2	16	0	0	0	0	100%
3	5	4	3	4	4	100%

*OAA approval required if the value of the commodity is >\$100,000 or if it is a pharmaceutical product.

Transition to a new USAID MIS

The USAID | DELIVER PROJECT management information system (MIS) plays a central role in the project’s efforts to increase the availability of essential health supplies. Improving the visibility, access, and use of information all along the supply chain is a fundamental approach of the project. The MIS comprises three major building blocks:

- A Data Repository: includes the ORION™ Enterprise Resource Planning System from 3i Infotech, a supply chain management computer system; the data warehouse which holds

historical NEWVERN and Avian Influenza (AI) data, as well as data views from ORION; and data storage for various smaller applications.

- Component Applications: additional commercial software packages and custom applications that provide functionality to support the supply chain, such as demand planning, online ordering, CPTs, shipping notes, freight rate calculation, and electronic data interchange (EDI).
- Project Website: <http://deliver.jsi.com> - a redesigned project website with permissions-based access designed to serve various audiences including USAID/Washington, Missions, project and procurement staff, recipients, affiliates, and the general public. The project website serves as the principal mode of access to information in the data repository.

The MIS-knowledge sharing platform collects, processes, and distributes data essential to project staff and other stakeholders as they make decisions and work to achieve project objectives. The objective is to establish the MIS to operate on a web-based platform that will be much more than a basic project website. When completed, it will contain real-time information about shipments of supplies procured under USAID's central procurement system, near real-time information about the commodity security status of USAID-supported countries, reference material on commodity security and logistics, and links to other sources of information. It also facilitates communication among logistics professionals in the developing world and serves as an intranet for project staff.

As a web-based system, the MIS will be accessible by its users from around the globe, as well as in Washington, DC. This evolving system is well on its way to operating as a user-friendly, "one-stop shop" for procurement of products. Over this past year, extensive progress has been made in establishing the foundation needed for the new system to serve the project successfully.

USAID informed of transition progress, approves key reports from new MIS

In March 2007, the project brought together senior managers of the USAID | DELIVER PROJECT, CTOs, and USAID staff related to each task order, software developers, and technical team leads to introduce all stakeholders to the MIS development plan and confirm the plan's vision and timeline. This critical meeting set the stage for weekly meetings of a focused steering committee that would review every aspect of MIS development and make key decisions along the way.

As part of the new business model for USAID and the USAID | DELIVER PROJECT, the system must serve all three task orders seamlessly and all underlying structures for the system must be carefully integrated. This requires careful planning and collaboration among managers of each task order. The MIS Steering Committee has met regularly since March 2007 and will continue to play a central role in the evolution of the MIS. Agreements made by the steering committee are documented in meeting notes and in the MIS status report which are circulated to all steering committee members and posted on a secure steering committee web site.

MIS Achievements – Framework Developed

The ORION Framework constitutes the foundation of the supply chain management system and is used to implement all sales order management, procurement, inventory management, distribution, shipment tracking, and procurement-related financial management functions. Building the ORION component is a prerequisite for any other component of the MIS and work on this piece was started soon after the IQC was awarded.

ORION Release 1 was completed in June 2007 and Release 2 was

completed in October 2007. While Release 1 and 2 are used only by Task Orders 2 and 3, the development of all functionality applies to all task orders. Release 2.1 (ORION enhancements) and Release 3 (NEWVERN replacement) are currently in development. See Figure 2 for the MIS benchmarks that the project has met and will meet.

For Release 3, the design and development of the project website is well underway. The project has defined the information architecture, site design, content management system, and access control structures. The highly detailed process of pinning down the specific requirements for every

possible action an MIS user may perform is the bedrock of any successful development effort, and much effort has been made to gather input from users and analyze existing NEWVERN functionality for the complex “My Commodities” area of the website. In cooperation with the MIS Steering Committee, a user survey was conducted to collect comments on the NEWVERN website and user input for the new MIS. With wireframes and site specifications in hand, programmers are currently building and deploying sections of the new website to a test server.

Task Order 1 – Public Health

The extensive existing functionality and data requirements of Task Order 1, which is currently being served by the NEWVERN system, require numerous applications, in addition to ORION, to be in place before Task Order 1 can make use of the MIS. The implementation of these additional components, which includes the project website, is scheduled for the end of March 2008. Although the original deadline for the entire system was October 1, 2007, it became clear as requirements were developed that the complexity and scope of building a system to incorporate three different task orders was far greater than anticipated. An extension of the release for the system to replace NEWVERN with all components operational was therefore requested and approved.

Figure 2. MIS Benchmarks

The USAID | DELIVER PROJECT has met the following benchmarks:

MIS Release 1.0

- ORION™ R1.0 Deployed
- Used by the Procurement Unit for all TO2 and TO3 procurement activities
- Historical TO2 shipments consolidated in spreadsheet for easy reporting

MIS Release 2.0

- ORION™ R2.0 deployed November 12, 2007
- Functionality for TO1, TO2, TO3
- Payable and nonpayable transactions functionality implemented
- JSI Customer Service Request System deployed in November 2007

MIS Release 2.1

- ORION™ R2.1 requirements defined
- Functionality that the Procurement Unit needs before R3.0
- Deployment in January 2008

MIS Release 3.0

- Website framework and design, search capabilities, content management system, and access control structures in development
- Requirements for My Commodities, Freight Rate Calculation, CPTs, Shipping Notes Application, and EDIs defined November 2007
- Deployment in March 2008

Task Order 2 – Avian Influenza

All Task Order 2 (TO2) procurement activities are being done using ORION. Currently, approximately 70 transactions have been entered for stock replenishments or shipments to countries. R2.0 will allow for the transfer of stock to USAID | DELIVER PROJECT as a nonpayable transaction, allowing for better tracking of the funds and budget for procurement under TO2. Legacy data consisting of an Access database with 2006 and 2007 data of shipments was converted into a spreadsheet for more manageable reporting by country, commodity, and commodity value. This historical data, from before TO2 started, will be loaded into the data warehouse as part of Release 3. Reports for TO2 management are currently being generated by the project using exports of ORION report data to a spreadsheet.

Task Order 3 – Malaria

ORION was ready for TO3 on May 6, 2007 and all procurement activities for TO3 are managed in ORION. Five orders have been processed to date with a value over \$5,670,308. TO3 will use the loan functionality in Release 2 to increase USAID's flexibility in providing malaria commodities to countries when they need them.

IMPLEMENTATION OF THE NEW BUSINESS MODEL

USAID key staff conveyed to project management that they wanted the project to do business in a new way. The project has reflected that requirement in its workplans and its monitoring tools under TO1 and to the extent possible in the other task orders. Each task order has its own priorities under the IQC and TO2 and TO3, while supportive of the whole new business model, have emphasized different aspects of it. The new business model does not have specific indicators in the project performance monitoring plan so progress against each of the requirements is described qualitatively below.

Innovate and use best practices in supply chain management

The project has been tasked with strengthening and, where requested, operating health commodity supply chain systems. To reach all the target clients with all the needed health products requires logistics systems that can

- apply innovations in supply chain management;
- reach clients down to the last mile; and
- access logistics assets in the NGO and private sectors to support public sector programs.

