



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



Quarterly Performance Report

January – March 2010

March 24, 2010

SCMS Project Team

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1. Project Highlights

This summary covers project achievements, challenges and issues to monitor, grouped into the three main project activities, as per the Task Order: Global Supply Chain, Health Systems Strengthening and Global Collaboration. The remainder of the report gives more detail on programmatic milestones (Section 2, Page 9), progress in countries (Section 3, Page 17), procurement and supply statistics (Section 4, Page 21), innovations (Section 5, Page 41) and objectives for the coming quarter (Section 6, Page 42). The programmatic milestones in Section 2 and objectives in Section 5 are taken from the Work Plan as agreed between the project and USAID. Performance measures remain under discussion with USAID.

During the quarter the two most prominent activities were in Haiti, where our country team responded with extraordinary efforts to meet the extreme challenges following the devastating earthquake in early January, and in South Africa preparing for the supply of ARVs funded by the US Government in support of the Government of South Africa's expanded treatment program. In Haiti the SCMS country team supplied emergency pharmaceutical and medical supplies for victims of the earthquake, and the PMO mobilized a consultancy team to support the government's PROMESS central medical stores. We also ensured that no ARV site suffered stock outs and resumed normal deliveries before the end of January. By the end of the quarter we placed the first major order of ARVs for South Africa, valued at \$18 million, and close to finalizing a second order for \$38 million. SCMS saved around 50 percent for like-for-like products compared to prices previously paid by the Government of South Africa on their most recent government tender.

1a. Global Supply Chain

SCMS delivered \$37 million of commodities via 527 shipments to clients. The volume of orders managed through global supply chain reflected reduced activity around the year-end holidays, but we saw a significant uptick in new orders in March together with a significant increase in the number of supply plans agreed for the remainder of 2010 indicating that volumes will return to previous levels during 2010. On-time delivery continued to improve, with 84 percent of deliveries reaching clients at or before SCMS promised date, and a further 4 percent delivered within 14 days of the promised delivery date.

Successes

- Published the second edition of SCMS's core formulary list, including new product lines for male circumcision kits and warehouse-in-a-box, plus information on equipment warranty/service suggestions and instructions on supply usage and ordering. Reduced the number of lab items to fewer than 350 products and expanded the pharmaceutical list to include TB and malaria drugs.
- The number of countries managing their own PRs and PQs in CRM continues to grow; Botswana, Cote d'Ivoire, Ethiopia, Kenya, Mozambique, Namibia, Nigeria, Rwanda, Tanzania and Zimbabwe have taken over transactional responsibility from the PMO. The PMO continues to mentor and guide the field offices through the lab procurement process.
- Adopted recommendations of PEPFAR's male circumcision technical working group and incorporated all 80 commodities into our database and catalog (online and print versions). We also completed the sourcing and quality assurance process to select two suppliers for disposable

male circumcision kits. Three other suppliers failed quality assurance tests for sterility of the kits. First delivery of male circumcision kits is scheduled for June/July 2010 to Zimbabwe.

- In Mozambique an innovative cooperation between SCMS and CMAM has allowed us to place urgent orders for first-line ARVs through SCMS funding in advance of funding due later from Global Fund. This approach helps avoid the risk of stockout later in 2010.
- In Nigeria pooled procurement of ARVs, implemented in 2009, continues to gain strength. COP10 plans are now in place for all 11 IPs. This collaboration is expanding to include coordinated distribution for improved commodity security and reduced costs.
- Signed contract to assess suitability of HIV/AIDS, hepatitis, pregnancy and TB rapid test kits. Testing will begin later this year.

Challenges

- We are procuring large volumes of several products in which Indian manufacturers face capacity problems. We are closely monitoring production capacity of our vendors for ARVs containing zidovudine and are working to ensure that vendors do not over promise when quoting lead times. Limited production capacity and the desire for fresh production places a high demand on good planning. To mitigate risk, we are spreading our orders among as many vendors as possible, which sometimes results in slightly higher prices. Global demand for TDF and ZDV-containing regimens is also expected to continue to grow as more governments adopt the new WHO normative guidance to replace stavudine in first-line regimens.
- This summer's World Cup will create a secondary Red Zone, leading to delays in air shipments in and out of South Africa and a rise in air freight costs. Our ability to move large volumes by ocean mitigates this risk.
- Kenya cancelled two test kit orders in January due to incorrect country forecasts. We shifted much of the \$209,000 February order for Trinity's Unigold test kits to Mozambique, and postponed a \$2 million delivery of 25,000 Determine kits from Organics because the cancellation was early enough not to incur production fees.
- Although clear quality standards exist for pharmaceuticals, there are no similar standards for food products. To ensure product quality, SCMS is working to develop standards for the FBF and RUTF that we procure for our clients. However, delays from FDA, UNICEF and others in response to our questions are delaying our efforts.
- Delivered \$6.4 million of ARVs to Nigeria as part of the expanded March/April distribution of pooled ARVs for all IPs. This shipment, delivered from the Ghana RDC, contained 13 different ARVs in more than 730,000 bottles; one of our largest single deliveries.
- In Tanzania, SCMS initiated a \$955,500 emergency order for Nevirapine 200 mg in response to a nationwide stockout caused by uncertainties in MOHSW funding availability.
- In Zimbabwe, with SCMS support, LSU and NatPharm distributed ARVs and fluconazole to 61 ART sites in the southern region. Despite ongoing economic challenges, partners continue to achieve full ARV availability except for AZT/3TC, for which supply issues have been addressed at all treatment sites.

Things to Watch

- Investigating the linkage of SCMS model drug registration harmonization initiatives with the PaATH project (PEPFAR Public Private Partnership for Pediatric HIV/AIDS Pre-Approval

Access to Therapies for HIV/AIDS), to broaden application of our harmonization effort in collaboration with FDA, USAID and OGAC.

- Our efforts to work with the East Africa Community (EAC) to harmonize application processes for drugs on the WHO essential medicines list across the five countries was determined to be unnecessary since a similar effort is underway between WHO and EAC. Attempts will be made to roll this model out in other African economic zones.
- Conducted a stakeholder meeting in Tanzania to discuss a proposal to procure OIs locally in stockout situations and implement required quality assurance program for local manufacturers.
- The phase out of UNITAID/CHAI support for the supply of second-line ARVs in order to increase support for pediatric patients and PMTCT will require SCMS to begin procuring new products and increase supplies of other current ones. We are liaising closely with CHAI about this situation and have already met with several suppliers to plans the transition.

1b. Health Systems Strengthening

During the quarter we handed over management of major projects to the governments of Ethiopia, Kenya and Zimbabwe as shown below.

Successes

- In Nigeria, finalized COP10 ARV supply plans for 11 partners totaling \$67 million. This activity is essential to ensuring ARV commodity security at PEPFAR-funded sites.
- In Zimbabwe, the National AIDS&TB Programme updated quantifications for all ARVs, RTKs and OI and TB drugs. This included aggregation of ARVs funded by all partners, including Global Fund, ESP and USG, in one coordinated supply plan.
- In Guyana, the SCMS country director was selected to serve on the National Reference Group under the care and treatment component of the partnership framework development. Also completed the first-ever National Standard Treatment Guidelines for Primary Health Care and received endorsement from the National Policy Committee. This will support rational use and greatly improve MOH's ability to quantify, procure and distribute primary health care products.
- Contributed to Kenya's National ART & PMCT technical working group to develop recommendations and an implementation plan for ART and PMTCT of HIV in line with the recently published WHO Rapid Advice. Also in Kenya, completed equipment procurement for the National Blood Transfusion Service (NBTS), enabling them to improve services to patients through automated HIV, hepatitis B and C and syphilis screening services.
- In Mozambique, used a geographical information system to map existing national testing coverage and shared results with the technical working group (including APHL, CDC and CHAI) to inform plans for harmonizing and standardizing CD4+, hematology and biochemistry testing expansion activities.
- In Zambia, presented on HIV/AIDS commodity security efforts at a high-level, five-year MOH strategic planning meeting. The area of procurement and logistics was renamed "commodity security," reflecting the understanding of the greater concept implied.
- In Zimbabwe, completed and received approval for the last remaining function for the Zimbabwe Information System for HIV&AIDS Commodities (ZISHAC).
- In Tanzania, in a first for SCMS in working with law enforcement, supported training of the redesigned ARV and HIV test kit logistics system to 24 health care workers from 14 prisons and police health facilities.

- In Vietnam ensured uninterrupted service for Tet, the Vietnam lunar new year celebration, when many essential services close down or slow activities. To reduce risk of stockout during the holiday, SCMS arranged double distribution of ARVs and lab supplies. Although VAAC did not allow for double methadone distribution, SCMS ensured methadone distributions were completed to avoid stockout.
- In Ethiopia, donated X-ray machines to 12 hospitals nationwide to assist in detection of TB co-infection in HIV/AIDS patients.

