



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



SCMS First Quarter Report FY 2008

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SCMS Project Team

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1.0 EXECUTIVE SUMMARY

1.1 SCMS Field Offices

By the end of Year 3, Quarter 1, SCMS had:

- delivered \$26.6M in commodities in the quarter, to 19 countries;
- delivered 45 technical assistance interventions, 9 of which were in Rwanda;
- purchased 106,699,670 units of ARVs, 90 percent of which were generic;
- established an effective Warehouse Management System in Guyana to produce more accurate supply plans and forecasts

1.1.1 Fourth Quarter Highlights

The ICOM (In-country Operations Management) and cross-functional teams within the PMO began developing a strategy for field office empowerment and the transition of roles and responsibilities to the field offices. In October a team was formed as part of an ICOM retreat to define the vision for an empowered field office. Following this meeting, and in preparation to provide inputs to the Country Operating Plans in April, a series of ICOM Strategic Planning Workshops addressed key priorities to institute a systematic and disciplined approach that fine tunes the strategy for field empowerment.

As part of the transition strategy, SCMS has developed key pillars to the approach to field empowerment. These include refining processes at the PMO before transferring them to the field, reliable and consistent connectivity in the field office to ensure access to SCMS's web-based supply chain tools, and a training strategy that would ensure that the right capabilities exist within the field offices.

The MACS Warehouse Management System was implemented in Guyana in October and went live on November 5. Guyana was the first country to install the MACS system, which incorporates hand-held and radio frequency technology to facilitate inventory management enabling more accurate supply plans and forecasts. Already, according to the Ministry of Health, complaints of shortages of drugs and other supplies have reduced significantly. SCMS hopes to further facilitate accurate inventory management through the integration of the SCMS Annex and the Ministry of Health Materials Management Unit (MMU). These two warehouses, now co-located, are being jointly managed. In November, SCMS deployed a design team to gather information and plan for a new MMU warehouse facility, which is being funded by the Ministry of Health, PEPFAR, World Bank and the Inter-American Development Bank. This success in Guyana is a model for implementation of similar systems in other countries, as it builds local capacity, enables local staff with technology and tools, and strengthens local supply chain systems.

1.2 SCMS Program Management Office

By the end of Quarter One, SCMS had:

- established fully functioning offices in 15 countries;
- shipped more than \$47M of commodities in the quarter to clients and RDCs (\$26.6M was shipped directly to clients in 19 countries);
- delivered 308 shipments to customers and 100 to Regional Distribution Centers (RDCs);
- purchased 67% of the value of all ARVs under Indefinite Quantity Contracts;
- shipped 81% of the value of all ARV deliveries via an RDC (excluding Guyana, Haiti, and Vietnam);
- purchased \$4.7M of lab commodities, covering over 900 individual items;
- completed 45 technical assistance assignments; the majority of assignments were in LMIS, warehousing, and laboratory logistics;

1.2.1 First Quarter Highlights

Laboratory supplies and commodities represented a challenge for the Project Management Office as the project procured new items in new volumes. To address these challenges, a Laboratory Task Force was established with the goal of clearing the backlog in laboratory commodity orders by instituting more efficient processes, developing better communications with the field, and creating a system that more rapidly responds to our US government and ICOM clients. Beginning in mid-October, the Task Force made good progress in reducing lead times for new orders; while processing 704 line items in the October-December period, the procurement team was able to process inquiries in 24 days, as compared to 78 for the previous quarter. In addition, the team was able to clear much of the lab order backlog that had developed over the previous 9 months.

Implementation of the recommendations from the SCMS internal Supply Demand Value Chain Operation Process Efficiency (SDVCOPE) analysis that took place last quarter began in order to address areas for improvement, shorten lead times, and realize efficiency gains. USAID partnered with SCMS in this initiative to bring about several changes that would streamline the procurement process. For example, the PMO worked with USAID to achieve concurrence flexibility, remove the \$5,000 approval requirement for the purchase of any single item, and increase the approval threshold from \$100,000 to \$1 million.

The PMO established an expeditor function on a temporary basis by bringing a supply chain expert to the project for three months to identify and eliminate any hold-ups in the supply chain. Furthermore, the Procurement and Freight & Logistics Units worked simultaneously to streamline the freight cost and lead-time estimation processes.

The global partnerships unit strengthened its relationship with UNITAID, through a series of meetings with a wider range of Secretariat staff on various topics such as SCMS quality control, procurement collaboration programs and the Regional Distribution Centers.