The emphasis in TO1 is on capacity building and strengthening local supply chains. Family planning products are central, but increasingly seen as part of integrated health services. In TO2, the emphasis is on operating a global supply chain that can procure, store, and distribute products to national partners, who would then take responsibility for in-country distribution. In TO3, procurement and distribution extends down to the service delivery point necessary to support nationwide anti-malarial programs. TO2 and TO3 place a heavy reliance on the logistics expertise of our private and FBO partners UPS, Fuel and MAP.

TO1 has strengthened local and regional capacity through the creation of the International Association of Public Health Logisticians (IAPHL). It has been established to provide a web based network and forum for logisticians working across a diverse range of commodities. Within three months of launching the IAPHL (in early 2007), the IAPHL website membership grew to over 115 members from 44 countries and 52 organizations, including WHO, SCMS, USAID | DELIVER PROJECT, UNFPA, USAID, and World Bank, CAs, and members from many MOHs. The IAPHL

web site is hosted by the Implementing Best Practices (IBP) initiative and can be found at: <http://my.ibpinitiative.org/public/IAPHL/>.

Another outstanding example of the IQC demonstrating best practices in supply chain management is the speed and efficiency in delivery of Coartem to the last mile in Malawi. In July, the TO3 management team received an urgent request from the USAID Mission in Malawi. The project was asked to procure, ship, and distribute 2.6 million doses of Coartem, packed in 5,435 cartons, to make sure sufficient stocks were in place at every public service delivery point prior to the launch of the national malarial campaign in early November. Three months later, as a result of the efforts by a large team from the project, MOH, MSH and other local partners, \$4,866,520 worth of Coartem had been distributed to 565 out of 566 MOH SDPs with only one carton damaged beyond use and deliveries completed five days ahead of schedule.

To achieve this on time, last mile delivery required a huge effort at each stage of the supply chain by a large number of partners. RPM Plus staff in Malawi and from HQ prepared the necessary national forecasts of Coartem needs to support the first year of Coartem use by the National Malaria Program. Technical challenges included estimating requirements based on less than ideal information. Nevertheless, quantification was completed and the first shipment quantities were determined. In anticipation of procurement demands in Malawi and other countries, the USAID | DELIVER PROJECT procurement team had negotiated an IQC contract vehicle with Novartis, allowing for rapid purchase with the necessary contract procurement requirements pre approved. This allowed the products to be shipped within six weeks of the order being placed, well within the four month performance indicator specified in the Novartis contract.

Given the volume of the shipment, UPS organized a charter DC-10 cargo plane to make the special trip from Switzerland to Malawi. The flight took place one week ahead of schedule and carefully coordinated by the project freight manager in DC to ensure proper reception in Lilongwe. Once the order was placed, special arrangements needed to be made on the ground for clearance, storage and distribution. A joint USAID | DELIVER PROJECT, MOH and MSH team was mobilized to verify and prepare storage facilities, develop a one time distribution schedule and finalize the allocation quantities per service delivery point. Relying 100% on Central Medical Store transportation resources, the project paid for deliveries to the three regional warehouses and 566 target health centers. Despite the complexity of the national distribution, all the deadlines were met or accomplished ahead of schedule. On-the-spot checks of 55 clinics verified that all but one facility received their allocated supplies. A monthly ACT report for each facility to report consumption has been established and will allow future re-supply to be based on actual consumption. The next shipment is scheduled for mid December and will be integrated into the CMS regular distribution system.

Another outstanding example is the work TO1 is doing in Zimbabwe despite the ongoing economic crisis. The DTTU (Delivery Team Topping Up) system continues to function at full capacity supplying contraceptives and condoms to approximately 1,200 clinics nationwide. After a joint strategic planning session between the project and SCMS, it was determined that integrating HIV rapid tests and nevirapine into the DTTU system would make the best use of the resources from both projects. This is a good example of how improvements achieved by the family planning system have facilitated further achievements by USAID under the President's Emergency Plan for AIDS Relief.

The DTTU (Delivery Team Topping Up) system continues to function at full capacity supplying contraceptives and condoms to approximately 1,200 clinics nationwide.

The piloting process for the integration began in Mashonaland Central and Matebeleland South provinces. When the DTTU teams first went into the Matebeleland South Province in July 2007, they were given a list of 34 clinics that needed deliveries of HIV rapid test kits and nevirapine. The teams discovered that 18 more SDPs had been registered as HIV testing sites, but they were still waiting to receive their first consignment of HIV rapid test kits, nevirapine tablets, and nevirapine solution. The DTTU teams gave these sites their first consignment of HIV rapid test kits and helped them to start testing for HIV. The situation was the same in Mashonaland Central in August 2007 where 64 out of 112 SDPs received HIV test kits. Those that did not receive test kits were not yet commissioned as HIV testing sites.

Despite the tragic economic instability in Zimbabwe, the DTTU system in Zimbabwe is highly effective and has maintained stockout rates below 5 percent for all commodities in full supply; in contrast, basic food and commercial household supplies are very scarce. Before DTTU, stockout rates were over 40 percent for many commodities, but since the DTTU system has been operational, many improvements have resulted, including the following:

- The project has achieved 99 percent coverage of SDPs. In the past, not all SDPs were covered due, in part, to a shortage of commodities.
- The success of the project, especially the reliability of the MIS data, has resulted in increased donor commitment to supporting the system over the next several years.
- Despite the small training budget, only two delivery teams, comprising only four members are required to carry out deliveries in the entire province.
- The process is less burdensome to SDP staff as they do not need to place orders for condoms and contraceptives.
- From 1998 to 2005–2006, the fertility rate has decreased from 5.4 to 3.8 births per woman. (ZDHS 2005-06). The increased availability of contraceptives through the DTTU system has directly contributed to this success.
- The contraceptive prevalence rate is rising; 58 percent of currently married women report using a modern method. Government-sponsored facilities remain the main providers of contraceptive methods; 68 percent of users are obtaining methods from the public sector, which is served by the DTTU system.

As the situation in Zimbabwe became increasingly unstable and resources (diesel and trained personnel) became scarcer, the DTTU system quickly became one of the few viable options for reliable delivery of health-related commodities. NatPharm has requested that essential drugs parcels be added to the system; SCMS is exploring the possibility of managing ARVs through DTTU as well.

Promote data-based decision making along the entire supply chain

The best example of promoting data-based decision making is at the IQC level in the development and implementation of the new project MIS. This facilitates decision making from solicitation through procurement, order fulfillment, inventory management, and delivery. With increased financial and commodity

The best example of promoting data-based decision making is at the IQC level in the development and implementation of the new project MIS.

visibility from demand through production and delivery, the project's procurement team, USAID in Washington and in the field, and local programs worldwide who are the recipients of USAID-funded commodities will be able to improve their planning, resource allocation, and program operations.

Under TO1, the project has been committed to promoting data-based decision making by enhancing the monthly Procurement Planning and Monitoring Report (PPMR, formerly the CPT Status Report) by developing a new format that integrates qualitative information on contraceptive security with up-to-date stock levels in USAID | DELIVER presence countries. It is used by the Reproductive Health Supplies Coalition Countries at Risk (CAR) group to avert stock-outs and expiries of products around the world.