Challenges

1. In Nigeria, efforts continued to find donation recipients for Stat-Pak HIV rapid test kits no longer needed due to the national testing algorithm change.
- In Mozambique, a new and unexpected Ministerial directive requiring donors to cover all importation, warehousing and distribution costs for donated medicines and reagents led to USG-funded shipments being blocked from importation for much of January. The issue was resolved in February and shipments resumed.
 - In Côte d'Ivoire, over-ordering and duplicative ordering at site level (partly as a result of PSP delivery delays) continue to cause low PSP stock levels and overstocks at regional and site levels. Also, in Côte d'Ivoire, the PSP's MACS-SAGE interfaces are not functioning as intended. The SCMS MIS unit is working with MACS to resolve the issue.
 - In Rwanda SCMS and MACS were unable to satisfy MOH and CAMERWA concerns with MACS. As a result we have been instructed to remove MACS and replace it as soon as possible with SAGE Line 500 for both financial management and warehouse management. Partly as a result of the problems encountered with the MACS installation and CAMERWA the Permanent Secretary Ministry of Health has instructed SCMS to immediately change the leadership of the Rwanda office. We are working with USAID to manage the transition with minimum disruption to our program of work.
 - Following the earthquake in Haiti there are major staffing shortages due to absences, departures and the difficulty of finding qualified personnel locally. Many treatment sites remain only partially functional due to lack of infrastructure, delays in repairs and rebuilding.
 - In the face of declining funding levels, USAID Namibia requested a merger of SCMS and SPS management under managing partner MSH. Co-location is expected by October 2010 and completion of management restructuring no later than September 2011.

Things to Watch

- The impact of the WHO Rapid Advice issued in December and previously identified as something to watch is disrupting supply chains in some countries:
 - In Ethiopia, unprecedented Tenofovir consumption due to the regimen shift from Stavudine raised potential stockout concerns. SCMS quickly processed an emergency ARV order (funded by PEPFAR). The shift from Stavudine to Tenofovir was temporarily halted by the Government and measures taken to closely monitor inventory utilization at sites.
 - Similarly, in Vietnam, after the expected increase in Zidovdine and decrease in Stavudine in November and December of 2009 following newly published guidelines, there was an unexpected increase in Tenofovir consumption, leading to emergency orders in January.

- In Mozambique, the use of GIS technology may prove to be a very effective planning and management tool for the rationalization of CD4 testing equipment and commodity distribution to program sites
- The USAID Liberia Mission requested that SCMS work with key stakeholders and implementing partners to develop a robust supply chain master plan. This plan will be used to improve National Drug Store capabilities and ensure that a robust warehousing and distribution system is in place to manage Liberia's needs.
- In Rwanda, rolled out the first phase of active distribution of health commodities to five district pharmacies. Under the new program, the stock was organized at CAMERWA to simplify truck packing and delivery. The selected transportation company transported the stock to the pharmacies.

1c. Global Collaborations

SCMS continues to strengthen relationship with the many other international organizations active in the fight against HIV/AIDS, including CDC, Clinton HIV/AIDS Initiative (CHAI), Global Fund, UNAIDS, UNITAID and WHO.

Successes

- The major activity throughout the quarter was the CPP Initiative, with an important in-person meeting of the steering committee in Geneva in March. The meeting met its key objective of defining priorities for SCMS as Technical Secretariat of the initiative. We are beginning work on the new statement of work on early warning of stockout risks. Initially we will focus on financial allocations and flows at the global level before addressing supply chain issues in countries identified as at risk of stockout through the financial flow analysis. Timely collection of consistent data from donors will be a challenge during rollout of the new SOW.
- We also attended the annual WHO AIDS Medicines and Diagnostic Service partners meeting. In addition to the CPP meeting, this was an excellent networking opportunity with almost all the major international funders and procurement/supply chain implementers. In addition to WHO, participants included CHAI, ESTHER, Global Fund, IDA Foundation, JSI, MissionPharma, MSH, UNAIDS, UNDP and UNICEF. UNITAID was a notable absentee.
- In January we contributed to the USG PMTCT and Pediatric AIDS TWG meeting, our first invitation to attend this group. The meeting's purpose was to discuss PMTCT forecasting needs and methodologies as programs scale up to meet coverage targets and the likely impact of the scale-up on supply chain volumes for PMTCT products.
- At the instigation of OGAC we met with the Global AIDS Alliance to discuss GAA's new Campaign to End Pediatric AIDS project.
- Contributed to an ARV cost savings paper for the Journal of the American Medical Association, authored by Charles Holmes of OGAC. SCMS will be noted as co-authors. The paper describes the impact of the FDA tentative ARV approvals process and SCMS pooled procurement in reducing ARV prices in developing countries.
- We began work with MIT/Zaragoza International Logistics Center on its proposal to prepare a case study on SCMS's start-up, with the intent to use our experience as a teaching case in future courses. Document review will precede in-person discussion and analysis.

- Attended the first meeting of the delivery working group to explore the potential of pre-exposure prophylaxis (PrEP) to prevent HIV transmission in high-risk groups. Part of a Gates Foundation-funded project, this first meeting identified issues to be addressed in designing implementation programs. SCMS (David Jamieson) will co-chair the product availability subgroup.
- Launched the annual ARV survey of PEPFAR implementers for FY09 in March.

Challenges

- WHO AMDS contracted SCMS to assess the readiness of countries' supply chains to scale up activities to meet the health sector Millennium Development Goals. The SOW was wide ranging, and WHO stipulated a short delivery period and a budget of only \$30,000. We delivered our final report in March.
- The new SOW for the CPP initiative, although approved, will require additional funding. The Global Fund, UNAIDS and UNITAID are all considering the contributions, but until new funding is available, SCMS has to fulfill the new SOW using existing resources.
- UNITAID's funding of early infant diagnosis commodities as part of its pediatric AIDS program will end in December 2010. We met with CDC, CHAI, OGAC, Roche and USAID to discuss arrangements for SCMS to take responsibility for commodity supply for country programs where funding is assumed by PEPFAR.

Things to Watch

- UNITAID Patent Pool proposal, also presented at the WHO/UNAIDS Informal Consultation, will not have an immediate affect on SCMS procurement plans, but if successful could have a positive effect on availability of new molecules and generic formulations.
- David Jamieson, Deputy Director responsible for global partnerships, attended the meeting of DFID Medicines Transparency Alliance (MeTA) International Advisory Group. DFID is reviewing the two-year pilot phase of MeTA. We will monitor for any focus changes after the pilot phase to see how this initiative may support SCMS drug access and sustainability objectives.
- If PrEP goes forward, it could be another major program significantly affecting global ARV demand. A substantive program is probably several years off, but it is good to be in at the beginning to be well prepared for and help shape the program.

2.

Programmatic Milestones and Measures Year to Date

SCMS		Project-wide Workplan TO3 Year 1 - June 1, 2009 - September 30, 2010 - Version 2	
Activity	Deliverable	Target Deadline	Progress
1. Global Supply Chain			
Procurement:			
Ensure Field Office Managed implementation			
Develop country strategies	16 detailed country project plans for implementation (Roll out of managerial supply plans, not operational)	8/31/2009	In progress
Group A implemented	5 country offices empowered, equipped and trained to manage procurement from the field	12/31/2010	Complete
Resolve connectivity issues (if any)	Connectivity available at required speed to operate Orion and CRM successfully	12/31/2009	In progress
Stage 1 - local procurement	Procurement from local suppliers managed from the field office	12/31/2009	In progress
3 month assessment	Assessment report on progress, and any areas for improvement/(re)training identified	1/29/2010	In progress
Stage 2 - ordering direct from RDC and/or international suppliers	Field office empowered and trained to manage orders for RDC stocks and DDP deliveries from international IQCs	3/1/2010	In progress
Group B implemented			In progress, on target
Resolve connectivity issues (if any)	Connectivity available at required speed to operate Orion and CRM successfully	2/1/2010	In progress
Stage 1 - local procurement	Procurement from local suppliers managed from the field office	3/31/2010	Complete
Group C implemented			
Resolve connectivity issues (if any)	Connectivity available at required speed to operate Orion and CRM successfully	3/31/2010	In progress
Implement procurement training program	Curriculum, training material and tools, program	12/31/2009	Complete
Phase 1 Program at PMO	11 staff trained	7/31/2009	Complete

Phase 2 Program at PMO	8 staff trained	9/30/2009	Complete
Phase 3 Program in South Africa	7 staff trained	11/30/2009	Complete
Phase 4 Program in Vietnam	4 staff trained	12/31/2009	Complete
Establish annual procurement training program	Curriculum, training material and tools, program	1/1/2010	In progress, on target
Develop core formulary lists	Catalog of core formulary lists by program and product categories to manage client expectations and improve supply chain performance on core products.	9/1/2009	Complete
Prepare program list - Blood safety	Published list of recommended products	9/1/2009	Complete
Prepare program list - PMTCT	Published list of recommended products	9/1/2009	Complete
Prepare program list - Food products	Published list of recommended products	9/1/2009	Complete
Prepare program list - Early infant diagnosis	Published list of recommended products	9/1/2009	Complete
Prepare product list - ARV	Published list of recommended products	9/1/2009	Complete
Prepare product list - OI (essential drugs)	Published list of recommended products	9/1/2009	Complete
Prepare product list - Rapid HIV Test Kits	Published list of recommended products	9/1/2009	Complete
Prepare product list - Laboratory commodities	Published list of recommended products	9/1/2009	Complete
Prepare program list - Male circumcision	Published list of recommended products	1/1/2010	Complete
Prepare program list - Home-based care kits	Published list of recommended products	1/1/2010	Complete
Prepare product list - Warranties, service agreement, lease reagent deals	Published list of recommended products	3/30/2010	Complete
Quarterly review of core formularies	Updated core lists	Dec, Mar, June, Sept	Complete
Improve access to essential drugs			
Agree revised strategy for int'l supply	Detailed strategy paper to broaden supplier base	9/11/2009	Complete
Agree revised strategy for regional/local supply	Detailed strategy paper to broaden supplier base	12/4/2009	Complete
Improve linkage between supply planning and order processing			

