SCMS Providing quality medicines for people living with and affected by HIV and AIDS

PEPFAR Implementing Partner

SCMS Quarterly Report: April - June 2007

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SCMS Project Team

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1.0 INTRODUCTION

Third Quarter FY07 Highlights

SCMS has continued to reduce the price of antiretrovirals (ARVs) for our global clients. Our estimated savings over Accelerated Access Initiative (AAI) prices for equivalent treatment regimens have risen from $30.5 million in the second quarter to $55.4 million in the third quarter of FY07. The percentage of generic ARVs purchased by SCMS (by volume) continues to rise, 88 percent from January to March 2007 to 91 percent from April to June. There were a total of 188 deliveries to clients this quarter. The total value of products procured for the quarter was over $19 million with $16 million held in stock at the three RDCs on June 30, 2007.

SCMS responded effectively to Roche's recall of the ARV Viracept, moving quickly to quarantine stocks of the drug in the SCMS supply chain, inform our clients of the recall and maintain ongoing communication with company representatives. Counties most impacted by the recall were Côte d'Ivoire, Mozambique, Rwanda, Vietnam, and Zambia. Since the recall began in early June, SCMS has worked with clients to identify and procure alternative treatments, help coordinate shipment of the product to Switzerland for destruction by Roche and obtain reimbursement from the company for expenses related to the recall.

In June, SCMS participated in the annual HIV/AIDS Implementers' Meeting in Kigali, Rwanda. SCMS staff made four presentations: Two related to lowering ARV prices, one related to successful stakeholder coordination in Guyana and one regarding laboratory harmonization. Prior to the meeting, SCMS hosted a field visit with RPM Plus to showcase successful collaboration with CAMERWA, Rwanda's national essential medicines procurement, storage and distribution organization. CAMERWA led delegates from donor organizations and the Ministry of Health on a tour of its main warehouse. Delegates then visited the Ruhango District where they met with the mayor and saw firsthand how medicines are distributed from district hospital pharmacies to health centers. Additionally, SCMS participated in pre-meeting activities to present the findings and conclusions of a joint World Bank/Global Fund/US government coordinated procurement planning initiative that was piloted in six focus countries (Ethiopia, Guyana, Haiti, Mozambique, Rwanda and Vietnam.)

In May, SCMS staff from Botswana, Ethiopia, Mozambique, Namibia, Uganda and Zambia attended a two-week training in Addis Ababa, Ethiopia to build capacity in forecasting and supply planning and acquire skills to support the demand planning process. The training focused on quantification tools, the fundamentals of demand planning, and SCMS's order fulfillment lifecycle. Participants gained proficiency in Quantimed and PipeLine computer programs and forecasting methodologies to quantify demand for ARVs and generate a supply plan.

2.0 PROJECT HIGHLIGHTS/MAJOR ACCOMPLISHMENTS

2.1 Key Activities/Expected Accomplishments for the Quarter

Milestones	Status
2.1.1 Procurement	
• Complete four ARV and lab supply indefinite quantity contracts (IQCs) (respectively), two preshipment inspections and drug wholesaler IQCs (respectively), and complete negotiation for memo of understanding with UNICEF for supply of essential medicines.	**Ongoing. ARV and laboratory supply IQCs completed. One preshipment inspection IQC completed, one pending. Drug wholesaler IQC partially completed; awaiting USAID approval. UNICEF supply of essential medicines memo of understanding partially completed. Memo written but remains under UNICEF review, SCMS continues to press UNICEF to finalize.**
• All standard operating procedures are up to date, approved and staff trained in their implementation.	**Partially completed. 22 of 23 first-round SOPs completed. Staff trained on all current SOPs.**
• Initiate process to establish IQC contracts with laboratory supply wholesalers.	**Ongoing. Initiated negotiations with Becton Dickinson and Sysmex.**
2.1.2 Freight Forwarding and Logistics	
• Approve implementation strategy for Indian RDC.	**Ongoing. Fuel associate selected. Final site definition delayed. Final volumes and costing required.**
• Establish protocol for quarterly service and Service Level Agreement audits and framework for in-country distribution partner development plans.	**Ongoing. Performance by local distribution partners in Ghana and South Africa required contracting with alternate vendors on a trial basis. Reevaluation of local distribution partner performance is continuing.**