Country specific examples exist for each of the task orders as well where the project has helped programs implement improved logistics management information systems and improved inventory management systems. Under TO1, almost every country workplan includes a component for data collection and use whether it is for operational decision-making or policy level decision making.

One of these examples is Bangladesh, which has one of the longest running project-supported country programs, has led the way in supply chain innovations. In the last year, several innovations have helped improve data flow and management and helped ensure that supply chain problems are identified and addressed quickly. Logistics management information system (LMIS) software has been installed in 18 Regional Warehouses (RWHs), with installation in an additional three warehouses planned. Of these, eight RWHs are currently uploading data through internet connections; Ten RWHs will soon begin uploading data. The next step is the launch of the web-based LMIS, which will happen in the coming year. This will shorten the time needed to prepare the LMIS report. The information will be immediately available for viewing by the concerned officials for monitoring and quick planning.

The project has developed an e-Forum, which is used by field-based Logistics Support Officers (LSOs) to share their knowledge, experiences, and new ideas. Periodic reports are shared with relevant ministry staff/stakeholders for follow-up actions. The e-Forum was available for all authorized persons beginning in August 2007.

The project has developed an Upazila Inventory Management System (UIMS) software to be installed initially in 10 upazilas with a goal of installing it in all 507 upazilas (subdistricts, of which 100 have recently received computers from DGFP). This software will bring overall efficiency to the upazila family planning logistics management system in line with the warehouse information management system (WIMS), which has been ensuring the accuracy in recordkeeping and reporting, improving quality of services, and reducing time for completion of assignments for the DGFP warehouses for the last several years.

Under TO2, the project is helping many if not most of the countries it is shipping commodities to in the development of simple tracking forms to facilitate stock management, reporting, and monitoring. Under TO3 the project is implementing a Coartem tracking system in Malawi to help local stakeholders monitor Coartem uptake. This will be folded into the overall MIS after the first six months.

Partner with local organizations including the private sector

This aspect has been emphasized most under TO1 as it is the task order active in the greatest number of countries. TO2 has provided limited assistance to Bangladesh, Nigeria, Egypt, Vietnam, and Indonesia and TO3 has provided technical assistance to three countries, Malawi, Tanzania, and Mozambique.

The project has a strong, central team experienced in developing and conducting training in supply chain management. This experience is now being used to increase a local organization's capacity in

supply chain management training. In March 2007, the project issued an RFP to 24 possible training organizations worldwide, and awarded a contract to a Peruvian NGO, PRISMA. This contract supports PRISMA's efforts to conduct high-quality supply chain management training courses in the Latin American region and to improve their knowledge of supply chain management of health commodities. It is anticipated that in addition to providing logistics training, PRISMA staff will provide short-term technical assistance in supply chain management in the region. As part of this activity, the project has developed two course modules: Overview of Supply Chain Management and Quantification and Procurement Planning. These course modules will be used to train PRISMA and, in turn, they will be expected to use the modules to train international, Spanish-speaking professionals in 2008.

Task Order 1 has emphasized, at the country and central levels, the engagement of local and regional organizations to carry out or support project activities. This has included hiring organizations to execute project activities, building collaborative relationships with local or regional partners to leverage project activities, and working with a range of private sector, NGO, and local or regional organizations in a number of countries.

A summary of local partnerships for all task orders is shown in Table 7.

Table 7. Local Partnerships for All Task Orders

Task Order 1	
Bangladesh	<ul style="list-style-type: none"> • Support DGFP in contracting contraceptive transportation to private transport provider • Provide intern program for 2 students from Dhaka University to learn about supply chain management • Partner with CIDA/UNFPA to provide FWA training
Ethiopia	<ul style="list-style-type: none"> • Work with Jimma University and the Carter Center's Ethiopian Public Health Training Initiative to revise the Health Systems Management training
Ghana	<ul style="list-style-type: none"> • Partner with Vicdoris Pharmacy to monitor the supply chain of the social marketing project • Support MOH and donors to strategize the optimal distribution of condoms using the private sector • Work with MOH, UNFPA, DFID, and AED on FP/RH issues
Mozambique	<ul style="list-style-type: none"> • Develop tool to collect data on facility level products stock out for bilateral (USAID) NGOs
Nepal	<ul style="list-style-type: none"> • Partner with Social Marketing Sector to provide logistics training
Nicaragua	<ul style="list-style-type: none"> • Develop proposal with UNFPA to integrate health commodity LMIS in 3 regions • Work with PRONICASS to develop curriculum for LMIS development in 2 regions • Partner with Nicasalud to monitor contraceptive availability in hard to reach regions
Nigeria	<ul style="list-style-type: none"> • Partner with UNFPA to conduct facility survey • Sign an MOU with COMPASS to undertake effective M&E activities in all LGAs and SDPs in Kano, Nassarawa, and Bauchi states.
Paraguay	<ul style="list-style-type: none"> • Partner with MSH to strengthen the leadership of the contraceptive security committee; participated in by CEPEP, MSPBS, and IPS. • Participate in the regional workshop in Dominican Republic on logistics during health sector reform • Partner with IPS to assess the LMIS
Task Order 2	
SE Asia	<ul style="list-style-type: none"> • Contract with local UPS affiliate to establish an RDC warehouse in Bangkok, ensuring continuity of systems and management, and will facilitate the easy fulfillment of replenishment orders, as

	well as any emergency orders that may be placed.
West Africa	<ul style="list-style-type: none"> Partner with local AI logistics consultants to be on call to support USAID and US Embassy staff in Benin, Cote d'Ivoire, Mali, and Burkina Faso.
Task Order 3	
Malawi	<ul style="list-style-type: none"> Partner with in-country staff to ensure the successful procurement and distribution of Coartem for Malawi's national launch. Work the Central Medical Stores for distribution of Coartem.

The IQC has cultivated partnerships and leveraged the private sector extensively in the context of its work in improving in-country supply and improving global and regional advocacy for commodity security. The project has also engaged local organizations to provide training and supply chain services as demonstrated in this section.

Utilizing local hires in project implementation

Utilizing local hires in project implementation is a key part of the IQC's objective of strengthening in-country supply chains. It reflects the fact that the sustainability of these improvements is enhanced if more local public, private and NGO and FBO organizations and staff are involved. In TO1, a key driver for increasing the project's local presence is the effort to recruit national and regional experts as country directors and senior managers in project field offices. To this end, the project has increased to 60% the number of field offices led by local and regional experts. In total, there are only 11 expatriates out of 97 staff members (including technical and administrative staff) employed in project field offices. A similar policy will be adopted for TO3 field offices as they become operational. For example, the new Malawi country Director which will also implement TO3 field funds is a regional expert.