Analyze historical data and design streamlined process for repeat orders	Options paper and redesigned process for client and SCMS	12/20/2009	In progress
Develop and maintain supply chain tools that improve the client experience	New/revised editions of product lead time matrix, freight times by lane, inquiry response times, PQ request forms	9/30/2009	Complete
Develop demand fulfillment strategies	Establish potential for vendor managed inventory and improved delivery patterns from vendors	8/28/2009	In progress
Establish procurement council from staff in PSAs, PMO, FO and USAID	Comment on strategy, market trends, benchmarking	11/1/2009	In progress, on target
Quality Control:			
Obtain funding/approval from USAID and complete lab tour with USAID	Approval to proceed with funding agreed	11/25/2009	Complete
Finalize requirements with lab and manufacturers	Policy, SOP and process documented and published	1/5/2010	In progress
Support initiatives to increase access to acceptable quality OI and STI essential drugs	Revised procurement and QA strategy to increase access	12/4/2009	Complete
Establish QA advisory panel	First meeting of QA panel	3/26/2010	Complete
Develop product destruction reporting structure	Quarterly report of products destroyed	10/26/2009	Complete
Freight and Logistics:			
Refine consolidation strategies	Savings in freight cost vs. use of air freight and unconsolidated deliveries	Ongoing (6/1/09-11/13/09)	Complete
a) By region of source - as business warrants	Policy guidance to procurement and F&L teams by region	11/13/2009	Complete
b) Scale up of Regional Consolidation Service out of Mumbai, India	Maximize percentage by volume of Mumbai shipments by sea freight, subject to continued ability to meet client delivery requirements	12/15/2009	In progress
c) Refine consolidation strategies from outbound RDC shipments	Maximize percentage by volume by road freight ex-RDC, subject to continued ability to meet client delivery requirements	1/1/2010	Complete

Develop framework for assessing total landed cost of goods (Joint effort of F&L and Procurement)	Pilot tool launched for evaluation (process improvement)	2/17/2010	In progress
Fleet Tools for buyers: Design and develop freight estimation tools for buyers	Automatic tool available to buyers for: a) international airfreight, b) RDCs, c) sea freight	a) 11/16/2009 - air b) 12/4/2009 - Ocean c) 2/26/2010 - RDC	In progress
Reduce time from receipt of goods in RDC to available to promise date	Implement improved process to reduce period to 5 days	11/27/2009	In progress, on target
Reduce lead time for dispatch of outbound RDC shipment	Implement improved process to reduce period by 2 - 8 days dependent on prevailing country requirements	10/9/2009	In progress
Identify target list of countries where performance is below SCMS median level	Initial targets include: Mozambique, Tanzania, Uganda, Nigeria, Cote d'Ivoire and Kenya	9/14/2009	Complete
Work with field team, appropriate Ministries, clients and customs authorities to agree action plans	Country/client specific actions plans	1/18/2010	In progress
Management Information Systems:			
Maintain and upgrade MIS			
Storage area network replacement	Improved storage system	6/15/2009	Complete
Upgrade operating system server	Improve speed and capacity to meet project needs	1/29/2010	In progress
Upgrade Knowledge Tree	Improved service levels, esp. for field offices	1/29/2010	In progress
Service level Agreement	Agree SLA	9/25/2009	Complete
Performance Measures	Agreed suite of MIS performance measures	9/25/2009	Complete
Change Control Plan	Published Change Control Plan	10/2/2009	In progress, on target
Risk Management Plan	Agreed Risk Management Plan	11/20/2009	In progress, on target
Manage Change Control Board	Process and system improvement agreed in quarterly CCB Meetings	August, November, March June and Sept	In progress, on target

2. Health Systems Strengthening			
In-Country Assistance with Strategic Planning and Coordination:			
Develop comprehensive results oriented country strategic plans covering period 2009-11	8 Country strategic plans to guide SCMS activities, 8 Country strategic plans to guide SCMS activities,	3/31/2010, 6/30/2010,	In progress
Engage USG in dialogue on how SCMS may best support the development and implementation (inform and be informed by) Partnership frameworks and other strategic initiatives	Country work plans that reflect wider USG and host government plans and objectives	3/31/2010	Complete
Review the tariff, regulatory barriers, and policies in each country to imports of the needed products and assist in devising solutions to any identified problems.	Reports and advise on process or policy changes as required	12/31/2009	Complete
In-Country Data Management and Technical Assistance:			
Set standards for global best practices; develop goals, methodologies, materials and indicators and tools for transactional LMIS and software development lifecycle, including GIS and PDA	SOPs, WIs standards and indicators published	3/31/2010	Complete
In-Country Procurement Technical Assistance:			
Train PEPFAR and other organization (particularly Track 1.0 counterpart entities) to conduct tenders following USG, internationally or nationally recognized guidelines for good practice.	50 procurement officers and managers trained in procurement good practice with systems in place to conduct tenders and manage contracts	3/31/2010	In progress

Work with Global Fund Principal Recipients to develop their Procurement and Supply Management (PSM) plans	3 PSM plans supported	3/30/2010	In progress
Identify and shift procurements that would benefit from pooled procurement efforts	Pooled procurement initiated or expanded in 3 countries,	12/31/2009	In progress, on target
In-Country Quality Assurance Technical Assistance:			
Set standards for global best practices, develop goals, methodologies, materials and indicators.	Standards and indicators published for use by drug and laboratory authorities, waste management, quality control and manufacturers	12/31/2009	In progress
Field Program Support from PMO to enable countries to achieve HSS objectives:			
Develop and deploy guidelines, tools and templates to support the work of the field offices in planning for, implementing and managing the performance of the activities required to meet the 6 key objectives listed above	Suit of documents, policies, SOPs, WIs, tools and templates available via Knowledge Tree	10/31/2009	Complete
Provide guidelines on participation in the development and implementation of Partnership Frameworks and other strategic initiatives	Clear guidance to country directors on approach to be taken and expectations for work plans	9/30/2009	In Progress
Establish annual timetables for program and work planning within an agreed strategic framework	Agreed annual planning cycle and templates	11/30/2009	Complete

Support country directors to develop annual work plans and budgets (in consultations with in-country stakeholders) that are consistent with strategic plans and performance management plans	16 plans and budgets	9/14/2009	In progress
Organize and facilitate annual country directors meeting	Interim review of progress, experience sharing and agreement of targets for ensuing 6 months	12/11/2009	Complete
Review field offices' capacity to deliver workplans and support field offices in building or acquiring needed capacity	Well-resourced field offices	3/31/2010	In progress
3. Global Collaboration			
Global Collaboration:			
Contribute to WHO AIDS Medicines and Diagnostic Service (AMDS) network	Attend annual AMDS meeting and WHO/UNAIDS forecasting meeting; contribute SCMS data, experience and tools	Ongoing, meetings Nov 2009 & March 2010	Complete
Report to OGAC on ARV and OI deliveries to PEPFAR Implementing Partners in FY09	Report to OGAC for Congress	2/9/2010	In progress
Public Private Partnership for Pediatric ART	Attend and contribute to meetings and solution development	Meetings Nov 09 and May 2010	In progress, on target
4. Operations			
Identify country specific and project-wide client relation and operational improvement initiatives through formal client feedback mechanisms	Report on new service level improvement initiatives and results of past initiatives	September and March 2010	In progress
Meet with all PMO units to evaluate and revise TO1 and TO2 strategy and performance measures to reflect TO3 performance requirements, particularly related to Field Office demands	PMO performance framework of goals and measures to manage global supply chain operations and country program support services	1/29/2010	In progress
Management and monitoring of ACF and procurement surcharge rates	Quarterly reports, annual reconciliation	Jan, April, July and October 2010	Complete