2.0 SCMS FIELD OFFICE PROGRESS

2.1 First Quarter FY 08 Country Highlights

SCMS continued to provide technical assistance in quantification and forecasting, warehousing, laboratory logistics, strategic planning, and quality control in 15 countries. Warehouse management was a particularly active area during this reporting period. For example, in Nigeria, we spearheaded an initiative to look at improving warehousing and distribution activities at the Central Medical Stores. A similar exercise in Tanzania's Medical Supplies Department (MSD) has led to significant infrastructural improvements. The Central Medical Stores in Botswana, with SCMS assistance, commenced a long-term Quality Management Systems project to identify preferred options for improving the procurement and warehousing of laboratory commodities. In Namibia, we continued to address acute space constraints at the Central Medical Stores due to the scale up of HIV/AIDS programs in the country. Focused assistance was initiated with the Pharmaceutical Fund and Supply Agency in Ethiopia, including provision of office equipment, furniture and supplies supported by joint work planning in the areas of procurement support, warehouse improvements, vehicles and staffing. In Haiti, on-going activities in the SCMS-managed warehouse included network installation, security cameras, electric connections, cold room assembly, and installation of generators and power inverters. CAMERWA in Rwanda is now in a position to finalize their selection of a warehouse management software package. They are considering the best option between the MACS and EXACT warehouse management systems.

Other technical activities in the field offices included the following:

In Ethiopia, prompt and timely action averted a possible stock-out situation of ARVs anticipated for the January-April timeframe. This was triggered by a presentation made by SCMS analyzing pipeline monitoring data and information on national stock and consumption levels. Based on the findings, the HIV/AIDS Prevention and Control Office and the senior leadership of the Ministry of Health called upon PEPFAR to initiate urgent procurement of ARVs through SCMS. The procurement is a component of PEPFAR's commitment to cover a buffer stock of ARVs procured using funds from the Global Fund under its MOU with the Government of Ethiopia. Some of the major factors contributing to the potential stock-out include the rapid scale up of the HIV/AIDS program, the expanding coverage of patients through health centers versus hospitals, and the minimal availability of buffer stock in the supply chain due to weather-related delays in the delivery of products into the country. SCMS continues to work with CHAI and other partners to ensure a similar response and coverage of second line adult and pediatric ARVs required for the January-April timeframe.

In Mozambique, SCMS' support for the implementation of the SIGM computerized drug management system increased in intensity this quarter. In both Sofala and Zambézia SIGM was implemented, which included provincial site readiness visits and certification, network and internet set up, physical stock take and a two-week training of provincial health department (DPS) and provincial medicines warehouse/depot (DPM) staff in the use of SIGM. The site implementation technicians continued to be present for a three-month period to assure that the DPM staff are able to operate the system through a full distribution cycle with a level of confidence in the use of the system. The subcontracting process for SIGM continues to be a concern. Although two of the three subcontractors were approved by USAID, the third subcontractor has still has not signed the

contract resulting in the delay of making changes to SIGM as requested by the MoH. Functional analysis for release three of SIGM started on the 15th of November. Key user ideas are still maturing and the SIGM team met several times with the different departments of the Medical Procurement and Distribution Unit of the MoH (CMAM) to discuss the development of new planning modules.

In Rwanda, the first quarter of FY 2008 was marked by the continued implementation of provisions of the Contract and accompanying Memorandum of Understanding between CAMERWA (Centrale d'Achat des Medicaments Essentiels, Consommables et Equipment Medicaux du Rwanda) and PFSCM. A key focus of SCMS technical assistance this quarter was improvement to the physical management of commodities at the CAMERWA warehouse, and preparations for upgrading IT systems to improve commodity management. In addition, a training program in forecasting and supply planning methodologies was carried out to strengthen the ability of local institutions to improve the accuracy of forecasts and the coordination of procurement through CAMERWA in partnership with USAID, Global Fund, and the Clinton Foundation. SCMS conducted a landmark commodity forecasting and supply planning data management review in which HIV/AIDS commodity-related information systems were examined to assess the quality and accuracy of data generated, and made recommendations for strengthening the systems.

In South Africa, during the previous quarter, intensive negotiations were held among SCMS, the PEPFAR Task Force and the South Africa National Defense Force (SANDF) which resulted in successful transition from RightMed Pharmacy to SCMS as the commodities provider. This quarter, the first order for ARV drugs was placed with SCMS by SANDF. The order was filled by SCMS by the end of November and an additional order was placed by SANDF in late December for fulfillment in early January 2008. An RFP for the development of a down referral information system has been drafted. However, this activity is on hold pending a USG/SA assessment of achievements to date and the potential for smart cards in the South African context.

In Tanzania, one of the major technical accomplishments during the quarter was to conduct a comprehensive warehouse assessment for the Medical Stores Department (MSD). The major focus of the study included providing several layout options and recommendations for implementing an efficient picking and packing operation for the MSD warehouses. The assessment conducted by SCMS helped determine the best placement and design of a new picking and packing line in its main store at Ubongo in Dar es Salaam, and in two Zonal MSD stores (Iringa and Mwanza). A formal presentation of the assessment findings was made to key management staff from MSD, USAID, and the CDC. The picking and packing templates developed during the assessment are now being reviewed by MSD for implementation.