In TO2 the model is slightly different, with no permanent TO2-specific field teams; however the same principle applies to the STTA provided. Local or regional resources have been tapped in 10 out of the 11 countries where TA was provided. To this end, in-country and regional experts featured heavily among the 41 logistics experts given AI commodity logistics training. This approach is highlighted by the project's response to the outbreak of highly pathogenic avian influenza in West Africa. The porous borders for formal and informal trade meant it would only be a matter of time before an initial outbreak amongst commercial poultry in Nigeria would spill over to other West African countries. The challenge facing USAID and the TO2 team was three fold. First, how to ship sufficient stockpiles of personal protective equipment (PPE) and decontamination equipment to each country while ensuring they could be stored and distributed properly once they had arrived. Second, how to sensitize local US Embassy and USAID staff and Government counterparts to the importance of estimating needs and managing commodities once they had arrived in-country. Third, how to plan for a more strategic response to future outbreaks and how to use local resources to respond to such outbreaks. These challenges were made more difficult by the uncertainty of the outbreaks, the lack of awareness of good storage and the lack of on the ground avian influenza logistics expertise.

The solution involved a four pronged approach. In Ghana, the local project office was spontaneously approached by the USAID Mission to provide logistics support for the storage and distribution of AI commodities. Then the project's regional West African program manager for TO1 was sent on a regional tour to identify and train potential local consultants who could be commissioned at short notice to provide support to local US Embassy staff and USAID missions.

Subsequently, several regional staff, local logistics consultants, and local staff were given AI commodity logistics training to strengthen their knowledge on specific commodity requirements. In addition, the IAPHL monthly facilitated discussion board featured AI commodity logistics in October 2007. Through these measures, future needs for STTA, which are likely to be at short notice and for a few days at a time, can be met with local resources.

Use subcontractor capacities

The project has pursued this mandate vigorously along a number of dimensions. The project has subcontractor staff members who sit full or part time in the project office. So far, the following staff are resident on site some or all of the time.

Abt Associates	One full time equivalent under TO1 to provide CS policy and financing expertise and private sector links with the PSP-One Project.
Crown Agents	One full time staff under TO3 and ad hoc procurement expertise and supply chain STTA.
FHI	Two part-time staff members working across TO2 and TO3 to provide support for product and process quality assurance.
Fuel	Short term technical assistance in supply chain management across all task orders.
MAP	Warehousing and kitting services under TO2 including three full time warehouse management staff and several full time temporary staff in Savannah Georgia plus part time project management support from their HQ in Brunswick, Georgia.
PATH	Two full time staff providing procurement expertise and STTA in procurement, quality assurance, and logistics.
3i-Infotech	Implementation of their ORION Enterprise Architecture to meet the business requirements of each TO. By the end of September 2007 3i had 6 staff working on site at the project HQ.
UPS	Two full time staff providing freight forwarding and shipping services for Task Orders 2 and 3.
USP	Part-time expertise in pharmaceutical quality assurance and product testing for TO3.

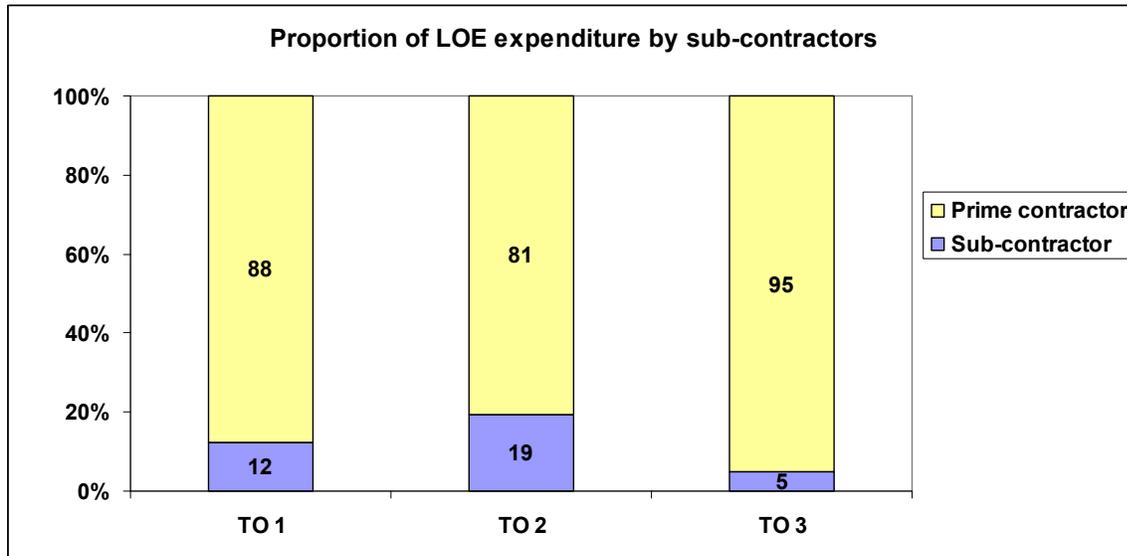
The procurement and MIS work has made greatest use of subcontractor expertise. The procurement team presently includes five full time staff from subcontractors out of the twelve full time staff. TO2, with the MAP management of the US stockpile and the large volume of shipments through UPS is making most use of subcontractor expertise, with UPS shipping for TO3 also significant.

Subcontractors have been more involved in STTA in TO1 and we anticipate that the number of STTA trips will increase next year. During the fiscal year 2007, a total of 40 STTA trips took place of which the STTA team for 2 trips (5 percent) included subcontractors and 5 trips (13 percent) included local or regional subcontractors. An excellent example of the project working with a regional partner took place in June 2007, when TO1 partnered with a consultant from Zimbabwe to provide forecasting, quantification, and procurement planning technical assistance to the MOH in Ghana for TB drugs, ARV drugs, and HIV test kits. In addition, Ghanaian counterparts also received hands-on training on the use of PipeLine, ProQ, and Quantimed software. In Paraguay, a systems consultant from Bolivia, who developed the LMIS software used in Bolivia, consulted with the field office and TO1.

To monitor the utilization of subcontractor capabilities, the project tracks the proportion of total expenditure, excluding commodity cost, spent by the subcontractors. The project financial report indicates that during the reporting period the IQC incurred a total of \$14.2 million in LOE cost of which \$1.7 million (12 percent) was spent by subcontractors (mainly by 3i, Abt Associates, Manoff

Group, and PATH). The effective proportion of the IQC expenditure incurred by the subcontractors in FY2007 is higher than the 12 percent recorded in the financial report because there are substantial pending invoices from Crown Agents, FHI, USP, and PATH and this does not include local subcontractor expenses from field offices. In addition, this does not include the substantial use of subcontractors under Task Orders 2 and 3 to provide commodity-related services such as warehousing (MAP) and shipping (UPS). See figure 3 for a graphical representation of the proportion of level of effort expense by subcontractor.

Figure 3. Proportion of Level of Effort by Subcontractors



“Lead from family planning”

Leading from family planning means applying the experience, lessons learned, tools, and approaches developed for family planning logistics systems under the FPLM and DELIVER contracts to other health commodities. This leadership from FP/RH helps ensure FP retains a seat at the table when wider health systems reforms and system integration are being designed and implemented.

This is best reflected in the years of investment in central commodity management being leveraged to rapidly produce a USAID-specific procurement and distribution system that has responded quickly to TO2 and TO3 needs. The procurement and logistics team is an IQC team that provides services to all TOs and has already procured \$5.6 m of commodities for TO2 and TO3 in the first six months.

