USAID | DELIVER PROJECT

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IQC SEMI-ANNUAL REPORT

OCTOBER 2007 TO MARCH 2008

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USAID | DELIVER PROJECT
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ACRONYMS

ACT	artemisinin-based combination therapy
AI	avian influenza
AIDS	acquired immunodeficiency syndrome
AIIS	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
SOP	standard operating procedure
STTA	short-term technical assistance
TA	technical assistance
TO	task order

USAID	U.S. Agency for International Development
USG	U.S. Government
WHO	World Health Organization
WIMS	warehouse information management system

IQC SEMI-ANNUAL REPORT

IQC VISION

The goal of the USAID | DELIVER PROJECT is to increase the availability of essential health supplies for public and private services and programs. The purpose of the 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—drugs, diagnostics, and supplies to clients in country programs. USAID field missions have indicated 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. The project seeks to strengthen supply systems for all essential health commodities and to create environments that are conducive to their sustainability.

The project was awarded as an IQC; individual task orders are issued for specific scopes of work. This IQC semi-annual report provides an IQC perspective of how the project has responded to its overall mandate. 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 semi-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 sub-components:

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

Central to efforts under the third sub-component—improve USAID's provision of commodities to programs—is to establish a best-in-class, effective, and responsive global procurement capacity that

is supported by a state-of-the-art management information system (MIS). To build a solid procurement capacity, the project created a new procurement services unit; it reflects the project's new mandate. The new MIS will support this mandate, enabling the project to effectively manage procurements for multiple task orders, and strengthening global and regional coordination and advocacy for commodity security.

In addition to achieving the project's objective, USAID also wanted the project to do business in a new way; it is 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 databased decision making along the entire supply chain.
- Partner with local organizations.
- Use the private sector.
- Use local hires in project implementation.
- Use subcontractor capacities.
- "Lead from family planning."
- Be 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, USAID has implemented and emphasized these IQC sub-components and the new business model differently for each of the three task orders.

In this report, we summarize the task orders and their accomplishments during the first six months of the second year of the IQC; we also describe progress against selected IQC-wide indicators and the new business model.

IQC IMPLEMENTATION

During the current reporting period, we reorganized the IQC management structure to better respond to each task order's needs and to promote greater efficiency, accountability, and organizational learning. Each task order has a separate full-time management team. That team is the primary point of contact for the task order CTO; they work with the CTO to set task order priorities, budgets, and workplans and, to monitor progress on deliverables, the quality of the work being conducted under the task order, and spending against budgets and obligations. In addition to the TO management teams, several central service teams provide support to each of the task orders, including country programs, finance and administration, communications, MIS, and supply operations. These teams execute many of the activities included in task order workplans. The current IQC organogram is included in annex 1.

Each task order promotes improved product availability, but focuses on different products and customers, and places a different emphasis on each of the three objectives. Table 1 summarizes key activities across 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	September 29, 2006	March 21, 2007	April 6, 2007
USAID Technical Office	GH/PRH/CSL	GH/AI	GH/HIDN
Objective 1: Strengthen in-country systems			
In-country supply chains strengthening (see table 2 for more details on country funding and activities)	Field support provided by 18 countries and 1 regional bureau, with a project presence in 17 countries. Field funding totaled $20,325,874 in FY2007.	No field support, but core funded TA worth $263,577 provided to 4 countries.[1]	Field support from Tanzania, Mozambique, Ghana, and Madagascar totaling $2,425,000 in FY2007
Core funding for innovations, best practices, and tool and methodology development	Continued work in supply chain management, policy, monitoring and evaluation, organizational strengthening, and procurement excellence	Continued refinement of reference materials for USAID Missions and in-country partners on ordering and managing AI commodities	Continued work on quality assurance processes and standards and indicators and processes for in-country supply monitoring
Objective 2: Improve advocacy and collaboration with global and regional partners for commodity security			
Donor coordination, global advocacy, and resource mobilization	Continued work on developing a tool to map the financing resources available for RH commodities in collaboration with several global stakeholders, including KfW and WAHO, to determine the feasibility of a regional financing mechanism Supported RHSC in Brussels and coordination with UNFPA Carried out a series of activities to leverage Global Fund resources for contraceptives, such as prepared series of advocacy briefs (policy briefs, analysis of current funding levels) aimed at country stakeholders, as well as participated in a regional SSA workshop to disseminate analysis of	Followed up on the results of the September 2007 AI commodity review and prepared for the April 08 decontamination kit review	Participated in WHO Informal Consultation on Quality Assurance of Malaria Microscopy, Roll Back Malaria Procurement and Supply Management Working Group Meeting

[1] Nigeria, Thailand, Indonesia, and Egypt

	Task Order 1	Task Order 2	Task Order 3
	Global Fund support for condoms and advocate for contraceptives Researched and wrote paper on levels of national government support for contraceptive procurement		
Objective 3: Improve USAID's provision of commodities to programs			
Product categories	Family planning and other public health commodities	Avian influenza containment commodities	Malaria prevention, detection, and treatment commodities
Commodity procurement in FY2008	$12.4 million	$96,626	$19.0 million
Number of shipments in FY2008	171	96	12
Value of shipments in FY2008	$40,566,176	$1,695,181	$6,569,241

As table 1 shows, each task order continues to emphasize the three IQC sub-components differently. TO1 continues to focus on all three IQC objectives, with field support funding and in-country activities dominating TO1's portfolio. Under TO2, the commodity provision sub-component continues to dominate, although there is an increase in the level of funding for and the number of countries receiving technical assistance. Commodity funding dominates TO3's portfolio as well, although there are increasing amounts of field support funding; the task order expects to establish an in-country presence in a number of new countries during FY2008.