First Quarter FY 08 Focus Countries Snapshot				
Country Name	STTA Delivered	Procurement	Staff	Relevant Milestone(s)

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Country Name	STTA Delivered	Procurement	Staff	Relevant Milestone(s)
Botswana	Lab logistics (1) LMIS (2) Strategic Planning (1)	Test- \$1,750 Lab- \$197,039 Drug- \$63,700 Other- \$15,924	Fully operational 9 staff members	#14. Forecasts #12. QA #16. TA
Cote D'Ivoire	Quantification (1) Lab Logistics (1) LMIS (2)	ARV- \$3,386,617 Test- \$294,914 Drug- \$32,128 Lab- \$1,025,040 Other- \$1,168	Fully operational 8 staff members	#14. Forecasts #16. TA
Ethiopia	Distribution (1) Procurement (2) M& E (1) Other (1) LMIS (1) Lab Logistics (1)	ARV- \$598,585 Drug- \$15,536 Test- \$3,260,406 Lab- \$1,978,470 Other- \$900	Fully operational 29 staff members	#16. TA
Guyana	Warehouse (1) Quality Assurance (1) Other (1)	ARV- \$98,605 Test- \$102,061 Lab- \$46,557 Other- 841	Fully operational 9 staff members	#14. Forecasts #16. TA
Haiti	Quantification(1) Lab Logistics (1) LMIS (1) Warehousing (1)	ARV- \$596,805 Drug- \$101,140 Test- \$48,726 Lab- \$63,559 Other- \$131,620	Fully operational 15 staff members	#16. TA
Kenya	NA	Lab- \$258,015 Test- \$5,000	No field office Procurement lead recruitment in process	NA
Mozambique	Warehousing (1)	ARV- \$1,197,434 Test- \$703,360	Fully operational 23 staff members	#16. TA

First Quarter FY 08 Focus Countries Snapshot				
Country Name	STTA Delivered	Procurement	Staff	Relevant Milestone(s)
Namibia	LMIS (1) Other (1)	Test- \$27,750	Fully operational 5 staff members	#16. TA
Nigeria	NA	ARV- \$617,981 Drug- \$2,768 Test- \$626,608 Lab- \$232,713 Other- \$182,966	Fully operational 18 staff members	#14. Forecasts #16. TA
Rwanda	LMIS (5) Warehouse (3) Quantification (1)	Test- \$186,792 Lab- \$96,298	Fully operational 9 staff members	#16. TA #14. Forecasts
South Africa	Other (1) LMIS (2) Procurement (1)	ARV- \$83,124	Fully operational 13 staff members	#16. TA
Tanzania	Warehousing (1)	ARV- \$64,418 Test- \$1,744,000 Lab- \$514,015	Fully operational 14 staff members	#16. TA
Uganda	LMIS (1)	ARV- \$175,457	Fully operational 19 staff members	#16. TA
Vietnam	Quantification (1) Distribution (1) Policy and Regulation (1)	ARV- \$774,784 Lab- \$6,315	Fully operational 11 staff members	#16. TA
Zambia	Commodity Security (1) Lab Logistics (1)	ARV- \$6,008,552 Test- \$183,024 Lab- \$459,317	Fully operational 20 staff members	#16. TA
Zimbabwe	Other (1)	ARV- \$317,621 Test- \$53,340	Fully operational 21 staff members	#16. TA

3.0 SCMS PROGRAM MANAGEMENT OFFICE PROGRESS

The project management office undertook a major review to improve operations in the changing environment in which we work, with an increased focus on field empowerment. An increase in procurement for laboratory supplies was addressed by a dedicated laboratory task force, a cross-functional team established to address these challenges. Local procurements were made to expedite purchase of urgent items that could be obtained from in-country vendors. The project management office has also been discussing with USAID a major change from a PMO-centered operation to a field-centered operation and is preparing for the transition of appropriate roles and responsibilities in the coming calendar year. In response to the increased scale and diversity of procurement requests, and following issues identified by a focused effort to improve on-time delivery in June and July, we are engaging in an effort known as Supply Demand Value Chain Operation Process Efficiency (SDVCOPE) to identify areas to streamline SCMS processes, change processes to reflect the increased range of products required and improve timeliness and speed of delivery. The implementation of SDVCOPE has been a focus for the quarter, specifically improving on-time deliveries to better serve our clients.

3.1 Procurement

Procurement continued its trend of record quarter-to-quarter increases, both in terms of the number of orders and value of products. Negotiations commenced for Indefinite Quantity Contracts (IQCs) with three laboratory product suppliers and for Blanket Purchase Agreements (BPAs) for eight laboratory product suppliers. These contracts, which will be executed next quarter, will provide standardized pricing and contractual terms, leading to better value to our clients as well as an improved and more efficient workflow for SCMS. Field office personnel will ultimately be able to purchase under these agreements. Proposed feasibility study projects such as reverse auctions and procurement cards were put on hold as their end results would be largely similar. The procurement team is also leading aspects of other project-wide efforts to improve our cost-effectiveness and quality of service that SCMS provides. To assist in these process improvements, USAID allowed SCMS increased flexibility vis a vis concurrence requirements. The procurement team is also developing standard operating procedures for local procurement in preparation for shifting such tactical activity to field offices where appropriate.