Based on the project’s experience in supporting CCP and managing NEWVERN, a central MIS is currently in development to support all TOs in their procurement transactions for order processing, financial tracking and inventory management, and for management reporting and information sharing.

Experience in promoting and pursuing stakeholder collaboration as part of a CS process has been used to facilitate stakeholder communication and planning related to procurement and distribution planning for malaria commodities in Malawi, Liberia, and elsewhere.

As AI commodity shipments have increased, there have been increased demands for on the ground support with warehousing commodities. The project has responded by accessing existing networks

of FP logistics advisors and tools to work with Ministry of Agriculture and Veterinary services. This has included support from project staff in Ghana and Bangladesh, identification of support from FP logistics advisors in Nepal, Togo, Benin, and Mali as well as use of the WHO Guidelines for the Storage of Essential Medicines developed under the DELIVER project.

Experience in warehouse design and management and distribution system design and planning has been leveraged to support distribution planning in Malawi for Coartem and will be used in Angola, Uganda, and Liberia to support malaria commodity distribution.

Experience in quantification, CPT preparation, and procurement planning is being used to validate and improve order planning for malaria commodities. PipeLine software, originally developed with POP funds, has been adapted to meet the needs of a growing number of commodity categories to facilitate procurement planning.

PipeLine software, originally developed with POP funds, has been adapted to meet the needs of a growing number of commodity categories to facilitate procurement planning.

The project's experience and expertise in direct delivery has expanded from contraceptives to HIV commodities in Zimbabwe, and ensures access to products for clients more than 95 percent of the time. Despite the ongoing economic crisis and instability in Zimbabwe, the DTTU system continues to function at full capacity; and supplies contraceptives and condoms to approximately 1,200 clinics nationwide. To make the best use of the resources from the USAID | DELIVER PROJECT and SCMS, HIV rapid tests and nevirapine will soon be integrated into the DTTU system. This is a compelling example of how improvements achieved by the family planning system have facilitated further achievements by USAID for the President's Emergency Plan For AIDS Relief.

Another excellent example can be found in Uganda. Originally condoms were part of the FP distribution system in Uganda. This push system led to overstocking and expiries in some districts and stockouts in others. Condom distribution was reoriented to HIV/AIDs and then recently returned to be part of the FP system. The new system involved training of condom district focal persons, the system for condom requisition and distribution has moved from a push to a pull system. In July 2007, the project in Uganda collaborated with the MOH condom coordination unit to train 30 district condom focal persons from the newly created districts on condom logistics and the new expanded national condom distribution plan. Districts will now be able to order condoms depending on existing stock and what they have distributed to the various high risk areas. District personnel have been trained and tools developed and disseminated to monitor this system. The volume of condoms distributed by the Government has increased from 25 million per year in 2002 to 80-90 million per year in 2007.

Beginning in October 2007, when the first district reports are expected to help improve forecasting and procurement, the Condom Coordination Unit (COCU) of the MOH will have data on distribution and condom availability in the districts. This data are being tracked in a database at the central level, which was jointly developed by COCU and the project. From the district reports, the MOH will also be able to evaluate how well the targeted high risk groups/areas (uniformed forces, bars, lodges, night clubs, landing sites, etc.) are being covered by condom distribution activities.

The “go to place” for public health supply chain improvement

Another important goal set by CSL for the project was to become the “go to place” for information and best practices on public health supply chain improvements. Analysis of demand for project information is perhaps the best indicator of this and is indicative of the demand from the field for

project generated knowledge. During this last year, the number of visits to the project website nearly tripled over the previous year—from 153,000 to 430,000 visits. There were more than 92,000 publications downloaded from the website, an increase of 77 percent. The project has also fulfilled orders for more than 14,200 print publications, tools, and software requested by individuals and organizations in more than 54 countries—more than a 40 percent increase in order fulfillment over last year. The project completed 58 new or updated publications and disseminated them to more than 45 newsletters and electronic listservs.

INDIVIDUAL TASK ORDER ACHIEVEMENTS

Each task order has produced its own annual report according to contract and their Cognizant Technical Officer (CTO) instructions. Presented here are selected highlights of the key achievements of each task order.

Task Order 1 – Public Health

TO1 has been very effective and responsive in its first year of operation, continuing field work in 21 countries including 15 with field offices and DC-based support to USAID’s central contraceptive procurement system, while establishing new core-funded teams, transitioning to a new MIS, and providing direct procurement services. During the first six months, its activities overlapped with those of the DELIVER project. TO1 works in a wide range of country settings and health systems including: countries that focus primarily on family planning (FP); those that work on FP in an integrated health service delivery context; countries working with a range of essential health medicines; and programs that specialize in HIV/AIDS.

During this first year, there were numerous achievements with some key accomplishments and activities highlighted below. Further details and highlights are available in the *TO1 Annual Report*.

- Launching the new project and transitioning from previous DELIVER project to new USAID | DELIVER PROJECT activities centrally and in the field.
- Understanding and aligning the project’s workplans, staffing, structures, budgets, and processes with USAID’s priorities and the new business model.
- Putting in place a direct procurement capacity and issuing contracts for the purchase of \$10.4m worth of commodities on behalf of USAID.
- Supporting the distribution of USAID contraceptives and increasing on-time deliveries of USAID-procured commodities during a period of transition and change. See Figure 4 for a summary of the value and destinations of commodities shipped under TO1.
- Providing technical assistance to 21 countries with a resident presence in 15 of those countries. This included fielding 32 requests for short-term technical assistance.
- Implementing the DTTU system in Zimbabwe ensured 99% of SDPs are being supplied with FP and now HIV/AIDS commodities despite the difficult economic circumstances.
- Providing in-country support to the entire supply chain. This includes strengthening condom forecasts in Uganda, identifying and meeting FP commodity financing needs in Ghana, continued support to procurement in Bangladesh including alerting government and donors to impending procurement delays, strengthening warehouses in Ethiopia, and last mile distribution in Nepal, Zambia, and Zimbabwe.