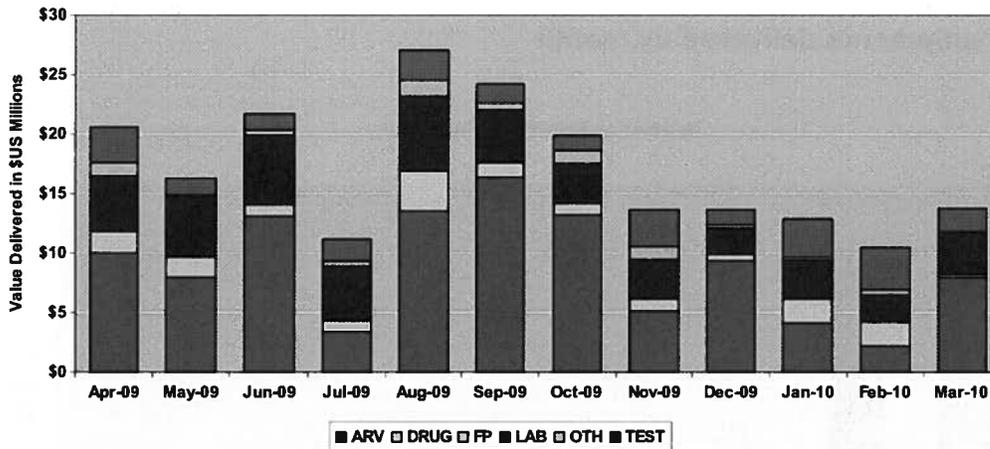
Management and monitoring of blended RDC and product blended prices	Quarterly reports, annual reconciliation	Jan, April, July and October 2010	Complete
Management and monitoring of "overs and unders" for country programs	Quarterly reports, annual reconciliation	Jan, April, July and October 2010	In progress

3. Procurement and Distribution Statistics

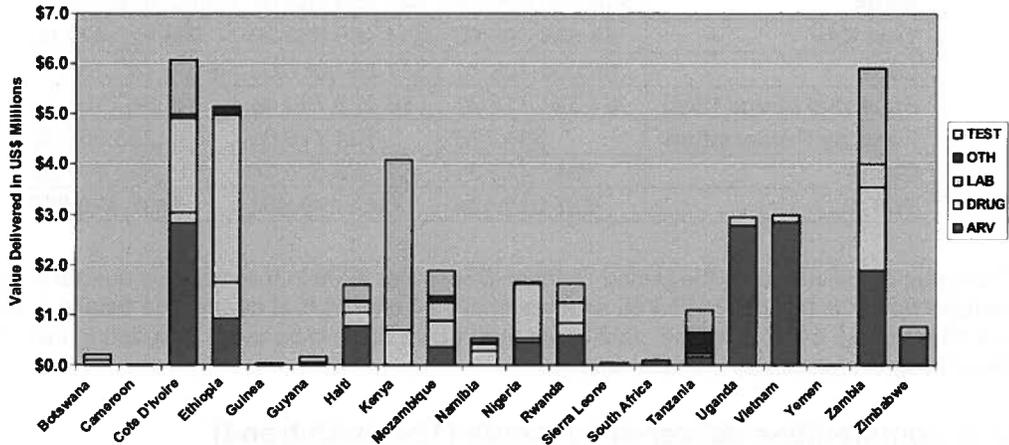
	Jan - Mar 10	Y5 to Date	Life of Project
ARVs	\$14,259,695.24	\$41,859,563.97	\$282,619,787.93
Test Kits	\$8,548,398.88	\$14,169,783.20	\$68,920,479.69
Labs	\$9,000,428.74	\$17,897,050.63	\$107,142,138.45
Essential Drugs (OIs)	\$4,324,712.31	\$6,928,794.44	\$25,649,101.54
Food by Prescription	\$34,776	\$34,776.00	\$1,253,065.66
Other	\$847,423.31	\$3,289,515.06	\$11,842,071.50
TOTAL	\$37,015,434	\$84,179,483	\$497,426,645

NB. The value of deliveries for the period October-December 2009 in the previous quarterly report has been revised upwards by US\$2,495,756 as a result of deliveries in that quarter the details of which were received after the cut-off date for the statistics in that report. This increase is included in the Y5 to Date and Life of Project statistics in the table above.

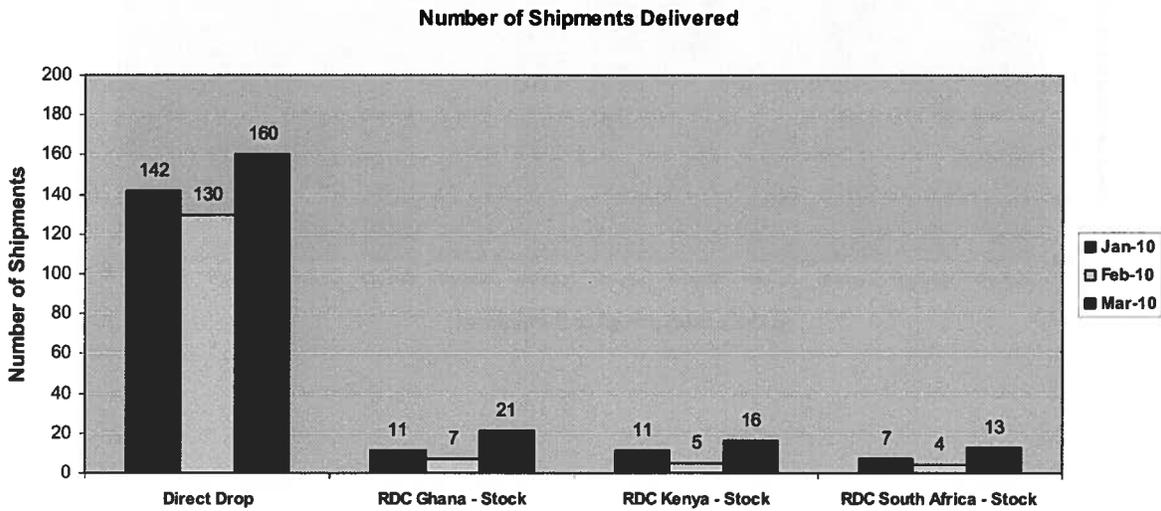
Value of commodities delivered by month (12-month trend)



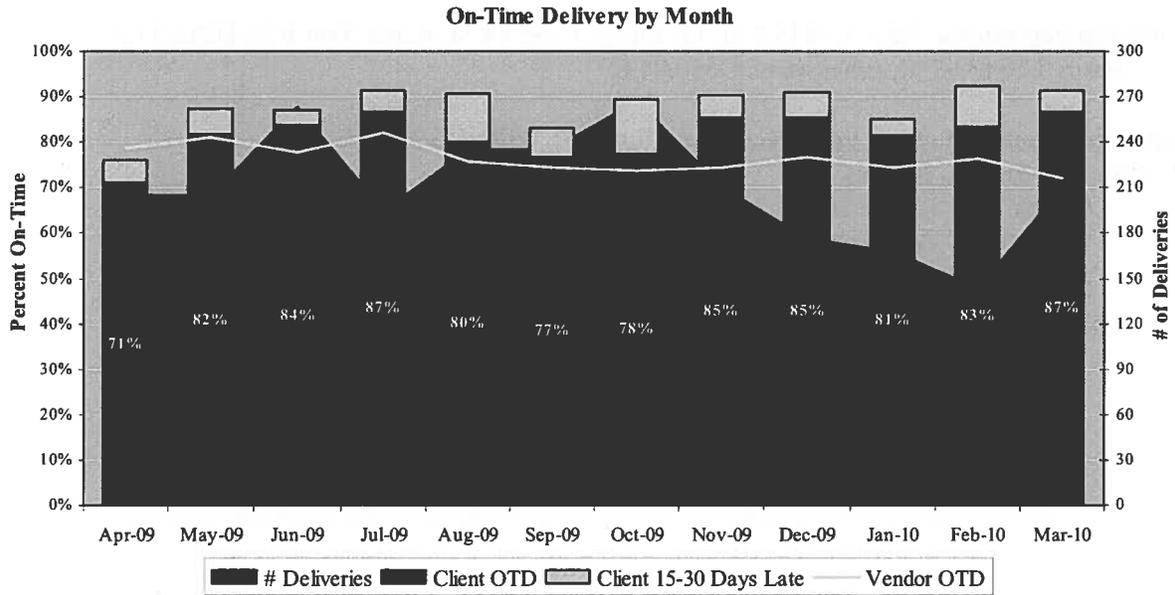
Value of commodities delivered by country = \$37,015,434



Number of shipments delivered by month

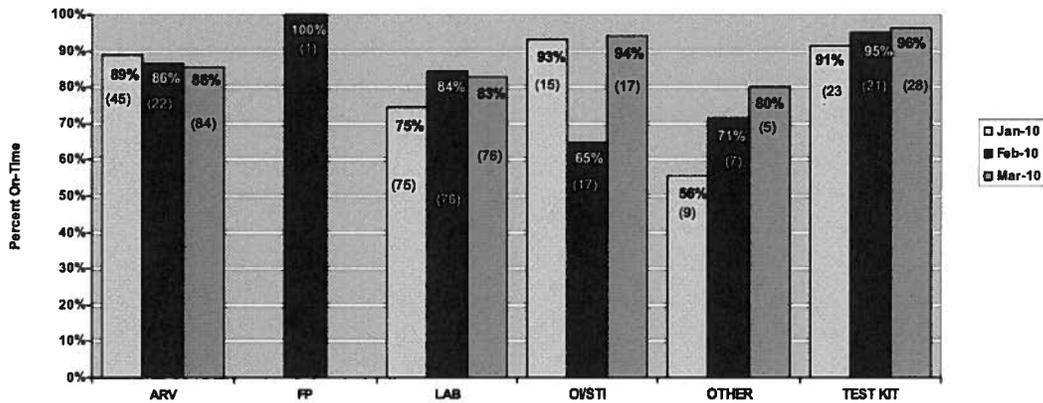


On-time delivery by month (12-month trend)



Note: Client OTD is the percentage of orders delivered on, before, or within fourteen days of the recipient agreed delivery date, as indicated on the Price Quotation; Vendor OTD is the percentage of orders delivered by the vendor on, before or within fourteen days of the vendor promise date, as indicated on the Purchase Order

On-time delivery by product



Additional procurement and supply statistics for the quarter

New orders: US \$57.34 M, of which US \$9.71 M were for RDC stock and US \$47.63 M for direct drop shipments.