3.2 Freight and Logistics

Another quarter has been completed without loss of product and shipments were well managed over the volatile December holiday season. Unrest in Kenya was disruptive, but waivers continued to be approved and we were able to move product in the country. The Ghana RDC was over capacity due to some delays in shipments requested by Cote d'Ivoire.

The South Africa bond store has not yet been expanded, and Botswana remains an overflow facility. Botswana should be emptied by April when the new South African store of 1000 pallet spots is open. PMO visibility of activity and cost is being enhanced; by the end of February 2008 a full cost-

versus-time analysis will be available for each lane inbound and outbound from the RDCs. This will demonstrate the activity versus service level agreements as well as allowing the suggestion of any refinements. The India RCC is planned to open in April 2008.

3.3 Quality Assurance

The pharmaceutical product sampling and testing program is operating under good control. We have been investigating a complaint received from MEDS in Kenya regarding cotrimoxazole tablets that were moldy, did not dissolve properly, and were broken. The product defects observed by MEDS were confirmed by the SCMS contracted labs at North-West University, and we are working with the manufacturer and supplier to resolve the issues.

To expedite reporting of possible product failures and assure prompt responses, we have established on-line reporting via our intranet so that quality issues may be better addressed in a timely manner.

We continue to develop the framework for qualification of rapid test kits. Four laboratories have been identified as potential contractors to perform quality control assessments of rapid test kits. They are: University of Maryland-Baltimore, Georgetown University, Howard University, and Virginia Commonwealth University. We are collaborating with the Centers for Disease Control (CDC) on appropriate protocols in order to develop and publish RFPs.

3.4 In-Country Operations

The In-Country Operations Management (ICOM) Unit is in the process of developing a framework for strengthening field office operations to support the decentralization of key functions and responsibilities, especially in the areas of client relations, order management and coordinated procurement planning. The principle thrust is to ensure that SCMS's work becomes less PMO-centric and more field-centric in order to improve service delivery to clients both for procurement support and technical assistance. In broad terms, this means that field offices must have the resources (e.g., skilled and adequate human resources, financial resources, automated tools); operational efficiency (ability to deliver goods and services efficiently, in a standardized manner and at a reasonable level of quality); monitoring and evaluation capacity (ability to structure, coordinate, and feed data and information into the decision-making process); and implementation authority (ability to carry out decisions and enforce rules).

In support of the field office empowerment effort, the Unit identified the key functions and responsibilities of an "empowered" field office. An evaluation of the current capabilities in the field, as compared to this future state, will follow next quarter. Concurrently, a task force was convened to review the training and capacity building needs associated with the transition of functions such as order management from the PMO to the field. The ICOM Unit is collaborating with the Management Information Systems (MIS) Unit to conduct IT readiness assessments in-country, the first phase of which, a minimum-connectivity requirement study, was undertaken and completed this quarter.

3.5 Technical Assistance

During the first quarter of FY2008, SCMS conducted a total of forty-five technical assistance assignments. Logistics management information systems (LMIS) and warehousing were the two areas where technical assistance was requested the most during this period (ten requests for LMIS and eight requests for warehousing). Technical assistance in commodity security was requested for the first time. The first quarter also saw a change in leadership within the SCMS TA unit; the new technical assistance manager joined the group mid-November. Details of technical assistance assignments by country are reported in earlier sections.

3.6 Management Information Systems (MIS)

The inquiry management process has migrated from resource manager to its permanent system Xroadz a module of the Orion system (CRM). The use of spreadsheets to augment the legacy process has ceased. Post go-live support has concentrated on stabilizing the process and ongoing end user training. The use of CRM and Orion tracking reports to manage orders gives non-procurement professionals visibility into the entire process of order fulfillment. The CRM toolset has also been setup to allow customers the ability to place orders using our eCatalog.

In preparation for deployment of our central systems to field offices, a study was conducted on connectivity. It was determined that 5 offices had sufficient connectivity and preparations were undertaken to improve the situation for others. It is expected that all connectivity issues will be resolved within 4-6 months. Decentralization of selected PMO activities related to procurement (Orion), inquiry (CRM) and document management (Knowledge tree) is now possible for offices with adequate connectivity.

The first fiscal audit with full system support by Orion has been completed successfully; numerous reports were developed to satisfy the audit requirements.

3.7 Performance Management Unit

The performance management unit (PMU) continued routine performance reporting, completing the quarter-four performance report in October, which highlighted key issues for the project and incorporated feedback from multiple mechanisms (including performance measures, incidents, and improvement actions). The unit completed and presented a pricing report for quarter-four purchases following the close of the quarter. During the quarter, the unit received notice of 49 new incidents and presented the results of 42 investigations to the management team.