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

Table 2. In-Country Technical Assistance Support

		System		Type of commodity						Type of Logistics TA provided								
Country	Budget FY08[5]	Vertical	Integrated	Contraceptives	HIV/AIDS	Essential Medicines	Avian Influenza[1]	Malaria	Tuberculosis	Forecasting	Finance	Procurement	Warehousing	Distribution	Performance Improvement	LMIS & Monitoring	SCM Innovations	Commodity Security
TASK ORDER 1																		
Bangladesh	$ 1,501,628	●		●						●	●	●	●	●	●	●	●	●
El Salvador	$ 384,003	●		●						●	●	●			●	●	●	●
Ethiopia	$ 5,217,015		●	●		●				●	x	x	●	●	●	●	●	●
Dominican Republic	$ 400,000	●		●						●	●	●	●	●	●	●	●	●
Honduras	$ 100,000	●		●						●	●	●			●	●	●	●
Ghana	$ 1,108,488		●	●	●	●			●	●	●	●	●	●	●	●	●	●
LAC CS	$ 491,472			●											●	●		●
Malawi	$ 1,567,220		●	●		●				●	●	●	●	●	●	●	●	●
Mozambique	$ 1,671,377		●	●		●				●	●		●	●	●	●	●	●
Nepal	$ 612,349		●	●	●	●				●	●	●	●	●	●	●	●	●
Nicaragua	$ 219,454		●	●		●			●	●	●	●			●	●		●
Nigeria	$ 965,827	●		●	●					●	●	●	●	●	●	●		●
Paraguay	$ 936,239	●		●						●	●	●	●	●	●	●	●	●
Rwanda	$ 524,179	●		●						●	●	●	●	●	●	●	●	●
South Africa	$ 550,571	●			●					●		●	●	●				
Tanzania	$ 1,304,157		●	●		●				●	●	●	●	●	●	●	●	●
Uganda	$ 747,484		●	●		●			●	●	●	●	●	●	●	●	●	●
West Africa	$ 246,709														●	●	●	●
Zambia	$ 5,763,746		●		●					●	●	●	●	●	●	●	●	●
Zimbabwe[2]	$ 675,447		●	●	●					●		●	●	●	●	●	●	●
TASK ORDER 2[3]																		
Egypt													●					
Indonesia		●					●						●					
Nigeria		●					●						●			●		
Thailand		●					●						●					
TASK ORDER 3[4]																		
Ghana	$ 500,000		●					●		●			●	●	●	●		
Liberia		●	●					●		●			●	●	●	●	●	
Madagascar	$ 535,000	●	●					●					●	●				
Malawi		●	●					●					●	●		●		
Mozambique	$ 1,060,000	●	●					●		●	●		●	●				
Rwanda		●	●					●					●					
Tanzania	$ 330,000	●	●					●		●			●	●				

Note: 1. AI 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. AI Country activities are core funded and, with the exception of Indonesia and Nepal, not tracked separately by country
4. Most countries thus far have integrated storage but vertical distribution; for Malawi future distribution will be integrated
5. Budget figures include FY07 funding and carryover funding from previous years

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 that will typically contain a subset of the indicators in the IQC plan. Task order plans may also contain indicators outside the IQC plan. For activities in this second reporting year of the IQC, the only common indicators that can be presented in this report are those that measure USAID's provision of commodities to programs. We also present anecdotal evidence of progress against the new business model indicators.

IQC INDICATORS

Common indicators across task orders for year 2 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. Table 3 lists the indicators and provides more information in the following section.

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	Percentage 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 that are compliant with U.S. Government regulations	% of contracts adhering to all U.S. Government guidelines and requirements Supplier fill rate (full quantity on time)

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

The supply operations team provided a broad range of services to each of the task orders during the reporting period. To be even more effective and responsive, the team consolidated its operations under its new management structure. In addition, the team worked very closely with the MIS team to ensure that the new MIS that launches in April meets the supply operations team's needs.

Under Task Order 1, the emphasis was on supporting the routine shipment of commodities under CCP; completing the transition from NEWVERN to the new MIS; transitioning several procurement contracts from USAID to JSI; and understanding, capturing, and applying best practices in condom procurement to the next USAID-funded condom procurement. With NEWVERN closing down in April 2008, the team mapped and began to apply new procedures using ORION to manage TO1 orders. A significant data migration effort was undertaken to move historical NEWVERN data to the MIS, which allows for consolidated reporting in the new MIS. Finally, the team created and began executing a detailed cutover plan to close operations in NEWVERN and begin operations in ORION. This plan will be completed in April prior to the new MIS going live.

During this period, the project's procurement team worked on nine successful contraceptive and public health commodity procurement actions under TO1. The procurement of female condoms and the orals bridge contract were completed during this time, while OAA approvals were received for Jadelle and IUDs. OAA packets were sent for approval for oxcytocin, while initial work was started on lubricant and cycle beads. Negotiations were nearly completed for the new orals award; substantial work went into preparing for the forthcoming condom RFP. This process involved a careful series of consultations to ensure that USAID and JSI agreed on the contractual specifications, terms and conditions, and tendering processes.

Finally, to ensure that the next condom procurement reflects the best practices and standards in condom procurement, the supply operations team and TO1 procurement excellence teams conducted a careful series of analyses, consultations, and reviews that included international experts from a diverse set of organizations; this produced a draft RFP. This process is the basis for a more generic process that will be used for launching other large scale procurements. In addition, a

consultant was recruited to examine the possibility of an information exchange to facilitate public sector procurement decisions.

Under Task Order 2, the supply operations team focused on responding to USAID's requests for shipments, on launching the new Bangkok RDC, and on preparing for the avian influenza operational research study in Indonesia. The project tendered for warehousing and distribution services in Bangkok to pre-position AI commodities for a faster, more cost-effective response to AI commodity needs in Asia. The project selected UPS as the best value vendor, set up initial standard operating procedures with them, and sent an initial shipment via sea freight to the warehouse.

In Indonesia, the project will support a large Operational Research study that will test the effectiveness of a number of approaches to controlling the spread of avian influenza. Our role is to procure the commodities needed to run the OR study, including vaccines, vaccination equipment, cold chain equipment, and incinerators. Throughout this period, the project worked closely with partners on the ground, principally the Food and Agriculture Organization, the Ministry of Agriculture, and the International Livestock Research Institute, to finalize the specifications, quantities, and delivery schedules for the commodities.

Under Task Order 3, the emphasis has been on procuring malaria commodities as requested and refining the project's quality assurance processes. The project supported Good Manufacturing Practices (GMP) inspections at one pharmaceutical manufacturer, visited the manufacturing facilities of a second manufacturer, revised a number of its quality assurance standard operating procedures, and began working on a comprehensive quality assurance framework to guide its procurement and supply operations going forward.

Percentage of orders shipped within the task order's 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 4 lists the on-time shipment percentages for each task order.

Table 4. On-time Shipments

On-time shipments

Task Order	*Definition*	*Percent*	*N*
TO1	Percentage of shipments shipped within 30 days of the desired shipped date	75%	171
TO2	Percentage of shipments shipped within 24 hours of the planned shipped date	62%	65
	Percentage of shipments shipped within 7 days of the planned shipped date	88%	65
TO3	Percentage of shipments shipped within 10 days of the planned shipped date	50%	12

The difference between the desired shipment and the actual shipment is used as the basis for the on-time shipment analysis. The desired shipment date is based on the desired receipt date requested by the recipient country missions. However, for TO2 and TO3, the requested receipt date for commodities is entered into ORION to initiate the shipment processes without negotiating with manufacturer or other stake holders in the shipment process. As such, the accuracy of the analysis of on-time shipment is especially problematic for TO3 because all shipments are off-production. To reflect the actual performance of the project, the shipments that require pre-shipment documentation from the recipient countries—a process beyond the project's control—were omitted from the on-time shipment analysis (mainly for TO2 and TO3).