2.1.3 Quality Assurance	
• Develop and/or update all previously determined standard operating procedures, work instructions, and policy documents.	**Completed.**
• Establish new guidelines or policy for managing out-of-specification analytical results and vendor corrective actions.	**Partially Completed. Standard operating procedures under unit review.**
• Identify barriers to compliance with approved sampling policy and create resolution plan.	**Ongoing. Flagging of sample collection now automated in Orion. Monitoring effectiveness to continue.**
2.1.4 In-Country Operations Management (ICOM)	
• Assist focus country counterparts (Ethiopia, Haiti, Nigeria and Tanzania) and Zimbabwe USG programs to complete quarterly 24–month rolling forecasts.	**Ongoing. Completed 24-month rolling forecasts and 12-month supply plans for ARVs in Ethiopia, Haiti, Mozambique and Zambia.** **Nigeria and Zimbabwe country program 24-month forecasts are on target for completion by August 2007.** **Finalization of forecast and supply plan received from Namibia pending tender adjudication. Training in Quantimed and Pipeline required for field offices to submit forecasts and supply plans for Vietnam, Tanzania and Rwanda in SCMS format.**
• Recruit LRA for Nigeria and establish two remaining country field offices (Botswana and Kenya) based on country-specific needs	**Partially completed. LRA for Nigeria recruited. Field office in Botswana established but aniticipate need to recruit replacement LRA next quarter. Workplan and budget are under development for the Kenya field office.**

• Finalize plan on next steps for LIAT surveys.	**Core funds will not be available to conduct six LIATs, as was proposed. LIATs will be conducted based on the availabilty of country funds.**
• Implement Global Fund and PEPFAR FY07 supply chain strengthening technical assistance interventions in the areas of planning/quantification/ forecasting; procurement; storage and distribution; product quality assurance; lab logistics; logistics management information systems; commodity security; quality assurance; monitoring and evaluation and contractual processes.	**Ongoing. Provided technical assistance (TA) in 10 countries through 26 TDYs (37 TA providers) for commodity security, customs clearance, logistics management information systems, monitoring and evaluation, quantification (forecasting and supply planning), laboratory logistics, warehousing and management information systems, short-term technical assistance.**
2.1.5 Management Information Systems (MIS)	
• Complete first phase of RDC integration tasks.	**Ongoing. Expected completion is now fourth quarter 2007**
• Launch Orion release three.	**Completed. Orion Release 3 launched 20 days earlier than planned.**
• Launch Resource Manager software.	**Partially completed. Phase 1 launched. Customized application of inquiry management to be refined.**
2.1.6 Program Monitoring and Evaluation	
• Gather, clean, analyze and present Year II, Quarter 2 client satisfaction results for procurement and short term technical assistance to USAID CTO team.	**Completed.**

2.1.7 Operations Unit Management	
No Project Work Statement milestones to report for the quarter	
2.1.8 Communications	
• Continue work planning with web development firm for second generation website.	**Ongoing. Second generation site on target for launch on July 30. Includes new resource center and instructions for using the site.**
• Finalize global outreach strategy.	**Completed.**
2.1.9 Project Management Office (PMO)	
• Present update to World Bank, Global Fund, USG at HIV/AIDS Implementers meeting on coordinated procurement initiative in six countries.	**Completed.**
• Attend and present at PEPFAR Implementers' meeting, including satellite activities as accepted by OGAC/USAID.	**Completed.**
• Facilitate follow-up collaboration meeting in South Africa between Willow Creek Church, Saddleback Church, Southern African Christian Leaders Assembly and others.	**Ongoing.**

2.2 Outstanding Issues and Resolutions Recommended

2.2.1 Future IQCs with branded manufacturers will be much more difficult to negotiate because in general they do not see a business case for completing them.

- Recommendations: Continue to explain the required Federal Acquisition Clauses and continue to be persistent in negotiations.

2.2.2 *In-country Internet connectivity may hamper local procurement activity by making Orion and other tools difficult to use.*

- Recommendation: Continue to work to improve use of the IT tools and seek local improvement options to Internet connectivity.

2.2.3 *Anticipated reduction of FY08 core funding will impact SCMS operations across all units.*

- Recommendation: The Project Management Team is working to prioritize activities and reduce scope of work in the year 3 workplan

2.2.4 *Planned integration of Fuel Logistics Group and UPS electronic data interchange systems scheduled for fourth quarter FY06 has not been completed due to competing priorities and lack of staff resources.*

- Recommendation: Sufficient human resources have been rededicated at the SCMS Project Management Office, Fuel Logistics Group and UPS to complete the integration task by the end of second quarter FY08.

2.3 Key Activities/Expected Accomplishments for Next Quarter (July-September 2007)

Expected Accomplishments
2.3.1 Procurement
• Initiate local procurement process and develop standard operating procedure.
• Implement supplier on-time delivery reporting process.
• Revise and organize laboratory supply product in Orion ERP system and e-catalog.
2.3.2 Freight Forwarding and Logistics
• Finalize planning and contract to operationalize Indian RDC.
• Finalize protocol for quarterly service and Service Level Agreement audits and framework for in-country distribution partner development plans and pilot in two countries.