Working with the information technology team, PMU has developed automated mechanisms for reporting performance measures, resulting in a significantly decreased time needed for reporting. As a result, the performance report evolved to a format which shows high-level measures augmented by additional discussion with individual units. This change is intended to foster more discussion of strategic issues among unit managers. We also responded to several requests for performance information from various stakeholders, such as OGAC, Track 1.0 partners, WHO and several

internal committees and task forces. The Performance Work Statement (PWS) is awaiting approval, but performance information has been consistently provided to the contracting team. Performance improvement actions will now be completed with the assistance of the SDVCOPE task force.

3.8 Operations Management

The operations unit continued to provide support to the project through accounting, contractual and financial processing of transactions. Over US\$40M in expenditures were processed during the quarter by the accounting department, and a number of non-SCMS contract transactions were finalized. The accounting department also completed its fiscal year close in October and underwent a planned internal audit.

3.9 Communications

The role of the Communications unit continues to evolve. The unit has developed client relations tools and training as part of the project's larger realignment to place greater responsibility for procurement, including management of client relations, in the field offices. In preparation for this change, we worked with Nigeria as a pilot program and will roll out final tools and training to other field offices in the coming months.

SCMS communications products are being recognized as a best practice. The SCMS brochure won a gold medal from the Association of Marketing and Communication Professionals. Team member organizations JSI and MSH have posted SCMS materials as examples of best practices, and USAID | DELIVER PROJECT has leveraged features of the SCMS website for the new DELIVER web site.

The unit launched a new communications training program for all staff and completed three new training sessions on SCMS communications tools, SCMS messaging, and the basics of PowerPoint.

Field offices are increasing their use of the communications unit as a resource for training, tools and editorial support. The unit provided direct support to 14 of 16 countries, mostly notably Botswana, Cote d'Ivoire, Ethiopia, Guyana, Haiti, Nigeria, Rwanda, Uganda, Vietnam, and Zimbabwe. Specific activities and results include:

- **Conferences:** provided abstract assistance to Cote d'Ivoire, Haiti, Rwanda, Mozambique, Tanzania, Uganda, Vietnam, Zambia and Zimbabwe
- **Web content:** Updated web pages for various countries, including Guyana, Namibia, Nigeria and South Africa
- **Tools:** At the request of Ethiopia, designed a holiday card that was distributed for use by all field offices and ordered more than 1400 SCMS computer bags, to be distributed to field offices in January
- **Editorial support:** Edited and formatted numerous technical reports, briefs, newsletters, success stories and other documents, including for Botswana, Cote d'Ivoire Guyana, Ethiopia and Namibia
- **Cote d'Ivoire:** Drafted message points for the LRA in preparation for a key stakeholder meeting

- **Haiti:** Provided ongoing technical support for upcoming warehouse opening; provided designs for seven signs for office and warehouse
- **Namibia:** Revised SCMS poster for Namibia's use
- **Tanzania:** Developed press materials for Bioline procurement as part of nationwide testing campaign
- **Uganda:** Collaborated with USAID | DELIVER PROJECT to develop co-branded newsletter and PPT templates
- **Vietnam:** Revised standard report cover for use in Vietnam; helped determine labeling for imported products
- **Zambia:** Revised PPT template for in-country use; conducted debrief with USAID | DELIVER communications staff returning from Zambia

3.10 Human Resources

The Human Resources unit facilitated the hiring of several key staff. At the program management office Craig Usswald joined the team as Freight & Logistics Manager and Rochika Chaudhry as Technical Assistance Manager. In the field, the HIV/AIDS Logistics Advisor for Zimbabwe was identified and is scheduled to join SCMS in January. During this quarter the HR team finalized the design and implementation plan of the new on-boarding program and initiated work on a new employee performance approach.

3.11 Global Partnerships

The global partnerships unit strengthened its relationship with UNITAID, through a series of meetings with a wider range of Secretariat staff on various topics such as SCMS quality control, procurement collaboration and the Regional Distribution Centers. We organized a visit to all three RDCs for UNITAID's procurement officer and for the Global Drug Facility's (GDF) manager and procurement leader. GDF is UNITAID's partner for the procurement of TB drugs. Both UNITAID and GDF have been positively impressed. The AIDS Medicines and Diagnostics Services (AMDS) at WHO organized a stakeholders' meeting during which ongoing and possible future collaborations were discussed. SCMS has reaffirmed that we will continue to work with AMDS as appropriate to our mission and will help to further develop existing collaborations. SCMS has also expressed its willingness to participate in new areas of collaboration such as technical assistance and laboratory commodities, subject to USAID approval and resource constraints. SCMS presented its forecast of pediatric ARV demand at the Joint WHO/UNAIDS Informal Consultation with Pharmaceutical Companies on Forecasting ARV Market. We contributed together with MAP to a Global Fund review on products donations to inform the development of a possible future policy. SCMS has been invited by UNICEF West and Central Africa Regional Office to provide advice and potentially contribute to the second phase of their PSM assessment. SCMS, with USAID's approval and pending our clients' agreement, will share existing data and reports on Nigeria and Cote d'Ivoire, two of the countries being covered by the PSM assessment. SCMS also further developed its relationships and established new contacts at WHO, in particular within the Essential Medicines departments (PSM and TCM) as well as with a number of portfolio managers and cluster leaders at