Seventy-five percent of shipments were on-time for TO1 during the reporting period, which maintains the impressive improvement observed during the last annual report. For TO2, 88 percent of the shipments were within a week of the desired shipment date. For TO3, about 50 percent of the shipments (i.e., six shipments) were more than a month late (but less than two months late) due to production delays.

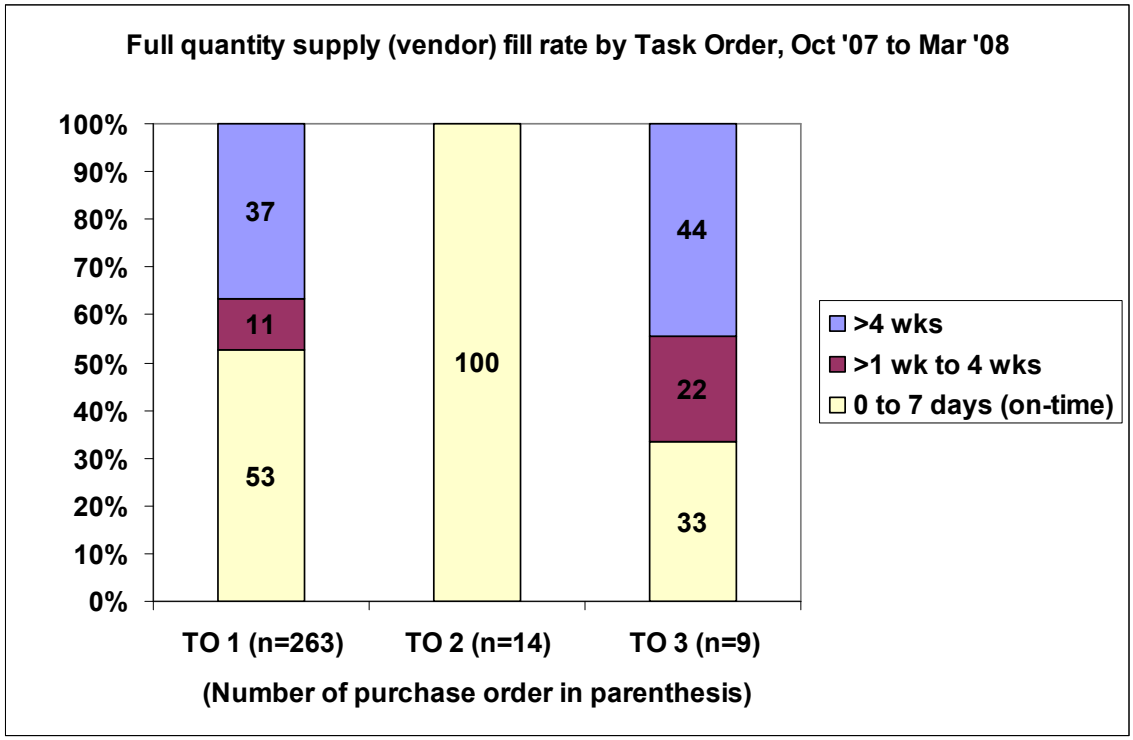
In the future, to accurately capture the project performance of on-time shipments, the desired shipment date will be entered in ORION after negotiations with all the stakeholders (including the manufacturer) in the shipment process.

Percentage of purchase orders delivered on-time by manufacturers

The procurement team tracks the on-time full quantity delivery rate, called the supply fill rate, as one of the indicators to monitor how well USAID and the project are managing procurement contracts. During the past three years, the supply fill rate continued to improve—it increased from 31 percent during FY2006 to 42 percent in FY2007 and to 53 percent during the first half of FY2008. The supply fill rate within seven days of the desired date is considered on time (see figure 1). The data are presented by task order. During the reporting period, 53 percent of the 263 contraceptive purchase orders issued by TO1 were supplied on time by the manufacturers. For TO2, the supply fill rate was 100 percent (for 14 purchase orders); it was 33 percent for Task Order 3 (for nine purchase orders).

Because all shipments are off-production for TO3, the supply fill rate and the on-time shipment rate for TO3 come from the same data elements. As such, the delays in the supplier fill rate for TO3 are attributed to the same reasons as the on-time shipments described earlier.

Figure 1. Full Quantity Supply Fill Rate by Task Order October 2007 to March 2008



Transition to a new USAID management information system

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 along the supply chain is a fundamental approach for the project. The MIS comprises the following three major building blocks:

- A data repository that includes the ORION™ Enterprise Resource Planning System from 3i Infotech, which is a supply chain management computer system; the data warehouse that holds historical NEWVERN and avian influenza (AI) data, as well as data views from ORION; and data storage for various smaller applications.
- Component applications that provide additional commercial software packages and custom applications for 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), which includes a redesigned website with permissions-based access; it is designed to serve various audiences, including USAID/Washington, missions, project and procurement staff, recipients, affiliates, and the general public. The project website is the principal way to access information in the data repository.

The MIS knowledge sharing platform collects, processes, and distributes data essential to project staff and other stakeholders, which they use to make decisions and work to achieve project objectives. The objective is to operate the MIS 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 is an intranet for project staff.

As a web-based system, users will be able to access the MIS from around the globe, as well as in Washington, D.C. This evolving system is well on its way to operating as a user-friendly, *one-stop shop* for procuring products. Over the last six months, the project completed work on Release 3.0 of the MIS and prepared to launch it in April 2008.

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

The main vehicle for keeping USAID apprised of the MIS progress has been the MIS Steering Committee. It met regularly during this six-month period. Agreements made by the steering committee are documented in meeting notes and in the MIS status report that is circulated to all steering committee members and posted on a secure steering committee web site.

MIS achievements—framework developed

During this past six-month period, Release 2.1 of the MIS was launched, which incorporated kitting and a number of other functions that the supply operations team needed to support the operations of all three task orders. Starting with 2.1, JSI procurement contracts for all three task orders were entered into ORION.

As the launch date for 3.0 approached, the project proposed an acceptance process to the Steering Committee that it approved. As a result, the project developed and ran a series of end-to-end acceptance tests to validate how the MIS was functioning. USAID reviewed the results of these tests and agreed that the MIS performed adequately and could be launched. After that approval was received, the cutover process from NEWVERN to the new MIS was launched.

Task Order 1—Public Health

The extensive existing functionality and data requirements of TO1, which is currently using the NEWVERN system, require numerous applications, in addition to ORION, to be in place before TO1 can use the MIS. The implementation of these components, including the project website, is scheduled for launch on April 14, 2008. The project and USAID have verified the functionality for 3.0 and after the data cutover is complete, all CCP transactions will be handled through the new MIS. A few components that could not be included in release 3.0 will be included in subsequent releases of the MIS. The Steering Committee approved the release schedule.