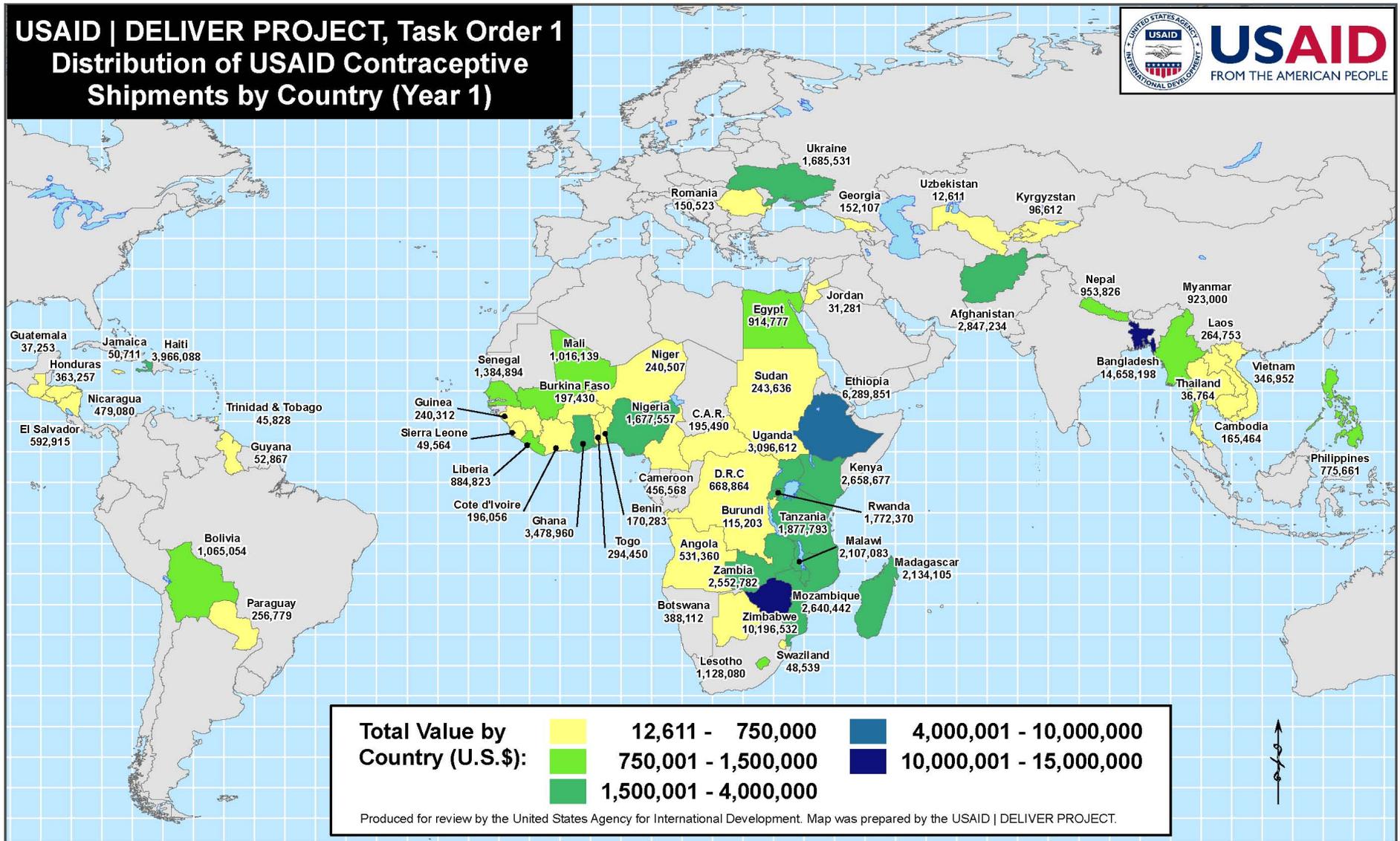
- Strengthening global contraceptive security efforts through collaboration with the Reproductive Health Supplies Coalition and the Reproductive Health Interchange, as well as through a revised CPT reporting format.
- Strengthening local and regional capacity through the creation of the IAPHL. Within three months of launching the IAPHL, its website membership grew to over 115 members from 44 countries and 52 organizations.
- Awarding of a regional training contract to PRISMA in Peru to increase a local organization's capacity in supply chain management training. This contract supports PRISMA's efforts to conduct high-quality supply chain management training courses in the Latin American region and to improve their knowledge of supply chain management of health commodities.
- Providing field funded SCM training to over 3,200 health workers and program staff, as well as two core-funded training events for 41 participants from 11 countries.
- Promoting data-based decision making by enhancing the monthly Procurement Planning and Monitoring Report (PPMR, formerly the CPT Status Report). This new format integrates qualitative information on contraceptive security with up-to-date stock levels in USAID | DELIVER presence countries, and is used by the Reproductive Health Supplies Coalition Countries at Risk (CAR) group to avert stock-outs and expiries of products around the world.
- Continuing to produce and serve as a repository of useful data and information on supply chain best practices as evidenced by nearly a 300% increases in project website traffic, including more than 430,000 visits to the website, approximately 92,000 publication downloads, and more than 14,000 requests for publications from 54 countries.
- Establishing monitoring and evaluation tools and mechanisms to be able to monitor and report on project progress overall and on country progress in contraceptive security.
- Supporting the rapid roll-out of the newly designed National ARV Logistics System in Zambia. In only six weeks, a national team of trainers conducted 23 competency-based workshops for over 282 service delivery and supervisory personnel.
- Conducting a TOT workshop in El Salvador with 14 technical personnel at the regional level and SIBASI participating. These 14 trainers then held 11 training events with approximately 420 regional and SIBASI technicians, hospital personnel, and secondary-level service providers. Health promoters took part in trainings on various supply chain management issues, including use of computerized logistics systems, inventory management, quality control and utilization of LMIS, and community-based distribution system.
- Ensuring reliable financing and supply after donor support is withdrawn in Nicaragua. The project worked closely with the CS committee to ensure that an MOH budget line item for contraceptives and commitment of funds was included. The MOH has allocated \$100,000 to procure condoms.
- Identifying gaps and drawing on multiple partners to address them ensures financing for the short- and long-term in Ghana. Under TO1, the project helped USAID/Accra address an impending shortage of condoms by providing 21 million no-logo condoms to fill the gap.
- Ensuring that condoms reach high risk groups/areas in Uganda. The project moved the system for condom requisition and distribution from a push to a pull system and collaborated with the

MOH condom coordination unit to train 30 district condom focal persons on condom logistics and the new national condom distribution plan. This resulted in districts now being able to determine their order quantities and order condoms depending on existing stock.

- Researching several new innovations, including adapting technology, such as PDA devices for SDP level data entry and collaborating with the MIT-Zaragoza program on international logistics to adapting logistics segmentation techniques to help system design and developing virtual leadership tools with USAID's Leadership Management and Sustainability (LMS) program.

Over this first year, the project has made excellent progress against our performance indicators and the new business model. The second year will see an increased emphasis on a longer-term procurement strategy, completion of the transition to the new MIS and procurement structure, increases in the development and implementation of new supply chain and policy tools, techniques, and methodologies, and a continued emphasis on last mile delivery in-country and the new business model.