the Global Fund. SCMS participated in a consultative meeting organized by the ABPI (Association of the British Pharmaceutical Industry) under the leadership of IFPMA (International Federation of Pharmaceutical Manufacturers and Associations) to investigate how the Pharmaceutical Industry could support access to medicines in Africa. SCMS continued to contribute to the faith-based sector through leading two breakout sessions at the Global Summit on AIDS and the Church and participation in the White House Compassion in Action Roundtable, “Faith-Based and Community Solutions to Combat HIV/AIDS.”

4.0 PROGRAMMATIC MILESTONES AND MEASURES

At the beginning of year two of the project, the SCMS program management team developed project milestones to manage and measure progress over the course of the year. Milestones are specified for every unit, and help guide the strategic direction of the organization. Milestones are arranged under the performance work statement goals of *secure, reliable, cost-effective, quality products, best value, sustainable, information, collaboration and capacity*. Each of the goals also has supporting measures as shown in the tables below. The milestones and measures are submitted and approved by USAID on an annual basis.

4.1 Secure

(Freight and Logistics) Commodity security is a dynamic environment; shipment profiles change as well as personnel from the service providers. The team has to regularly review the status, evaluate the risk matrix and sometimes change assumptions. This is an ongoing exercise and the recently completed security report will be revisited with another assessment in July. In the interim, findings are continually acted on.

PWS Measure(s)	Y3Q1 Value	Y3Q2 Value	Y3Q3 Value	Y3Q4 Value	End-of-Project Target
Total value of losses (TO1)	Zero				≤.25% of value delivered
Number of counterfeit incidents (TO1)	Zero				Zero

4.2 Reliable

(In-Country Operations) In Haiti, the first quarter saw the arrival of SCMS's first order of ARVs and OI drugs. The order was based on the forecasting and supply plan developed during the previous quarter and all required products arrived in country before any stock-outs occurred. Active distribution started in December and will continue in January 2008. As part of SCMS's continued program of capacity building support, training in quantification methodologies was carried out for partners and in-country SCMS staff in several focus countries.

(Procurement) For ARVs and rapid test kits, quantification and supply planning activities are established and on-going. However, the review of supply plans will not reach its potential without quantifications from all countries. Quantifications and supply plans for laboratory supplies have recently been developed for Haiti and Cote d'Ivoire, and they are currently being converted to purchase plans.

(Management Information Systems) Complete integration between partners' freight and logistics MIS and Orion activities are on track to be completed in the coming quarters as planned.

(Management Information Systems) Our e-catalog software has been enhanced to enable authorized customers to place orders using our web site drawing the item descriptions from the e-Catalog.

During the next quarter users will be identified, trained and supported to use this feature. EGPAF Cote D'Ivoire will be our initial customer for this service extension.

PWS Measure(s)	Y3Q1 Value	Y3Q2 Value	Y3Q3 Value	Y3Q4 Value	End-of-Project Target
Percentage of on-time deliveries (TO1)	44%				≥98%
Number of stock-outs reported by programs served by SCMS (TO1)	3				<12 per year
Number of RDC stock-out events not due to unplanned orders (TO1)	0				Zero
Average order lead time (planned and unplanned) (TO1)	88 days (direct drop); 26 days (to RDC)				Planned: 56 days, Unplanned: 98 days
Remaining shelf-life of purchased ARVs products at the time of receipt at RDC (TO1)	Kenya: 77.33 Ghana: 82.29 South Africa: 79.84				≥85%

4.3 Cost-Effective

(Freight and Logistics) The proposed RCC will allow for consolidation into sea freight, trickle feeding airfreight with long-term daily capacity contractual loads at lower rates, managing of expiry and QA and filling RDCs with smaller loads comprising the right stock.

PWS Measure(s)	Y3Q1 Value	Y3Q2 Value	Y3Q3 Value	Y3Q4 Value	End-of-Project Target
Percentage of SCMS internationally purchased ARVs falling at or below published prices paid by other international buying organizations serving the developing world given country context (TO1)	ARVs: 83% 1st Line: 85% 2nd Line: 78%				80%
Value of stock loss at RDC due to expiration (TO1)	\$10,432*				≤1% of value delivered

Percent of purchases placed under IQCs by value (TO1)	53%				75%
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* Expired Product (Murex Test Kits) are not stocked in the RDC. In this instance the product was passing through the RDC for consolidation with other products for delivery to Cote d'Ivoire. Cote d'Ivoire cancelled the order prior to shipment and the product ultimately expired.