Ordered categories: ARV US\$35.9 M, OI Drugs US\$3.14 M, Rapid Test Kits US\$3.39 M, Laboratory US\$13.97 M, other items US\$0.94 K

Current amount of stock in RDCs as at March 31, 2010: US \$15.732 M.

The breakdown is as follows:

- Ghana RDC — US \$9.602 M
- Kenya RDC — US \$1.709 M
- Southern Africa RDC — US \$4.421 M

4. Country Reports

Botswana

Emergency Orders/Stockouts: No stockouts reported.

Key Clients: BOTUSA/CDC and USAID (primary), Drug Regulatory Unit (DRU), Central Medical Stores (CMS), Government of Botswana (GOB), National Drug Quality Control Laboratory (NDQCL), National Health Laboratory (NHL), Prevention of Mother to Child Transmission Unit (PMTCT), the national ART program (MASA), Ministry of Local Government (MoLG).

STTA: Quality assurance training, quantification, performance management and strategic planning

Key activities:

1. **SCMS-recruited Central Medical Stores management team** continued their work in managing the stores, reforming systems and approaches and training local staff.
2. **Strengthened capabilities for efficient drug registration.** SCMS trained 13 participants from DRU and the MOH IT unit on the SIAMED software package, a unified database that manages drug registration applications. Increased knowledge and use of this tool will speed dossier evaluation, increase the range of registered medicines, save costs, and ultimately increase access to quality drugs.
3. **Developed ARV supply and treatment assumptions in preparation for a five-year ARV forecast.** SCMS continued collaboration with the national costing and forecasting TWG to finalize assumptions for the five-year ARV forecasts. These forecasts will be used to plan for continuous and sustainable ARV funding and supply.
4. **Facilitated SOP development to strengthen ARV security at service delivery points (SDPs).** Fifty-nine pharmaceutical staff from all ARV sites provided input for the SOPs that will strengthen ARV inventory management systems and ensure cost-effective and sustainable ARV availability and access.
5. **Helped finalize the five-year strategic plan for laboratory services** to strengthen alignment of SCMS plans with the MOH strategic direction and ensure sustainability of introduced initiatives.

Challenges:

1. Delays in appointment of the new Drugs Advisory Board undermined previous gains in the drug registration process by reintroducing delays in final approval of new registrations.
2. SCMS provided systems strengthening support for the design of the lab commodity LMIS that is being piloted for rollout in June/July. Poor reporting by laboratory SDPs (only 47 percent) is impeding our system rollout plan. In addition, data received is only for a limited portion of 850 laboratory products on the national list. Lack of data limits quantification and supply planning.

Results:

1. Supported the transfer of lab product procurement responsibilities from NHL to CMS. SCMS, NHL and CMS reviewed a consolidated list of all lab products, developing an ABC analysis for these commodities for the first time. Partners then calculated the average monthly consumption

for stockable items to help CMS develop a procurement plan for lab products and ensure more effective procurement planning and implementation.

Côte d'Ivoire

Emergency Orders/Stockouts: Stockouts reported at the central level for Lamivudine 150 mg/Stavudine 30 mg due to failure of partner adherence to supply plan delivery dates (Feb). Stockout of Didanosine 50 mg at the central level due to discontinuation by the manufacturer. We are coordinating with CHAI to fill the shortfall while we continue to work on policy changes with the MOH.

Key Clients: Ministry of Health of Côte d'Ivoire (including the PSP-CI), HIV/AIDS Ministry of Côte d'Ivoire(MLS), USAID, CDC, EGPAF, ACONDA-VS, HIV AIDS Alliance Côte d'Ivoire, JSI/MEASURE Evaluation, CARE-Côte d'Ivoire, ICAP, the PEPFAR/Strategic Information Team, Family Health International (FHI), JSI/MMIS, Centre National de Transfusion Sanguine and CARE/PEPFAR

STTA: Management visit, MIS and procurement.

Key activities:

1. **The Ministry of the Fight Against AIDS (MLS) is compiling mobile community reporting system (MCRS-CI) reports** to produce its 2009 annual report. Before SCMS supported development of MCRS-CI, MLS received about 130 reports per year from national NGOs. After the PDA-based data collection system rollout, MLS saw a tenfold increase in reporting to nearly 1,300 reports in 2009. SCMS is working with MLS to aggregate data and finalize the 2009 national MLS report.
2. **Collaborated with PSP-CI to create a year-one workplan following the National Strategic Plan for the Supply Chain of Medicines.** Helped PSP-CI work with PEPFAR IPs who support the supply chain and other key stakeholders, such as CARE (the Global Fund principal recipient), to plan year-one strategic activities.
3. **Provided TA to PSP-CI to develop a TOT on LMIS SOPs.** Working with PEPFAR IPs, SCMS supported PSP-CI, the National Care and Treatment Program (PNPEC), and the National Laboratories (LNSP) in training 21 pharmacy managers as trainers. These certified trainers will be responsible for training a further 460 people on LMIS tools from April 2010.

Challenges:

1. PSP-CI continues to use three software systems — SAGE L1000, MACS and REMED — to manage warehouse operations. Because the SAGE/MACS interfaces are not yet fully functional, PSP-CI has been unable to retire REMED. The SCMS SI unit conducted an assessment and is drafting a roadmap for future MIS activities..

Results:

1. **Agreed with PSP-CI to establish a warehousing and distribution TWG** to assess PSP-CI staff's knowledge, skills, and abilities and to identify training needs. Since 2007, SCMS has sent four PSP-CI pharmacists to warehousing training in South Africa. While staff have verbally acknowledged the benefits of the program, this TWG will document staff achievements and PSP

warehousing and distribution improvements made as a result, and identify other PSP-CI staff training needs.

2. Worked with PSP-CI to develop a laboratory LMIS TOT manual and SOPs. SCMS is supporting PSP-CI, PEPFAR IPs, MOH counterparts, including PNPEC, LNSP, and pharmacy managers. The lab LMIS TOT of SCMS staff and national counterparts is scheduled for February 2010.

Ethiopia

Emergency Orders/Stockouts: No stock outs reported.

Key Clients: USAID, CDC, Ethiopia Federal Ministry of Health (FMOH), HIV/AIDS Prevention & Control Office (HAPCO), Pharmaceutical Supply and Logistics Department (PSLD), Ethiopia Health and Nutrition Research Institute (EHNRI), Pharmaceutical Fund and Supply Agency (PFSA), CHAI, Abt Associates, Save the Children, RPM Plus/SPS, MSH HIV/AIDS Care & Support Project (HCSP)

STTA: None

Key activities:

1. **Coordinating with Save the Children on the food-by-prescription program.** After consultative meetings between SCMS, Save the Children-US, USAID, FANTA, and MOH, the Ministry approved the fortified blended flour specification proposed for Ethiopia's program. SCMS provided product samples and lead on procurement, warehousing, distribution, and inventory control at PFSA, including designing SOPs and integrating food commodities into the harmonized LMIS (Jan). Conducted facility-level site readiness assessment with Save the Children in 63 health facilities located in eastern Oromia, Dire Dawa and Addis Ababa regions, which are target areas for FBP in the first year. Determined the status of current service delivery, logistics capacity and health facility readiness to initiate FBP. A final report is in process Mar).
2. **Facilitated discussion among Oromiya Region partners and stakeholders** that led to the establishment of a regional health commodity security task force.
3. **Leased additional warehouse space for PFSA in Addis** to alleviate current critical storage limitations, recognizing that the aggressive ART and testing scale-up will strain current capacity to warehouse and distribute ARVs, RTKs, and laboratory commodities. Completed racking installation in four of the leased warehouses in Addis Ababa, increasing capacity by 50 percent.
4. **Conducted training on the integrated pharmaceutical logistics system (IPLS)** for 19 regional commodity security coordinators, hub distribution managers and warehouse supervisors. The training program acquainted staff with SOPs for the IPLS. Training participants developed an implementation plan for the next two quarters

Challenges:

1. Unprecedented Tenofovir consumption due to the regimen shift from Stavudine raised concern about potential stockouts. Working closely with MOH, SCMS processed an emergency ARV order (funded by PEPFAR) and halted the shift temporarily. Also closely monitored inventory and stock mobilization at sites.

Results:

1. Completed procurement of essential, cross-cutting supplies, such as consumables and lab reagents, to support achievement of facility-based PMTCT patient uptake targets. Working closely with MOH, regions, and implementing partners to support service delivery quality improvement at targeted PMTCT sites at 239 health centers and 112 ART hospitals.
2. SCMS and CDC donated \$1.4 million in X-ray equipment, including a digital X-ray machine, 10 conventional X-ray machines and a mobile X-ray machine. Purchased with PEPFAR funds, the equipment was installed at the Black Lion and Missions of Charity hospitals in Addis Ababa and 10 regional hospitals. This equipment will help to detect TB infection as part of MOH's efforts to decrease the TB burden among HIV-infected patients. Ethiopia's current TB/HIV co-infection rate stands at 26 percent (WHO). Black Lion Hospital's digital X-ray machine — the first of its kind in the public health system in Ethiopia — operates in normal room lighting to produce quality images, without the need for film storage space or dark rooms. It will be used as a training tool for hospital staff.