Task Order 2—Avian Influenza

The project is using ORION for all TO2 procurement activities. After Release 2.1 was complete, kitting operations could be tracked through ORION; this functionality is being used for the procurement and assembly of the new laboratory kits. Legacy data (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 soon after Release 3.0 goes live.

Task Order 3—Malaria

ORION was ready for TO3 to use on May 6, 2007; ORION manages all procurement activities for TO3. With the availability of the website in Release 3.0, PMI users from around the world will have access to up-to-date information on their shipments, orders, and account balances.

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 monitoring tools under TO1 and, to the extent possible, in the other task orders. Each task order has its own priorities under the IQC; TO2 and TO3, while they support the whole new business model, have emphasized different aspects. The new business model does not have specific indicators in the project performance monitoring plan; progress against these requirements is described qualitatively below.

Innovate and use best practices in supply chain management

To improve product availability, USAID challenged the project to seek innovative technical, procedural, and policy solutions. The project has responded at the country- and the central-level. Each of the task orders has pursued innovations and best practices throughout their operations and has demonstrated the pursuit or adoption of innovative approaches. Examples include the following:

Under TO1, we looked at new methodologies and techniques for managing the increasingly large and complicated sets of products that our local clients are responsible for monitoring. With the integration of family planning into larger health commodity supply chains, it is apparent that all products cannot and should not be managed the same way. One supply chain approach that has been successful in the commercial sector, including the auto parts, telecommunications, and grocery industries, is supply chain segmentation. This approach starts from the complex environment of the current system; through data mining and analysis, it identifies a few segments with strong supply chain commonalities, making a complex supply chain more manageable. Segments are based on the *Customer Service Policy,* which is determined by the organization. First segments are defined, then tailored supply chain solutions for each segment are determined. These include warehousing, transport, and inventory policies and procedures. The project's supply chain management team has been working with the Massachusetts Institute of Technology/Zaragoza International Logistics Program to develop a framework and guide that is applicable in developing country public health supply chains. To date, a theoretical framework was developed and then tested in Ghana in February 2008. Currently, this framework is being refined by MIT professors and project staff; students in their master's degree program are developing supply chain solutions.

Under TO2, the opening of the regional warehouse in Bangkok represents a best practice on several fronts. First, the project tendered for commercial warehouse space and services to obtain the best value for the government. Second, the project is using a pay-as-used basis to ensure that we do not purchase more service than we need. Third, the location of the warehouse was selected to reduce lead time and total delivered cost. This approach to managing a global distribution system is consistent with and reflective of the best practices used in the commercial logistics sector.

Under TO3, a significant innovation is occurring in Mozambique where the project is working closely with WHO, the Ministry of Health, and USAID to design and test cool boxes for the storage of malaria rapid diagnostic tests. These cool boxes are made of local materials and use evaporation to keep the RDTs at an acceptable temperature. If the test proves successful, the technology will be used across Mozambique and, perhaps, in other countries, as well.

Promote data-based decision making the entire supply chain

Promoting data-based decision making continues to be a priority under all three task orders. Under TO1, we looked at supply chains for non-health products to determine if lessons learned in how they operate can be applied to public health commodity supply chains. A mapping of non-health products took place in Uganda in February 2008. Some of the conclusions were—

- In resource-poor settings, commodities flow when there is an economic interest, but even the most basic goods can still become stocked out.
- Considerable costs are associated with storage and distribution to the last mile; village retailers address these independently, rather than collectively.
- At the village level, retailers have a semi-captive market with little local competition or motivation to improve services or to cut prices; however, social pressures on local merchants provide reasonable product availability without price gouging.
- In Uganda, customers, as well as people working at every distribution node, are capable of coming up with creative solutions to problems that affect their business.
- There are real opportunities for the public sector to learn from local private sector practices in transportation and inventory management.

Under TO2, we are working closely with USAID to evaluate the design and content of each of the kits that are managed as part of the AI stockpile to ensure that they respond to the needs of the users in the field. To that end, the project and USAID are preparing a consultative meeting on the AI decontamination kits in April. Representatives from USAID, USDA, AI.COMM, STOP AI, and the USAID | DELIVER PROJECT, and experts in biohazard containment and response will participate in the technical review. To facilitate the discussions at the meeting, we will have available more than 100 sample items that participants will be able to evaluate when they discuss kit components.

TO3 has been working collaboratively with SPS on a series of indicators and tools that can be used to collect data on supply management and supply status at the country level. These indicators and tools will be used as part of in-country supervision activities and will provide qualitative evidence on whether malaria commodities are being appropriately managed and whether they are available at facility levels. These data will complement any existing health information or logistics information being collected.

Partner with local organizations including the private sector

The project continues to engage local organizations, including those in the private sector, across task orders. Under TO1, the project conducted a training-of-trainers with its Latin America regional logistics training center partner, PRISMA, to enable them to provide training courses to participants in Latin America. An award to a training center in East Africa is expected; they will offer courses to participants in Anglophone Africa. The project and another USAID-funded program—the Leadership, Management, and Sustainability Program— will work with these institutions to develop their technical, training, marketing, and business planning abilities to enable them to offer regional training and consulting services beyond the life of the project. In Washington, TO1 has engaged the University of Maryland to assist in a software review under the Reproductive Health Supplies Coalition, and they continue to work with MIT on a supply chain segmentation model.

Under TO2, the project has used commercial providers for supply chain services. It has contracted with UPS for work in a number of countries: Bangkok for provide warehousing services; Egypt to facilitate a warehousing assessment; and Indonesia to store, package, and distribute commodities to sixteen districts for an operational research study.

To achieve its objectives under TO3, the project contracted with local agents for the storage and distribution of medicines in Angola and Malawi and with central medical stores in Malawi and Rwanda. In addition, the project has called on the services of its private sector partner, the Fuel Group, for supply chain consulting services in Madagascar and Angola.

"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 family planning/reproductive health helps ensure that family planning retains a seat at the table when wider health systems reforms and system integration are being designed and implemented.