4.4 Quality Products

(Quality and Assurance) All products (ARVs and OIs) that are flagged for sampling by Orion and are available in the RDC are being sampled. We are continuing to work on adding sampling and testing of direct drop shipments as they are currently not being sampled.

Additionally, we are in the process of developing a sampling and testing program for rapid test kits, and are working with CDC to develop test kit qualification protocols.

PWS Measure(s)	Y3Q1 Value	Y3Q2 Value	Y3Q3 Value	Y3Q4 Value	Year 3 Target	End-of-Project Target
Percentage of products flagged for sampling that have been sampled (surveillance pulls) (TO1)	59% for ARVs and 27% for OIs				100%	100%

4.5 Best Value

(Procurement) The feasibility study for reverse auctions is on hold and may well become unnecessary due to the availability of Blanket Purchase Agreements.

(Performance Management) The client satisfaction survey is now conducted on a semi-annual basis. The survey covering Y2Q4-Y3Q1 was conducted in January; the resulting report will be submitted to USAID during Y3Q2.

PWS Measure(s)	Y3Q1 Value	Y3Q2 Value	Y3Q3 Value	Y3Q4 Value	End-of-Project Target
Average time from initial client request for ARVs to issuance of requisition order (TO1)	43 days (PER); 57 days (FPR, non-emergency), 26 days (FPR, emergency) measured for all commodities				<33 days; <15 days (emergency)

Average time to receive an estimate or quote on ARVs and rapid test kits	ARVs: 25 days; 24 days emergency Test Kits: 19 days; NA emergency				9 days (PE) 14 days (FPQ)
Technical assistance client satisfaction rate (TO2)	77%				≥90% above 2

4.6 Sustainable

(In-Country Operations) In support of building capacity, SCMS implemented technical assistance interventions in the areas of warehouse management, forecasting and supply planning; procurement; logistics system development; storage and distribution; product quality assurance; lab logistics; LMIS; commodity security; QA; M&E; and contractual processes. The total number of technical assistance visits in Q1 FY2008 was 45.

(Quality Assurance) SCMS acted as the technical secretariat for the Consensus Meeting on Clinical Laboratory Testing Harmonization and Standardization held January 22 - 24, in Maputo, Mozambique. The meeting sought to address laboratory challenges that limit the scale-up of services for tuberculosis, malaria and HIV diagnosis and care. At the end of the meeting, participants agreed to address this challenge, through the development of national strategic laboratory plans and policies, which include standardization and harmonization of laboratory test supplies and equipment. In June, consensus guidelines will be distributed.

PWS Measure(s)	Y2Q4 Value		Y3Q2 Value		End-of-Project Target
Percent of RDC throughput funded by SCMS (TO1)*	99%				25%
Number of PEPFAR focus countries where the government or institution has been certified as a USG grantee for direct procurement with USG funds (TO1)*	6				2 countries
Number of PEPFAR focus countries in which a national entity successfully completes their own quantification locally (TO2)*	4				10 countries

PWS Measure(s)	Y2Q4 Value		Y3Q2 Value		End-of-Project Target
Percentage of PEPFAR focus countries in which SCMS is invited to assist with national procurement plans with significant stakeholder involvement (TO2)*	38%				75%
Percentage of SCMS field offices who have successfully placed an order locally (TO2)*	NA				100%

*Information reported semiannually as part of the sustainability report

4.7 Information

(Global Partnerships) The Global Partnerships unit contribution to WHO Global Price Reporting Mechanism (GPRM) with procurement data covering the period Sept 15 – December 15 initially due at the end of December has been rescheduled to January 08 in agreement with AMDS.

(Global Partnerships) The Global Partnerships unit contributed the quarterly update of ARVs registration status to the WHO regulatory database.

(Communications) The communications team and Performance Management Unit completed submission of text and data on a range of issues, including ARV purchases and prices, to support the PEPFAR annual report.

(Management Information Systems) A site readiness audit was performed and it was determined that 5 of the 15 SCMS field offices had adequate connectivity to use the Client Relations Management module of the Orion system. Cote d'Ivoire and Ethiopia will be our first deployments in early 2008, with the other field offices that are ready to follow quickly. An in-depth study to determine the connectivity issues affecting the other offices will be performed, exploring ISP, internal network, and firewall issues as well as national IT infrastructure constraints.

PWS Measure(s)	Y3Q1 Value	Y3Q2 Value	Y3Q3 Value	Y3Q4 Value	End-of-Project Target
Percentage of national quantifications completed with acceptable tools (TO1)	71%				100%

4.8 Collaboration

(Global Partnerships) SCMS has not been solicited to further assist the Global Fund (GF) to support the implementation of a voluntary pooled procurement mechanism. To avoid any potential

future conflict of interest the GF has decided not to involve SCMS in the design of the pooled procurement mechanism but may solicit SCMS at a later stage. In particular SCMS could be invited to respond to a RFP to select (a) procurement agent(s) for this mechanism.