Figure 4. Task Order I Commodity Shipments



Task Order 2 – Avian Influenza

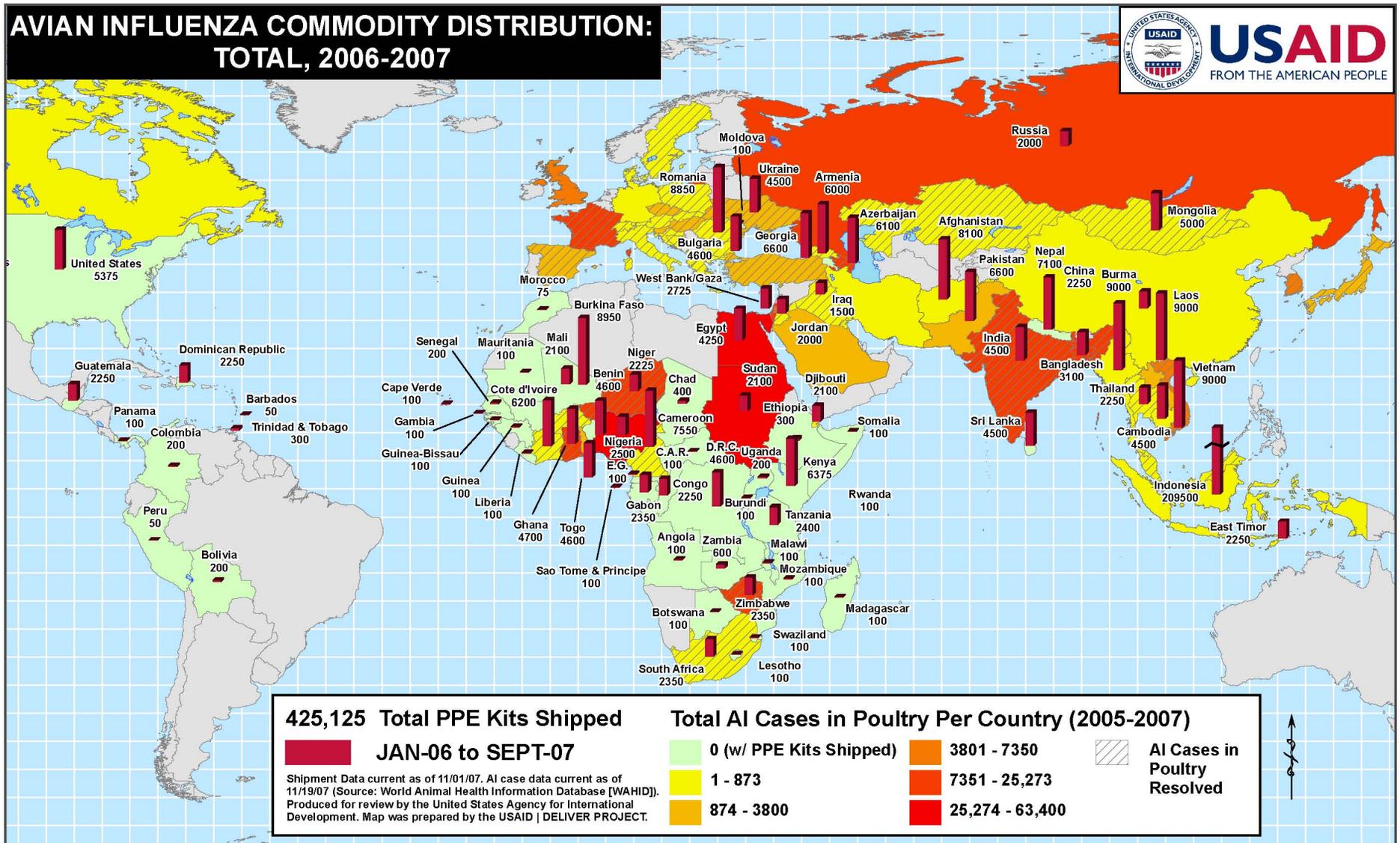
In the past six months, the USAID | DELIVER PROJECT has made unprecedented progress in creating new systems from scratch and delivering avian influenza commodities to the most at-risk countries worldwide. USAID can now state with confidence that AI containment commodities can be delivered to requesting countries on demand in a very short time. Project achievements in the last six months are summarized below.

- 95% of the inherited Avian Influenza International Stockpile (AIIS) was successfully transferred to the new MAP Savannah warehouse within two months. This transfer involved 110 50 foot semi-trailers, almost a mile-worth of commodities.
- A functioning 62,000 square foot warehouse was operational in the first two months.
- Unexpected logistics problems from the inherited stockpile forced re-processing and handling of almost every one of over 1.2 million cartons of supplies.
- The first emergency shipment to Ghana was processed and delivered in five days.
- 49 shipments have been made to 29 countries with a total value of \$2,031,472.
- Almost as many PPEs were delivered in the project's first five months as the total delivered in the prior sixteen months. Figure 5 illustrates the distribution of PPE kits since April 2007.
- Nine new procurements were completed for rapid avian flu test kits, viral transport medium, sample boxes, treated pallets and other commodities.
- Specialized procurement of laboratory equipment completed and delivered to Bangladesh within six weeks.
- The first ever commodity coordination meetings were held with USAID, CDC, HHS, State Department, USDA, WHO and FAO. Coordinated procurement and distribution planning has already begun.
- In Nigeria, USAID AI partner collaboration began with the first joint in-country technical mission.
- A technical commodity review with over 24 technical specialists was conducted to help guide procurement of the next generation of AI commodity kits.
- Logistics technical assistance support was provided to 12 countries, with a focus on Indonesia, Viet Nam, Bangladesh, Egypt and Nigeria as high-risk countries.
- Forty-four AI logistics specialists were given detailed AI orientation to be able to respond quickly to a wide range of logistics needs worldwide.

The project is now positioned to respond to country-level commodity needs, whether emergency responses, pre-positioning of supplies or large-scale, sea-freight commodity shipments. Warehouse operations have been refined so that four air freight shipments and one sea freight shipment can be completed per week. In the next six months, the project will continue to handle pre-positioning and emergency response, as well as establishing four or five Regional Distribution Centers, which will allow quicker response times and lower overall costs. As planned, procurement will expand, pending recommendations from the commodity review.

Discussions began regarding the merger of the Department of Defense stockpile and the procurement of unanticipated commodities, such as bird flu vaccines in Indonesia. This expansion in commodity areas and increase in country requests, will require provision of additional country-level logistics technical support using existing and new local STTA resources.