Several examples of this exist in the current period, including the following:

- The indicators and tools being used to monitor supply chain operations and product availability under TO3 are direct descendants of the tools that were originally developed for family planning programs. The emphasis and attention to supply chain performance demonstrates that maintaining product availability requires visibility into stock levels and supply chain operations.
- Other programs are beginning to recognize and support the importance of good forecasting, quantification, and procurement planning that family planning programs have understood for some time. To maintain a continuous flow of commodities through the pipeline requires both sound logistics systems in-country and good planning for getting commodities into the logistics system in the first place. Forecasting, quantification, and procurement planning are key activities that we are currently undertaking in many PMI countries.
- Quality and quality assurance have been hallmarks for family planning efforts for some time; they now have greater prominence in the work of other task orders, as well. TO3 is developing a comprehensive quality control framework that has benefited from FHI's experience under USAID's CCP program.
- The approach, framework, and system for generating and managing web content, which is used to design and strengthen supply chain systems for family planning and reproductive health, has expanded to include health supply chain information for TO2 and TO3. The project used the web content management processes developed under the DELIVER project to generate web content for all three task orders. The new website will include a broad array of essential health commodity topics, including family planning, malaria, avian influenza, HIV and AIDS-related medicines and supplies, laboratory reagents and supplies, and essential medicines.
- The project's experience in developing contraceptive ordering procedures, guidelines, and product specifications in a user-friendly format was used to create a product catalog for AI commodities under TO2—providing product specifications, instructions for product use, and shipping and ordering instructions for commodities used to detect avian influenza. Like the *Contraceptive Procurement Guide and Product Catalog,* the *Avian Influenza Product Catalog* is a useful, popular, and well-received tool. In addition, TO3 is using the TO1 model to design a similar catalog for malaria-related commodities.

- The *Contraceptive Fact Sheets* enable family planning providers to better manage contraceptive supplies by providing information on donor, manufacturer, and brand specifications, as well as the shelf life and storage and packaging requirements. Using the TO1 model, TO3 is developing *Malaria Fact Sheets* to present product information and support the management of malaria supplies.

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; it is indicative of the demand from the field for project-generated knowledge. Over the past six months, the number of visits to the project website increased by more than 55 percent compared to the previous six month period—from 245,668 to 382,829 visits; there were more than 24,000 publications downloaded from the website. The project has also fulfilled orders for more than 2,500 print publications, tools, and software requested by individuals and organizations in more than 22 countries. The top three publications disseminated by mail were (1) *Contraceptive Security Index 2006*; (2) *Guidelines for the Storage of Essential Medicines and Other Health Commodities*; and (3) *Logistics Handbook: A Practical Guide for Supply Chain Managers in Family Planning and Health Programs*. The project completed 20 new or updated publications and disseminated them to more than 25 electronic newsletters and listservs.

INDIVIDUAL TASK ORDER ACHIEVEMENTS

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

Task Order 1—Public Health

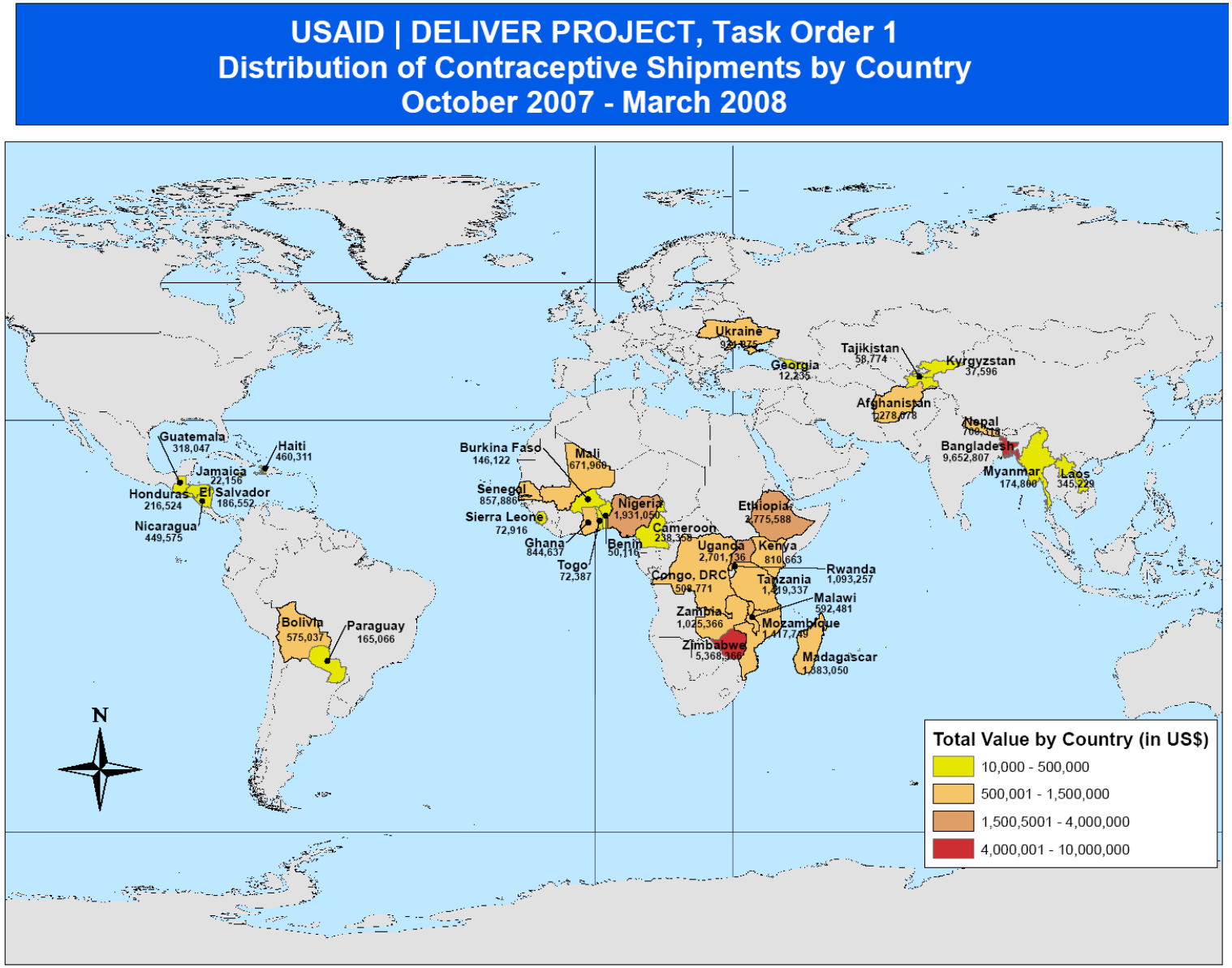
The period of the present semi-annual report—October 1, 2007 to March 31, 2008—was one of consolidation and adaptation to the new business model and the demands of meeting TO1 objectives within the context of the wider IQC. The pace of activities continued to accelerate both centrally and in the field. Figure 2 displays a summary of the contraceptive shipments made over the six-month period. Highlights from the period include the following:

- A TO1 Director has been appointed to provide dedicated management and oversight of TO1 operations and to ensure that project objectives are met.
- Progress was made on improving in-country supply chains, with attention to last mile delivery. For example, in Nigeria, adoption of a national streamlined contraceptive logistics management system led to increased resupply report rates, from 33 to 81 percent.
- Work on integrating logistics systems took place in Ethiopia, Ghana, Malawi, Nicaragua, Tanzania, Uganda, and Zambia.
- Reporting rates from SDPs has remained constant at 80 percent or higher. Most countries reported SDP stockout rates of less than 10 percent, although there were important exceptions in Bangladesh for male condoms and in Zambia for oral pills and injectables. The condom situation in Bangladesh was actually improved thanks to project and USAID intervention and the shipment of six million pieces to fill a gap caused by local procurement delays.