(Global Partnerships) As part of its function of Technical Secretariat for the WB/GF/PEPFAR coordinated procurement initiative, SCMS has met with OGAC/USAID to review the set of proposed new countries for Year 2. This will further guide discussions in the next Steering Committee meeting planned early 2008 to define the final list of countries for the second year of operations.

(Communications) Abstracts for the PEPFAR Implementers' Conference and the are in preparation for submission in February 2008.

(Communications) Abstracts for the International AIDS Conference will be submitted in February.

(Communications) SCMS has developed an online alliance strategy to encourage cross-linking of resources and to raise awareness of helpful web-based tools. The SCMS external website features a resource center that showcases documents produced by SCMS and alliance partners based on four key categories: collaboration, distribution, forecasting and demand planning, and procurement. These alliances include the World Health Organization/AIDS Medicines and Diagnostics Service in which SCMS is featuring the PSM Toolbox website, the Johns Hopkins Bloomberg School of Public Health in which the INFO Project Hot Topics Collection is featured in the Community Contributions section of the resource center, and team member Crown Agents in which SCMS is featured in the news section of their website.

PWS Measure(s)	Y3Q1 Value	Y3Q2 Value	Y3Q3 Value	Y3Q4 Value	End-of-Project Target
Number of technical documents downloaded (TO1)	1,847				100
Number of people reached via presentations at conferences (TO1)	20				700 per year

4.9 Capacity

(In-Country Operations) Guyana's Warehouse Management System (WMS) in the MOH Materials Management Unit (MMU) went live in early October. Guyana was the first SCMS country to launch a MACS Warehouse Management System (WMS). This is also the first time in Guyana that the public sector has fully automated warehouse operations. The new system, which replaces prior manual and Excel-based systems, incorporates hand-held (HHT) and radio frequency (RF) technology (developed by MACS) into an organized warehouse environment, enabling multiple MOH warehouses to operate as one. The WMS also successfully integrates the primary and

secondary MMU facilities so that for the first time MMU management and administration are located in the same facility. This enables SCMS, which has specific warehousing responsibility for HIV/AIDS commodities, and MMU/MOH to be co-located and using the same systems.

(In-Country Operations) In Haiti, laboratory logistics training for order management, including training of trainers, was provided for 15 participants from SCMS, the InterChurch Medical Association, FSGB (Sogebank Foundation – Principal Recipient for GF grants), National Lab, and CDC/Haiti. A quantification exercise for ARVs, OIs and laboratory commodities for national and PEPFAR planning was also undertaken this quarter. This landmark exercise provided the first morbidity-based forecast for laboratory commodities conducted by SCMS.

(In-Country Operations) In Namibia, SCMS supported refresher training in Central Medical Stores standard operating procedures in early-November. A total of 56 Medical Stores personnel attended the training. In mid-November, SCMS conducted a VCT logistics system standard operating procedures training workshop with the participation of twenty-nine participants representing nationwide VCT testing sites managed by IntraHealth International, Inc., Social Marketing Association (SMA), Ministry of Health and Social Services Faith Based Organizations (FBO). In Zimbabwe, SCMS continues to assist the Ministry of Health and Child Welfare (MOHCW) and NatPharm to integrate the delivery and LMIS of RTKs and PMTCT Nevirapine into the ZNFPC Delivery Team Topping Up (DTTU) Distribution and Management Information System. Pilot tests were conducted in two provinces from July to December. A preliminary evaluation of the results was undertaken. A workshop is planned in January 2008 to present findings to MOHCW and program managers to decide on rolling out this innovative system nationwide.

(In-Country Operations) A performance management plan for Guyana is being revised to better reflect the current field perspective and its emphasis on technical assistance programs. A new Monitoring and Evaluation (M&E) Director has been hired in Nigeria and is scheduled to receive an orientation upon his initial trip to the PMO. Tanzania is developing a Scope of Work for technical assistance in M&E that will be linked to the strategic planning process tentatively scheduled for April 2008. Ethiopia’s performance management plan is complete and staff are working to ensure that indicators are incorporated into the LMIS system.

(In-Country Operations) SCMS helped to integrate the Churches Health Association of Zambia (CHAZ) logistics and distribution system with the national system for ARVs. SCMS also received approval from Zambia’s MoH to donate overstocked test kits (SD Bioline) to Kenya.

(Communications) The role of the communications team continues to evolve and now includes providing support for the project on client relations. The communications unit is developing client relations tools and training to pilot with Nigeria and later roll out to all offices and is supporting the PMO with technical support for various client forms and client communications.

PWS Measure(s)	Y3Q1 Value	Y3Q2 Value	Y3Q3 Value	Y3Q4 Value	End-of-Project Target
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PWS Measure(s)	Y3Q1 Value	Y3Q2 Value	Y3Q3 Value	Y3Q4 Value	End-of-Project Target
Percentage of key performance measures for local supply chain organizations which showed an improvement from baseline report results (TO2)	NA				>75%
Number of individuals trained per TA area (TO2)	1,612				NA