Guyana

Emergency Orders/Stockouts: Critically low stocks of two ARVs (March).

Key Clients: USAID, Ministry of Health, Center for Disease Control (CDC), Association François-Xavier Bagnoud (FXB), National Blood Transfusion Service (NBTS), Catholic Relief Service (CRS)

STTA: Logistics and MIS, Warehouse Design

Key activities:

1. **Presented the Q1 national ARV five-year forecast and 24-month supply plan** to all stakeholders at the National AIDS Program, Materials Management Unit, and MOH's Health Sector Development Unit. The meeting aimed to ensure stakeholder agreement regarding forecast and supply plan processes and assumptions. The meeting also provided evidence, based on patient information collected at treatment sites using the ARV dispensing tool (ADT), on the number of new patients entering treatment.
2. **Reviewed and revised the new MMU warehouse site plan**, architectural drawings and layout designs to identify variances in the overall design and budget estimates.
3. Completed quarterly revision of the ARV and RTK supply plan for the next 24 months. Clinton Foundation will no longer provide pediatric ARVs. The revised supply plan identified critically low stocks of Lamivudine Suspension (pediatric ARV) and Tenofovir/Emtricitabine. Shortages of Lamivudine Suspension were caused by delays in replacing expiring stock at the end of April; expiry was caused by higher-than-expected demand for Lamivudine tablets rather than syrup. CHAI agreed to SCMS's request to provide an emergency one-month supply of Lamivudine Suspension. Shortages of Tenofovir/Emtricitabine were caused by delays in the Global Fund (GF) procurement process. MOH's Health Sector Development Unit (HSDU) requested that SCMS procure a two-month emergency supply of Tenofovir/Emtricitabine until the arrival of GF ARVs in May.

Challenges:

1. Limited human resources continue to be a major problem at ART sites. All 16 ART sites report an inadequate number of pharmacy assistants/clerks to complete proper prescription dispensing, inventory management, and records maintenance for ARVs and essential medicines. At most ART sites, the pharmacy is managed by one individual who handles multiple tasks, including adherence counseling, resulting in poor maintenance of records and registers.
2. The contract of the professional team and MOU for the new MMU construction has expired in February. SCMS has tried to determine with MOH if the contract can be renewed or extended or if a new contract is required. SCMS facilitated communication and an agreement to issue a letter of information of the intent to amend the contract at a later date when all issues have been resolved

Results:

1. Completed national standard treatment guidelines (STGs) for primary health care, received National Policy Committee endorsement, and developed a training plan to be integrated in the Medical School Community Medicine curriculum. These are the first national STGs that include diseases beyond HIV, TB, and malaria, their use should greatly simplify the Materials Management Unit's (MMU's) procurement and distribution. Having the guidelines integrated into the Medical School curriculum will ensure that all graduating doctors practice rational prescription in the public health sector.
2. Documented confirmation of land transfer for the new MMU building with MOH's receipt of signed Deed of Gift by the Guyana Sugar Corporation (GUYSUCO). This important milestone will enable resumption of facility construction.
3. Helped transfer CDC funds for urgent laboratory commodity needs. Completed review and tracking of all of SCMS's CDC-funded procurements since 2006 for rapid test kits, blood safety, and laboratory supplies to verify the balance of funds for these products. Briefed CDC on allocated funds spent per program and requested redeployment of remaining blood safety funds to process the current National Public Health Reference Lab order. CDC was pleased to concur with the request.
4. Completed the annual national forecast for TB medicines, to be submitted to Global Fund.
5. Supported TB/Chest Clinic in ordering ARVs for TB/HIV co-infected patients. Previously, this clinic sent its patients to the National Care & Treatment Center (NCTC) to receive ARVs, so these patients were not captured in the Anti-Retroviral Dispensing Tool because they were served by other sites.

Haiti

Emergency Orders/Stockouts: No stockouts reported.

Key Clients: USAID, CDC, COAG, MSH/SDSH, Aids Relief, GHESKIO, FOSREF, POZ, CDS (Centers for Development and Health), ICC (International Child Care), PIH (Partners in Health), FHI (Family Health International), CHAI (Clinton HIV/AIDS initiative), PAHO/PROMES

STTA: Warehousing, Distribution, Logistics, Cold Chain, Pharmacy, Warehousing (MACS) and Assistance to PROMESS

Key activities:

Following the devastating earthquake on January 12 all efforts of our team in Haiti were refocused to support the immediate relief effort. In the early days after the earthquake SCMS was able to offer one of the few functioning sources of medical supplies ahead of major inputs from international donors. As the donor response became more established and PROMESS was able to take on emergency supply delivery SCMS refocused on delivery of HIV/AIDS commodities. By March and given the extenuating circumstances, Haiti is slowly beginning to resume some semblance of normal activities, including regular receipt of goods, commodity distribution to sites and coordination among key players, including USG and PROMESS.

1. **Resuming normal deliveries.** By the end of January, the Haiti team began scaling down emergency support to hospitals and clinics to focus on ensuring that health institutions had the capacity to manage PEPFAR commodities as normal distribution resumed.
2. **With USAID's authorization, processed an emergency ARV order destined to GF sites.** Six products are already in Haiti and will be distributed first week of April. Provided an additional ARV loan to GF sub recipients due to imminent stockouts.
3. **MACS personnel made minor system adjustments and identified weaknesses in day-to-day warehouse operations.** A follow-up consultancy is planned to support day-to-day warehouse management, develop warehousing SOPs and train staff at all levels to ensure sustainability. The goal is to solidify gains made over this STTA and prepare for handover to a qualified warehouse manager.

Challenges:

1. Staff attendance has been irregular due to the need to address family issues following the earthquake.
2. We continue to closely monitor and evaluate the MACS system. A follow-up STTA is underway to ensure appropriate staff are well trained, that, products from different clients (including GF products) are well managed and all requests from the field are integrated into the system and functioning well.
3. The funding for PROMESS was wound down in March and as result the improvements the SCMS team was able to introduce will probably not be sustained.

Results:

1. SCMS earthquake response. Following the devastating earthquake on January 12, SCMS confirmed the safety of all staff and determined that the SCMS office suffered structural damage and the warehouse suffered minimal damage. USAID approved the use of the warehouse and vehicles, and the purchase and use of needed commodities, for disaster response. The SCMS team began distributing emergency kits to health centers less than two days after the earthquake, and as of January 25 had distributed over 67,000 pounds of relief commodities, including pharmaceuticals, medical equipment, and ready-to-use therapeutic food (RUTF), to the main hospitals in Port-au-Prince and other partner hospitals. SCMS staff in Haiti and elsewhere contributed to the disaster relief effort by assessing current warehouse commodities stocks and analyzing shipments already in transit to Haiti.

2. As emergency relief supplies began to arrive in Haiti, PROMESS's (the government's central medical store) systems were unable to manage the large volume of medical commodities arriving. An SCMS multidisciplinary team was rapidly mobilized and despatched to Haiti to support PROMESS. SCMS implemented three key initiatives: Regain control of inventory management; establish control of commodity donations; and relocate nonessential commodities. The effort required successful coordination and mobilization of human, material, and financial resources across seven international and local organizations; PAHO, PROMESS, USAID, U.S. Embassy, U.S. Army, SCMS, Pharmaciens Aide Humanitaire, and the Clinton Foundation. Within four weeks, PROMESS resumed almost normal operations. The level of assistance to PROMESS was scaled back as the emergency response phase ended. SCMS is now focused on inventory management and coordination for inbound deliveries to PROMESS and distribution of essential commodities from PROMESS. Additionally, SCMS will continue to train PROMESS staff on improved commodity management practices.
3. Continued earthquake response. Distributed five kits of emergency products from existing stocks and worked with the USG team to identify and distribute donated critical commodities to sites.

Kenya

Emergency Orders/Stockouts: NBTS placed an emergency reagent order.

Key Clients: USAID, CDC, NASCOP, Division of Leprosy, TB and Lung Diseases (DLTLD), National Blood Transfusion Services (NBTS)

STTA: None

Key activities:

1. **Participated in a National AIDS Control Council (NACC) and National AIDS and STIs Control Programme (NASCOP) joint ART and PMTCT technical working group workshop.** The workshop's objective was to develop national ART and PMTCT recommendations in line with the recently published WHO report titled "Rapid Advice: Use of antiretroviral drugs for treating pregnant women and preventing HIV infection in infants," and to develop an implementation plan for the recommendations. The new recommendations — initiating ART for CD4 counts below 350 and using viral load tests for patients moving to second-line therapy — will impact the laboratory supply chain. SCMS's CD4 procurement volume will increase and viral load test supplies must be included in SCMS's procurement plan. Discussions are underway with the USG on the recommendation's budgetary implications.
2. **Initiated discussions with MOH's National Blood Transfusion Safety (NBTS) division and the USG team to achieve uninterrupted blood screening services.** NBTS has procured reagents and consumables used for safe screening of donated blood through Global Fund (GF). Several NBTS stockouts have resulted from uncoordinated procurement and erratic GF funding, leading to emergency procurement requests through SCMS.
3. **Began 2010 first-quarter RTK distribution.** Quarterly distribution, together with the co-loading of RTKs from donors JICA and GF, is reducing costs by eliminating RTK supply overlap at 4,000 sites nationwide.