Figure 5. Task Order 2 Commodity Distribution



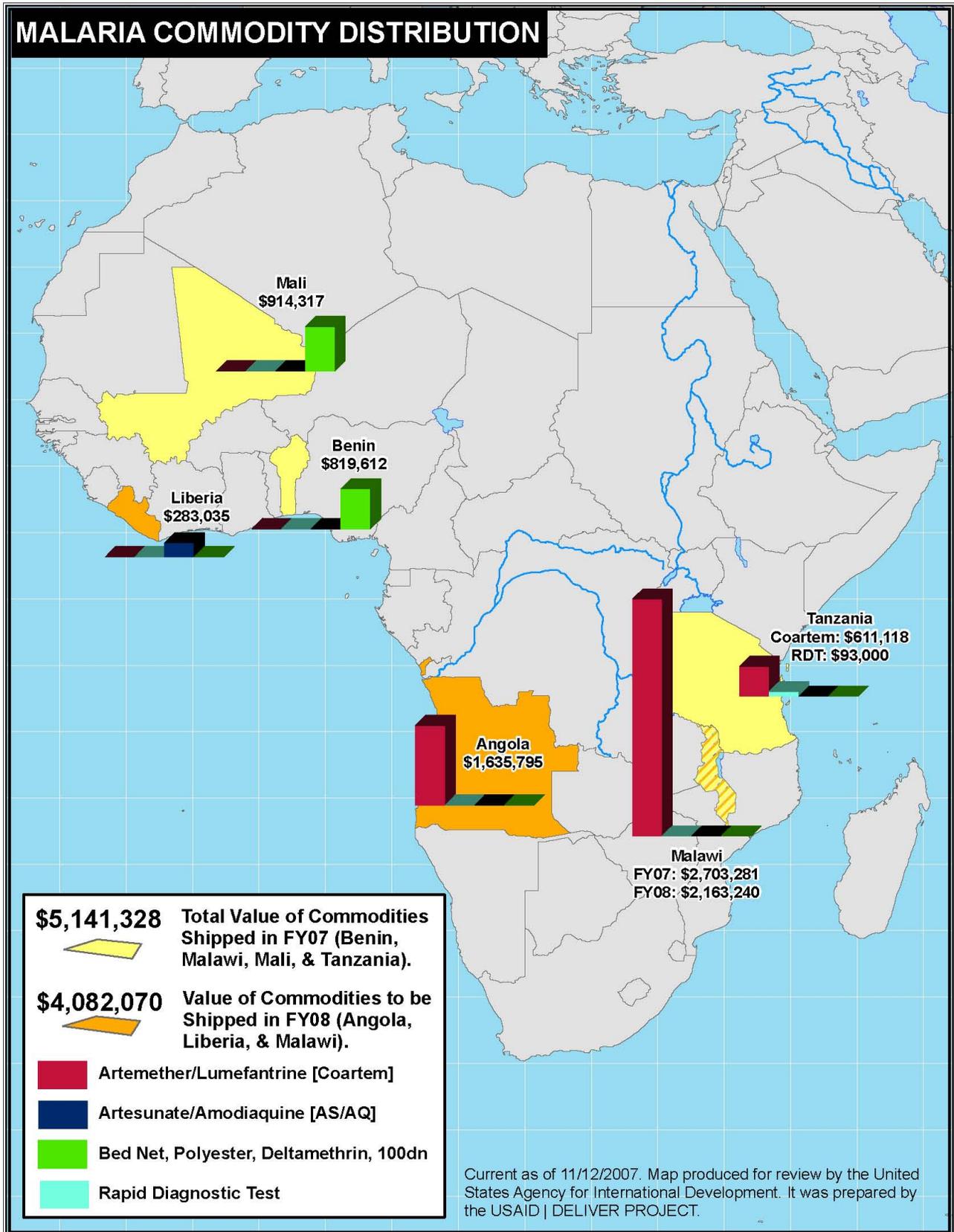
Task Order 3 – Malaria

TO3 has seen a steady growth in activities since it was awarded with a large increase in focus countries expected for the next year. Key achievements include managing project start up and mobilization of a brand new team including the recruitment of several new staff. The new TO3 team has been integrated both into the overall IQC management structure as well as the wider project culture, with support from staff at several different levels. This has ensured that the IQC and TO3 team have been able to provide a rapid response for both requests for forecasting and system assessment STTA as well as the procurement and in-country distribution of malaria commodities. Key task order highlights include:

- Establishment of the TO3 team including recruitment of the TO3 Director and three other new staff, including two from subcontractors. Support from the IQC procurement and logistics team and senior management and transfer of other staff from elsewhere within the IQC on a full and part time basis.
- Worked closely with the USAID PMI team to understand their requirements, objectives, priorities, and concerns, as well as ensured that these are being met effectively.
- Worked closely with USAID missions in Mozambique, Tanzania, Malawi, Rwanda, Angola, Ghana and Liberia to prepare for activities in the present financial year and next financial year.
- Established excellent working relations with MSH's RPMPlus project, including a joint mission and the exchange of information on Rwanda and Angola.
- Developed contractual relationships with key vendors so that orders can be filled as soon as money is obligated, facilitating rapid turn around times in delivery.
- Procured Coartem, AS/AQ, bed nets and RDT worth \$9,223,398, with \$5,141,328 worth of commodities delivered to Benin, Malawi, Mali and Tanzania and the remainder scheduled for delivery to Liberia, Malawi, and Angola in the next quarter. See Figure 6 for details.
- At short notice mobilized a rapid joint team with RPM Plus to check storage and design the distribution plan that was successfully implemented to reach 565 out of 566 SDPs in Malawi ahead of schedule for the national malaria campaign in November.
- Managed a rapid response to the emerging need for pre shipment inspections for bed nets and post shipment instructions for RDTs by assembling a project team including JSI and subcontractors, FHI, USP, CA and PATH, to form a QA group. Developed 26 SOPs for QA covering drugs, nets, and RDTs, including pre and post shipment inspection.
- Conducted an assessment in Mozambique of logistics capacity supporting the national malaria program and completed a quantification for Coartem and AS/AQ. Designed a two bin system for managing Coartem supplies.
- Started development of a standard quantification methodology for malaria products in the absence of consumption data.

In the coming year, as the volume of work is increasing, we will recruit additional technical, management, and administrative staff. We will also rerun expressions of interest for key product categories and continue to refine our quality assurance procedures to make sure we are buying products of the best quality on behalf of the USG and national malaria control programs. The first TO3-specific field office will be opened in Liberia in the next quarter and we anticipate a growing demand for STTA to support in-country supply chain strengthening.

Figure 6. Task Order 3 Commodity Distribution



IQC FINANCIAL REPORTING

Table 8 presents financial expenditure, obligation and ceiling data by USAID | DELIVER PROJECT task order. It shows the actual expenditures invoiced to USAID from October 2006 to September 2007 for both procurement and technical assistance. The procurement and distribution figure for TO2 is largely storage and freight costs for the existing commodity stockpile, as relatively little replenishment procurement was required. In comparing expenditure among task orders, it should be remembered that TO2 and TO3 were in operation for only the last six months of the year.

Table 8. Expenditures, Obligations, and Ceiling by Task Order for October 2006 – September 2007

Expenditure	TO1	TO2	TO3	TOTAL
Technical assistance	15,671,333	678,112	808,368	17,157,813
Procurement and Distribution	1,919,957	1,135,360	4,861,940	7,917,257
Total	17,591,290	1,813,472	5,670,308	25,075,070
Obligation 10/06-9/07	52,861,607	12,398,220	34,218,332	99,478,159
Ceiling	499,345,332	85,261,108	894,917,675	1,479,524,115

IQC CHALLENGES NEXT YEAR

A number of challenges and risks were identified in the last year that are still relevant for the next year. In some cases these challenges and risks were managed or addressed well, in others they did not emerge but still need to be tracked

- Ensuring an on time release of ORION R3.0 and R4.0 and balancing competing priorities and visions for the MIS across task orders.
- Ensuring new skills and expertise are available from staff and subcontractors to meet the diversified needs of the different TOs particularly as TO2 and TO3 scale up continues with increased technical support needed on the ground.
- Ensuring the management and technical needs of all the TOs are being met
- Coping with possible diversification in TO2 into establishing animal vaccine procurement and cold chain distribution.
- Balancing the different resource needs of the TOs and ensuring the right expertise is made available to meet each individual SITTA request
- Ensuring a high quality of project communications and reports.
- Recruiting senior staff for TO3
- Ensuring high standards in product availability are maintained and improved while handling an ever increasing volume of commodities for an increased range of clients from an increasing number of suppliers

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USAID | DELIVER PROJECT

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