- Work with the Global Fund (GF) has helped identify areas for eliciting GF support for RH. A policy advocacy brief was prepared and disseminated to project country offices that outlines areas where the project can seek GF funding for Round 8.
- The project procurement team worked on nine contraceptive and public health commodity procurement actions. The procurement of female condoms and the orals bridge contract was completed during this time, while OAA approvals were received for Jadelle and IUDs. OAA packets were sent for approval for oxcytocin, while initial work was started on lubricant and cycle beads. Negotiations were nearly completed for the new orals award and substantial work went into preparing for the forthcoming condom RFP. This later was supported by work on a condom procurement strategy; a consultant was recruited to determine the feasibility of an information exchange to facilitate public sector procurement decisions.
- Several core- and field-funded innovations were field tested during this period. In partnership with MIT Zaragoza, the project field tested the supply chain segmentation approach in Ghana. A network optimization tool has been developed for use in Guatemala, while a mapping of non-health commodities was conducted in Uganda to identify lessons that the public sector can learn from local private commercial supply chains. Pilot evaluations for different handheld devices for data entry were started in Bangladesh and Tanzania.
- Working with USAID's Leadership Management Strategy Project, the organizational strengthening team has been supporting PRISMA to increase their capacity to provide regional SCM courses. Selection of a second African partner institution was also nearly completed. The International Association of Public Health Logisticians continues to expand; it now has 212 members from 49 countries. The association has hosted two formal and two informal discussions on health commodity logistics.

During the next six months, TO1 will continue to execute its workplan activities centrally and in the field; it will focus on a number of management challenges, including completing service agreements with the IQC central service teams, ensuring that MIS maintenance and enhancements are executed smoothly, successfully completing new procurements, and reviewing the structure and staffing of the MIS and supply operations teams to ensure that the task order's expectations are being met. The field work plan and budget preparation cycle will be in full swing in the next reporting period. Discussions with USAID will highlight the administrative burden and challenges in multiple plan preparations for multiple TOs; potential solutions will be identified to support the project's efforts in continuing to streamline processes and work even more efficiently.

Figure 2. Task Order 1 Commodity Shipments



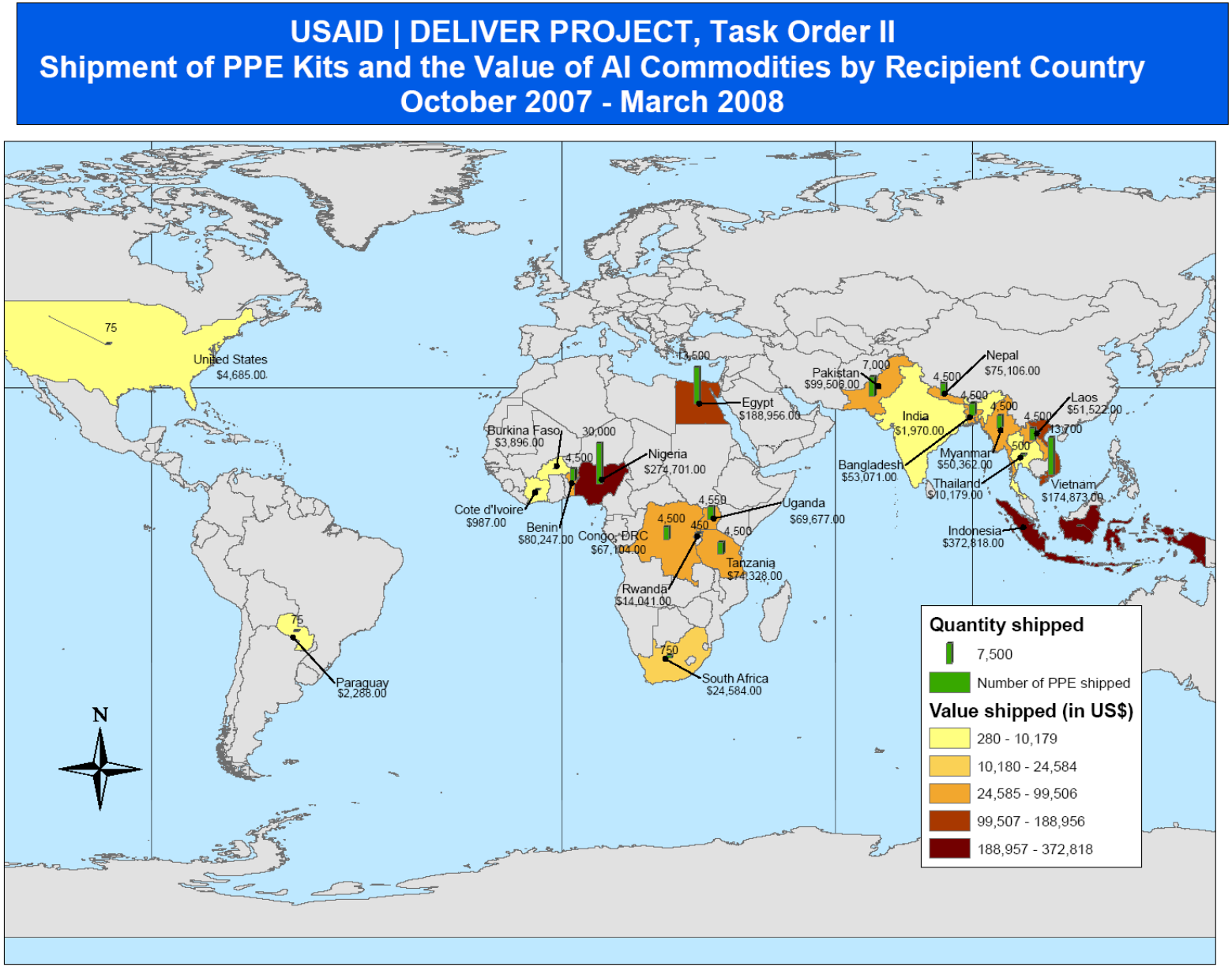
Task Order 2—Avian Influenza

In the past six months, the USAID | DELIVER PROJECT has continued to support USAID's avian influenza control activities around the world, while coping with the unexpected loss of the task order's director. Project achievements in the last six months are summarized below; shipment totals are summarized in figure 3.