4. **Participated in MOH's planning committee for a mid-year national rapid result initiative (RRI) for HIV testing and counseling (HTC)**, which coincides with World Cup season in Africa (June 12 to July 12, 2010). The committee identified the target group as men older than 25 and aims to reach one million men. SCMS's role will be to develop an RTK distribution plan, deliver RTKs to selected health facilities, monitor their use and refill facilities as necessary.

Challenges:

1. Met with CDC, USAID, and the National TB and Leprosy Programme (NLTB) to restart procurement of TB lab supplies. Discussion focused on reasons delays caused differences of opinion between NLTB and CDC on which products should be procured. Participants agreed that SCMS should reinitiate TB product procurement immediately. They also agreed that TB program procurement coordination between USG and NLTB should be improved and unnecessary PQ approval delays should be eliminated.
2. Continued review of procurement and supply chain implementation with USAID Kenya means that SCMS does not have an agreed work plan in place and our future role and activities is uncertain.

Results:

1. Trained more than 60 laboratory staff from the International Center for AIDS Care and Treatment Programs (ICAP) facilities in Central and Eastern Province. The training focused on building capacity in the collection and management of laboratory specimens, laboratory commodities (equipment and supplies), information management, and laboratory quality assurance.
2. Completed procurement of all requested equipment for MOH's NBTS division. Final delivery of the last item in the provided list (Architect blood screening equipment) is expected in early April. After this equipment delivery, NBTS will be able to automate its HIV, hepatitis B and C and syphilis screening services.

Mozambique

Emergency Orders/Stockouts: CMAM director reported central warehouse ARV stockout, see Challenges below for detail.

Key Clients: USAID, CDC, CMAM, Laboratory Section DAM/MISAU (MOH)

STTA: Warehousing

Key activities:

1. **Supported the MOH strategy to expand national CD4+, hematology, and biochemistry testing capacity** in collaboration with a technical working group (TWG) composed of CDC, CHAI, and APHL. SCMS used a geographical information system to map existing testing capacity and coverage and shared the results with the TWG to inform plans for harmonizing and standardizing testing expansion activities. Testing capacity expansion is critical for improving ART program quality and implementing WHO recommendations for ART initiation at higher CD4 counts and the PMTCT strategy.

2. **Drafted 35 new warehouse management SOPs for CMAM** for implementation of warehouse management best practices in its new modern warehouse. During February we translated the 11 most essential SOPs into Portuguese and obtained approval from CMAM senior staff. The remainder will be reviewed and approved in March and April.
3. **Helped CMAM resolve its longstanding electricity supply problems at the new Zimpeto central medical store.** The MOH infrastructure department reinstalled all switches and cables, positioned new UPS equipment, and connected the office plan to the main generator. With servers now protected from power surges and interruptions, CMAM can make the most of MACS and other resources that rely on electricity.

Challenges:

1. In January unexpected policy changes are affecting Mozambique's commodity security. A new Ministerial directive requires donors to meet importation, clearance, warehousing, and distribution costs for donated medicines and reagents. The suddenness of the directive led to USG-funded shipments being blocked from importation for much of January, at a time when Global Fund VPP shipments have not yet started to arrive (the new directive does not apply to VPP shipments). CMAM's central warehouse is reportedly stocked out of the AZT-containing first-line regimen, and PEPFAR implementing partners are reporting some shortages in the provinces. This issue was overcome during February.
2. The February supply plan update highlighted a critical Global Fund shipment of the triple fixed dose AZT/3TC/NVP first-line drug, which had not yet been ordered but was supposed to arrive in September 2010. This medicine is in high demand internationally, with stretched lead times and shortages, since WHO recommended phasing out D4T-based first-line regimens. Given the risk to the national ART program, which has 95 percent of patients on first line, SCMS proposed a creative strategy to increase commodity security during phase-in of the new regimen. USAID/Mozambique and CMAM agreed that an order for the September 2010 AZT/3TC/NVP shipment be initiated by SCMS funding guarantee so the vendor could commit to production, and when Global Fund monies are available, the order can be changed to a VPP-funded shipment. If Global Fund monies do not materialize in time, the order will remain an SCMS shipment with VPP funding a future shipment. This creative use of SCMS and VPP PFSCM contracts will significantly decrease shortage risk for this critical product with a long lead time.

Results:

1. GIS mapping activity was completed in February and informed decisions on harmonization and standardization of testing expansion in Maputo City, is showing positive results. Better coordination among sites, implementing partners, and MOH staff involved in the Maputo City CD4 referral system pilot has resulted in more rational use of instruments and human resources and increased testing access. Lessons learned in this pilot will be applied to other provinces to strengthen the national network. This activity is critical to optimizing existing lab equipment use and making informed decisions on future equipment installation.
2. Completed and updated the product list for lab commodities and reagents, including reviewing and correcting the descriptions of more than 1,000 lab products. The updated product list was uploaded into the MACS. This is a major step forward in managing lab products.

3. The first AZT-containing first-line regimen arrived. SCMS is supporting internal distribution by providing one 40-foot container to each province to ensure this key medicine's availability.

Namibia

Emergency Orders/Stockouts: No stockouts reported.

Key Clients: Ministry of Health and Social Services (MOHSS)/Tertiary Healthcare and Clinical Support Services Division/Pharmaceutical Services Sub-Division/Central Medical Stores, MOHSS/Regional Medical Stores, MOHSS/Primary Health Care Division/Community-Based Health Care Unit and Food & Nutrition Unit, Namibia Institute of Pathology (NIP), VCT partners (IntraHealth, DOD/I-TECH, Namibian Blood Transfusion Services), PACT

STTA: None

Key activities:

1. **Attended a consultative workshop on the role and functions of pharmacists in Namibia's health care system.** Namibia will open a School of Pharmacy in March 2011, and this activity will continue with a technical working group meeting through May 2010 to develop the pharmacy curriculum. SCMS is seeking to include supply chain management in the curriculum to improve sustainable capacity building in this often-overlooked area.
2. **Participated in a major review of the second edition of the MOHSS ART guidelines.** Given the policy change from a CD4 count of 200 cells/ml to 350 cells/ml as the criterion for enrolling new ART patients, the supply chain implications are significant. SCMS continues to use these opportunities to remind clinical staff of the supply chain implications of policy decisions and will continue to work with MOHSS as it rolls out this new policy.
3. **Took over site-level ART data analysis** to ensure continuity of ARV usage data from ART sites after the resignation of SCMS' seconded staff member. The data will be used as part of the regular quarterly analysis of site-level inventory control and consumption.
4. **Supported planning for MDR-TB strategy.** Working with MOHSS, SCMS gathered data on MDR-TB resistant patients and worked with MOHSS to prepare a data-gathering tool that will be used to supplement the patient numbers data and will provide additional morbidity data for use in an initial quantification. MDR-TB is a significant investment by the TB program, using a disproportionate amount of the TB drug budget. Consequently, accurate quantification is essential to ensure that funds are well spent.

Results:

1. Delivered 12 refrigerators for blood storage to both NIP and the National Blood Transfusion Services (NBTS) and another eight lab freezers to NIP. These fridges represent a significant investment by PEPFAR in maintaining Namibia's safe blood supply and in safe storage of blood samples for testing.
2. Completed HBC kit procurement for Pact and distributed supplies to four regions. As previously noted, SCMS saved the USG about \$300,000 in procurement of HBC kit items by ensuring that Pact NGOs receive kits from the existing MOHSS supply, taking advantage of an apparent MOHSS overstock.

3. After significant lobbying for inclusion, SCMS succeeded in being invited to participate in this year's planning for National HIV Testing Day and was subsequently asked to establish and chair a subcommittee focused on supply chain issues. Past events have suffered from lack of supply planning, so SCMS wanted to help stakeholders avoid such mistakes. DSP decided to hold only a one-day event to avoid supply shortages this year, and SCMS is working with the Central Medical Stores, DSP and Intrahealth to ensure adequate test kit supply.

Nigeria

Emergency Orders/Stockouts: No stockouts reported.