2.3.3	***Quality Assurance***
	• Implement Supplier Corrective Action Request process.
	• Continue to develop standard operating procedures, work instructions and policies, as needed, to build the SCMS Quality System.
	• Develop and implement process for tracking quality control incidents.
2.3.4	***In-Country Operations Management (ICOM)***
	• Assist focus country counterparts (Côte d'Ivoire, Guyana, Nigeria, Vietnam) and Zimbabwe country programs in completing quarterly 24-month rolling forecasts.
	• Recruit replacement LRA for Tanzania and Botswana (anticipated). Continue development of Kenya field office workplan and budget.
	• Implement Global Fund and PEPFAR FY07 supply chain strengthening technical assistance interventions in the areas of planning/quantification/ forecasting; procurement; storage and distribution; product quality assurance; lab logistics; logistics management information systems; commodity security; quality assurance; monitoring and evaluation and contractual processes
2.3.5	***Management Information Systems (MIS)***
	• Launch Orion Release 4
	• Launch Client Relationship Management module of Orion to automate the management of client inquiries
	• Launch enhanced second generation website
2.3.6	***Program Monitoring and Evaluation***
	• Conduct quarterly procurement client satisfaction

	surveys and identify areas for improvement
	• Conduct quarterly short-term technical assistance client satisfaction surveys and identify areas for improvement
2.3.7	***Operations Unit Management***
	• Finish revision of Task Order 1 and Task Order 2 budgets to include comments and edits from USAID
	• Revise Task Order 1 and Task Order 2 to include agreed-upon Performance Work Statements
2.3.8	***Communications***
	• Ongoing development of website.
2.3.9	***Project Management Office (PMO)***
	• Include SCMS data in the World Health Organization (WHO) Global Price Reporting Mechanism
	• Initiate preparations for proposed WHO/US Centers for Disease Control/USAID Laboratory Harmonization meeting in Mozambique (as secretariat)
	• Develop memorandum of understanding to work with Global Drug Facility (WHO Stop TB program)

3.0 PROCUREMENT HISTORY

SCMS is now using a new metric to measure procurement activity moving from "value of purchase orders" to "value delivered." Throughout the quarter, SCMS delivered $7,962,651 worth of commodities to 14 countries and procured $19,048,129. The procurement unit completed a preliminary review of procurement lead times into RDCs, and will analyze lead times from RDCs to clients in the next quarter. Two indefinite quantity contracts (IQCs) were issued for test kits, one to Trinity Biotech and the other to BioRad. Three ARV IQCs were awarded to Strides, Cipla and Aspen. SCMS received responses to a second-round request for proposal for ARVs. Proposals are being processed and negotiations are underway with suppliers for additional long-term ARV contracts. Laboratory vendor IQCs have been initiated with two of the larger suppliers, Becton Dickinson and Sysmex.

Country	Product Category	$ Delivered
Botswana	*Diagnostic test kits*	36,000
Côte d'Ivoire	*ARVs*	3,697,074
Côte d'Ivoire	*Opportunistic infection/ sexually transmitted infection drugs*	18,166
Côte d'Ivoire	*Lab equipment & supplies*	90,388
Côte d'Ivoire	*Diagnostic test kits*	58,149
Ethiopia	*Lab equipment & supplies*	1,363,780
Ethiopia	*Diagnostic test kits*	930,583
Guyana	*Lab equipment & supplies*	11,624
Guyana	*Diagnostic test kits*	43,417
Haiti	*Diagnostic test kits*	107,375
Kenya	*Opportunistic infection/ sexually transmitted infection drugs*	321,422
Mozambique	*ARVs*	3,084,363
Namibia	*Lab equipment & supplies*	1,672
Namibia	*Diagnostic test kits*	48,000
Nigeria	*ARVs*	870,682
Nigeria	*Opportunistic infection/ sexually transmitted infection drugs*	5,513
Nigeria	*Lab equipment & supplies*	5,267
Nigeria	*Diagnostic test kits*	786,250

Rwanda	*ARVs*	402,186
Rwanda	*Diagnostic test kits*	74,680
Swaziland	*Opportunistic infection/ sexually transmitted infection drugs*	1,160
Tanzania	*ARVs*	313,472
Tanzania	*Diagnostic test kits*	163,380
Vietnam	*ARVs*	781,532
Zambia	*ARVs*	4,941,919
Zambia	*Lab equipment & supplies*	135,543
Zambia	*Diagnostic test kits*	573,524
Zimbabwe	*ARVs*	181,006
	Total	**19,048,129**