- The project mourned the death of Steve Wilbur, the task order director, who passed away unexpectedly. Recruitment for his replacement began in March.
- The project sent 96 shipments to 22 countries, for a total of $1,695,181.
- The project procured $96,626 in materials, mostly components for laboratory kits and disinfectant.
- The project provided technical assistance to Indonesia and Egypt.
  - In Indonesia, the project will be supporting a large avian influenza control operations research project, which will be managed by FAO and the Ministry of Agriculture. During this period, we worked with the national pandemic preparedness planning commission (KOMNAS) to strengthen their ability to manage the PPE used in an emergency response, conducted a cold chain assessment of the Ministry of Agriculture in preparation for the OR work, and retained a project staff member in Indonesia to coordinate our activities there.
  - In Egypt, we are working with the Ministries of Agriculture and Health to develop processes and procedures for distributing PPE and other AI control commodities and to rehabilitate some of the warehousing infrastructure needed to store AI control commodities.
- In Bangkok, we carried out the second orientation workshop for consultants who may be called upon to provide STTA in AI commodity management. Attendees included individuals from USAID, the Federal Government of Nigeria, FAO, SECS, WHO, Crown Agents, DAI, Fuel, JSI, and PATH.
- The project worked closely with USAID to evaluate regional distribution center options. Locations in Africa and Asia were evaluated; ultimately, USAID decided to move forward with an Asian location first. A regional distribution center was established in Bangkok to reduce lead time and shipping costs for shipments to countries in Asia. A competitive procurement process resulted in UPS winning the bid to provide these warehousing services on a pay-as-used basis.
- In Washington, the project and USAID met to discuss future directions for the USAID AI International Stockpile. Topics included the composition of the current PPE kit, the potential composition of a humanitarian response kit, the policy on responding to outbreaks of other zoonotic diseases, the policy on the use of rapid antigen test kits, and the strategy for the establishing regional distribution centers.
- MAP continued to reprocess kits inherited from the previous contractor and segregate any unusable items.
- The project started looking at options to package and ship kits more cost effectively. This included evaluating vacuum sealing to reduce kit volume and shipping loose cartons to reduce the weight of air freight shipments.

The project continues to refine its policies, processes, and procedures to best support USAID's evolving emergency response needs.

Figure 3. Task Order 2 Commodity Distribution



Task Order 3—Malaria

The first six months of FY2008 initiated a new phase of work for TO3. By October 2007, most of the new staff members were in place, the first deliveries were made, lessons were learned, and methods and processes were established. The team moved out of the introductory/project start-up stage; it has consistently provided quality responses to requests for forecasting and system assessment STTA, as well as continuing the procurement and in-country distribution of malaria commodities.

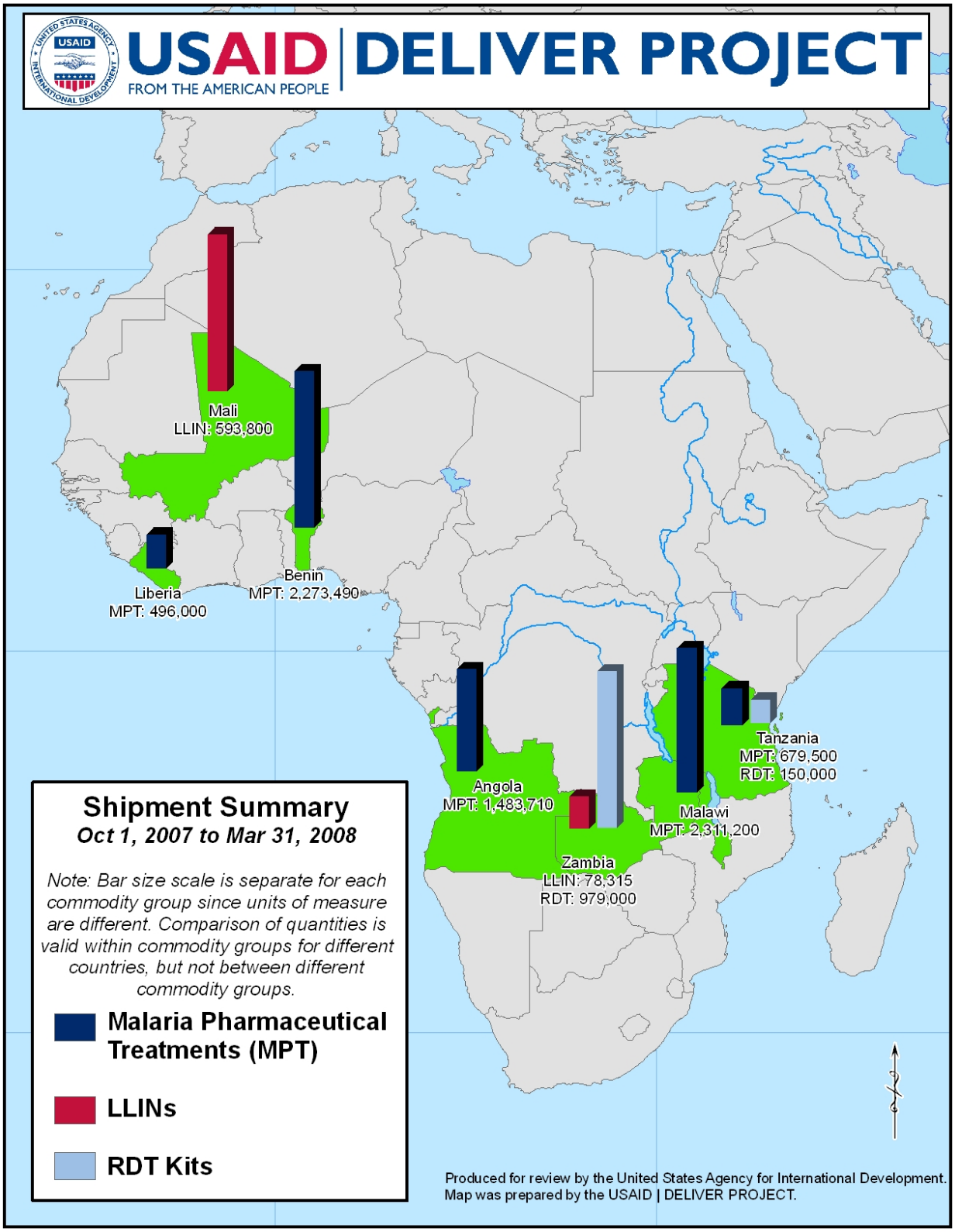
Highlights include—

- Procured commodities worth $21,307,644 for Angola, Benin, Liberia, Malawi, Mali, Mozambique, Nigeria, Rwanda, Senegal, Tanzania, Uganda, and Zambia.
- Delivered 6,340,240 treatments of malaria pharmaceuticals to five countries; 460,115 LLINs to two countries; and 1,129,000 RDTs to two countries.
- In Liberia, contributed technical assistance for door-to-door distribution of LLINs during the country's PMI launch, covering nearly 100 percent of the targeted population.
- In Angola, coordinated emergency in-country ACT distributions to avert pending stockouts.
- In Ghana, assessed the malaria commodities supply system and planned the implementation of those PMI-funded activities that the project and SPS will carry out by from 2008 to 2010.
- In Mozambique, piloted a type of cool box in Maputo, Tete, and Quelimane provinces to store malaria commodities, developed training materials on new protocol for malaria treatment for MOH staff, and participated in a malaria working group to produce a three-year plan for addressing malaria.
- Developed wholesaler and manufacturer questionnaires that helped identify and ensure quality malaria commodity procurement.
- Conducted several joint assessments with MSH's project, Strengthening Pharmaceutical Systems, including productive joint missions to Madagascar and Ghana.
- Participated in a number of international malaria meetings to address and improve the global supply of malaria commodities.

Some of the challenges encountered during this reporting period were similar to those of the first six months of the project, especially in the areas of quality assurance and procurement. The quality assurance challenge is two-fold: defining a QA process to ensure that all commodities procured meet acceptable standards for safety and efficacy, yet does not delay shipments or prohibit testing costs. As for the procurement challenge, it is how best to educate clients in the field, who may have little experience with U.S. Government regulations or procurement about the steps in the ordering, procurement, and delivery process.

Priorities for the next six months include finalizing the quality assurance approach; conducting audits of wholesalers (MissionPharma, IDA, and UNICEF); integrating the new staff members (Technical Director and Supply Chain Technical Advisor) into the team; beginning the FY2009 work planning process; and developing guidelines for the field on ordering commodities.

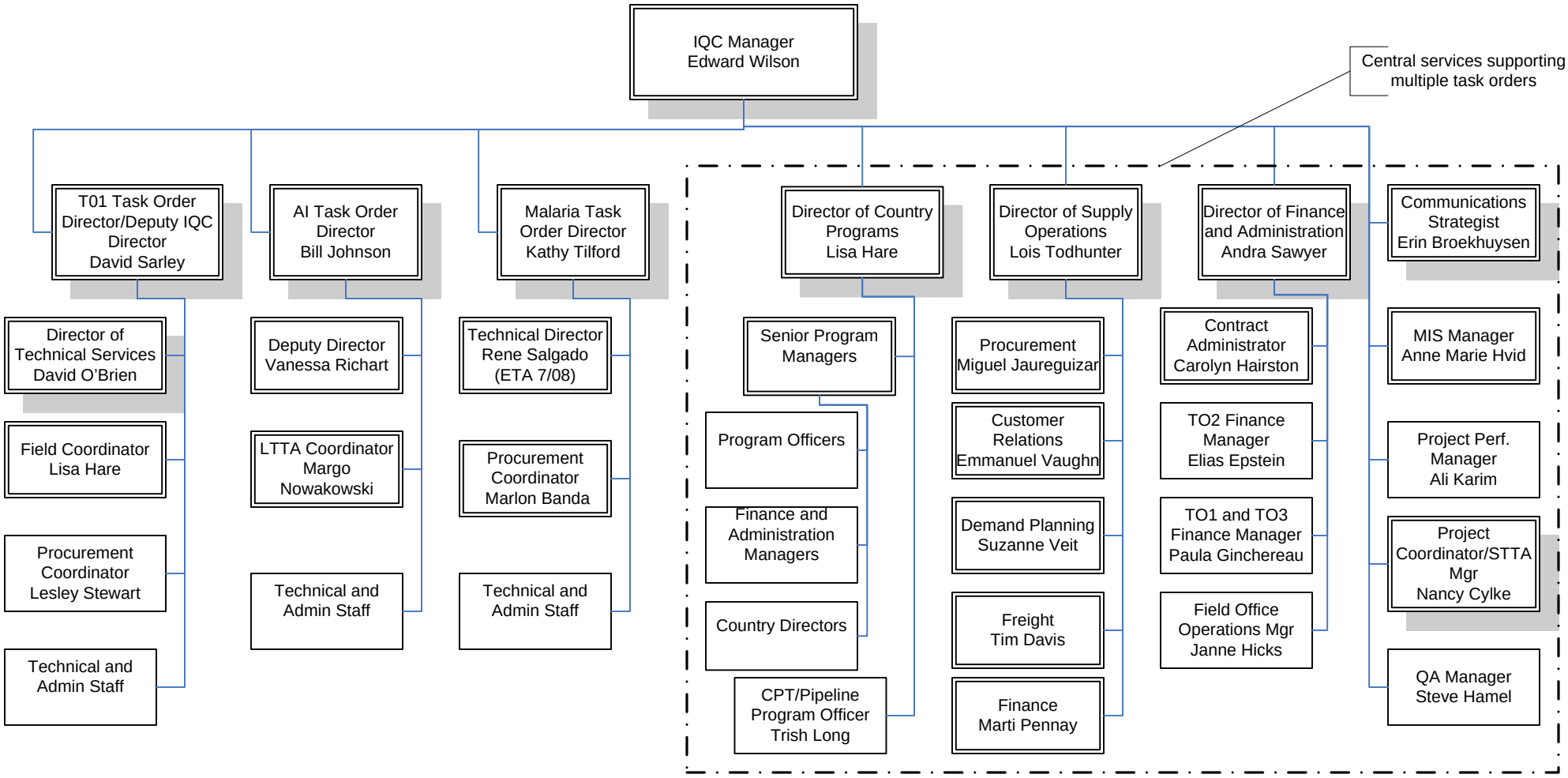
Figure 4. Task Order 3 Commodity Distribution



- Ensure good communication between country offices and USAID Missions, especially where Missions have many competing priorities in the health and population sector.

ANNEX I

IQC Organization Chart
(May 2008)



* The Director of Country Programs is responsible for overseeing all field offices to guarantee conformance with JSI and IQC-wide policies and procedures. Her team is responsible for all administrative and financial management and workplan and budget preparation and monitoring for all presence countries.

* The Director of Supply Operations is responsible for overseeing all procurement activities to guarantee conformance with JSI and IQC-wide standards, policies, and procedures. The supply operations team is responsible for financial management, purchasing, order execution, and inventory management.

* Field coordinators oversee TA to all task order countries. They manage TA to non-presence countries and have technical and strategic oversight over TA to presence countries. The Director of Country Programs is the Field Coordinator for TO1. Under TO2, the field coordinator duties are shared by the Deputy Director and the LTTA Coordinator. For TO3, the Technical Director has those responsibilities.

* Procurement coordinators oversee procurement for all task order countries. They are responsible for final product, consignee and shipping specifications and approve all orders. The AI Task Order Director is the procurement coordinator for the AI task order.

Is a member of the IQC management team

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

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