Key clients: USAID, DOD, CDC, ICAP, UMD IHVN, HARVARD APIN +, CRS/AR, CHAN/NiCAB, Jhpeigo, the Federal Ministry of Health (FMOH), National AIDS and STI Control Program (NASCP) and Food and Drug Services (FDS), National Agency for the Control of AIDS (NACA), National Blood Transfusion Service (NBTS), Pathfinder, PFD, URC, Vanderbilt, Population Council

STTA: LMIS, Logistics and Health Program Management Information Platform (LHPMIP), Management

Key activities:

1. **Began developing a 12-month supply plan for PEPFAR-funded RTKs** after ascertaining optimum procurement quantities and shipment delivery schedules using PEPFAR's LMIS data and conducting a quantification exercise. The supply plan will help leverage costs through pooled procurement and maintain desired inventory levels.
2. **Finalizing Q2 FY 2010 ARV quantities** for 11 PEPFAR IPs for pooled procurement. Logistics data from these partners will inform quantities to be ordered for July 2010 delivery. The USG LTWG is reviewing quantities to be procured; IPs will develop a 12-month supply plan to maximize resources and maintain desired inventory.
3. **The LHPMIP Project (Logistics and Health Program Management Information Platform) continued to improve reporting** from service delivery points (SDPs) and state teams rates. The LHPMIP allows timely data submission by SDPs, through the internet or mobile phones, to an electronic database accessible by program managers. Feedback from LHPMIP users informed some modifications. Also met with stakeholders to ensure data exchange can take place between LHPMIP and DHIS (District Health Information System), another data management electronic platform being considered by the Nigerian government for zonal-level use. This will enhance LHPMIP deployment at all levels.
4. **Updated LHPMIP (Logistic and Health Program Management Information Platform) system forms** in February to reflect 2010 activities. This will allow SDPs to send data on all aspects of their activities.

Challenges:

1. Continued efforts throughout the quarter to find recipients for Stat-Pak test kit donations. The kits are not needed due to Nigeria's national testing algorithm change, where Stat-Pak is now a tiebreaker. Some stock has been donated to Sierra Leone, Cote d'Ivoire, and Cameroon. SCMS hopes to find users before the kits expire between July and September 2010.

Results:

1. Pooled ARV procurement continued to arrive on schedule, ensuring central-level commodity availability to support PEPFAR programs. This is accomplished through partners' regular PipeLine updates of actual ARV consumption data, followed by supply plan review and regular communication with the PMO Procurement Unit. Completed all ARV pooled procurement deliveries for 2009 in February, with the last of the shipments delivered to the 12 IPs. Total value of pooled procurement for Truvada and 3 fixed dose combinations was over \$32 million.
2. Finalized COP 10 ARV supply plans for 11 partners. The supply plans include 18 products at a total cost of about \$67 million.
3. The FMOH procurement and supply management (PSM) team invited the USG logistics technical working group (LTWG) to participate in its regularly scheduled meetings. This is a significant step toward creating a forum where PSM issues can be addressed on a national scale and shows that SCMS's efforts to build the capacity of Nigerian government counterparts to coordinate logistics is beginning to produce positive results.
4. Potential losses through product expiry for USG partners are constantly being minimized through regular meetings of the LTWG. In the most recent meeting, discussion of stock status facilitated the transfer of Zidovudine 300 mg from CU-ICAP to APIN/HARVARD (both PEPFAR partners). Similarly, STAT-PAK HIV test kits at risk for expiry in the IHVN central warehouse were distributed to other PEPFAR partners.

Rwanda

Emergency Orders/Stockouts: No stockouts reported.

Key Clients: CAMERWA, MOH, TRAC Plus (Treatment and Research AIDS Centre), National Reference Laboratory (NRL), CPDS (Coordinated Procurement and Distribution System), Pharmacy Task Force (PTF), CNLS (National AIDS Commission), PEPFAR Implementing Partners (FHI, ICAP, EGPAF, Intrahealth, CRS, Drew University), CDC, USAID, E-Health Group, MOH

STTA: Procurement, MIS, distribution

Key activities:

1. **Recruited a long-term technical adviser to work with CAMERWA** to operationalize and roll out the active distribution roadmap developed in partnership with CAMERWA, PTF, and MOH. The first phase will begin in April, focused on five district pharmacies. SCMS is issuing a tender for transportation company selection and indentifying routing, analyzing CAMERWA stock data, and providing CAMERWA with additional procurements to ensure a complete order fill rate of all health commodities, including essential medicines. CAMERWA is recruiting a national project manager to work with the SCMS project manager.
2. **Provided lead technical support for preparing the ARV, OI drug, test kit, and laboratory commodities quantification** and forecast for the 8th CPDS (June 2010 to June 2011). Presented the quantification report to MOH's Resource Management Committee; agreed that test kit quantification revisions would be made based on changing protocols.

3. **Worked with the COTR MIS team to address CAMERWA's complaints about operation of MACS warehouse management system and interface problems with SAGE.** SCMS and MACS were unable to satisfy MOH and CAMERWA concerns with MACS. As a result we have been instructed to remove MACS and replace it as soon as possible with SAGE Line 500 for both financial management and warehouse management.

Challenges:

1. Long-term sustainability of the IT infrastructure and warehouse management and financial management systems at CAMERWA is an ongoing issue. SCMS will review systems and identify appropriate solutions. Specifically, CAMERWA lost faith in the MACS warehouse management system due to apparent recurring errors and operational gaps. MIS STTA and an urgent senior management visit were arranged to work with CAMERWA and the USAID Mission to address the concerns and agree a new way forward.
2. Partly as a result of the problems encountered with the MACS installation and CAMERWA the Permanent Secretary Ministry of Health has instructed SCMS to immediately change the leadership of the Rwanda office. We are working with USAID to manage the transition with minimum disruption to our program of work.
3. Transition of the Country Director has slowed implementation of workplan deliverables. Based on a request from the Permanent Secretary of the Ministry of Health and USAID, the PMO and Crown Agents began the process of transitioning the SCMS Rwanda project leadership. As interim support, an Acting Country Director took over management and supervision for the next two months.
4. Based on SCMS and COTR team review, CAMERWA has ceased MACS installation. SCMS is developing a remediation plan for warehouse management, to include interim and long-term solutions. A team from SCMS and SAGE Line 500 spent two weeks in Rwanda to expand SAGE Line 500 coverage. They are working closely with CAMERWA to ensure the system meets its requirements and that the MACS issues encountered are mitigated. A detailed status report will be available in April.

Results:

1. Our long-term technical advisor worked with CAMERWA's national project manager to successfully distribute health commodities to district pharmacies and health facilities as part of efforts to operationalize and implement the first phase active distribution. The selected transportation company transported the stock to the five district pharmacies. Stock was organized at CAMERWA to simplify truck packing and delivery.
2. Submitted a revised version of the 8th CPDS (June 2010 to June 2011) report quantification for all ARVs and OI drugs to the resource management commission. This report will inform resource management commission decisions on resource allocations for procurements necessary to meet the quantification.

South Africa

Emergency Orders: No stockouts reported.

Key Clients: South African National Defence Force (SANDF), USAID, CDC, National Department of Health (NDOH)

STTA: Management, Quantification

Key activities:

1. **Met with the USAID Mission, NDOH, and other partners for procurement and supply of USG-funded ARVs throughout the quarter.** The goal was to prepare the plan for the \$120 million procurement and technical assistance to be provided by the USG in support of the South African HIV/AIDS Program. Activities included:
 - Worked with SCMS field office staff from Zambia to provide ARV quantification TA for the initial ARV order from the \$120 million funding. The team also met with the USAID mission and other partners, and contributed to the weekly ARV procurement planning meeting and the NDOH-chaired partner meetings.
 - **Held a national ARV procurement coordinating workshop** with representatives from all provinces and industry leaders. The goals were to give provinces the opportunity to verify ARV quantities they require for immediate order, discuss possible TA areas to address challenges and review procedures for implementation of the procurement.
 - **Met with the registrar of the Medicines Control Council (MCC), USAID and MSH/SPS to address Medicines Control Act requirements** to be applied to ARV importation should a waiver become necessary. The act controls medicine importation into the country and may have a significant impact on the U.S. government's efforts to contribute to the ARV supply.
 - **Held meetings with the customs department, Deloitte, the Mission and PHD to discuss the applicability of VAT to donated ARVs.** Although VAT is exempt under the bilateral agreement between the U.S. and South African governments, there may be a requirement to pay VAT initially and then apply for reimbursement. The local applicant license holders would undertake the clearance of goods.
2. **Finalized SOWs submitted for the condom logistics system SOP development and training STTA.** The revised SOWs are for local consultants and the external supervisor. Workshop dates are confirmed for March 18-19, 2010. The external supervisor SOW was submitted for resource allocation among partners..

Challenges:

1. The next quarterly quantification meeting may be delayed due to lack of quality data from the provinces. Contributing to this delay is NDOH's disagreement with SCMS's recommendations, made during the ARV procurement coordination workshop, that clinicians be involved in the quantification process and that a five-day quantification training be held. As an alternative, SCMS proposed that the quantification training be two to three days, with SPS and SCMS providing provincial teams with onsite training to develop and validate the information.

Results:

1. At the end of the quarter we were able to place the first orders US\$18 million and made significant progress in planning the next batch of orders, likely to be circa US\$35 million. On the first batch of orders SCMS was able to achieve savings of about 50% against prices paid by the Government of South Africa on like-for-like products.

Tanzania

Emergency Orders/ Stockouts: Delivered the last shipment of Determine test kits procured by USG to avert a potential stockout identified last November and ensure uninterrupted national HIV testing. SCMS responded to a national stockout with a \$955,500 order of 350,000 tins of Nevirapine 200 mg.

Key Clients: The Ministry of Health & Social Welfare (MOH&SW), National AIDS Control Program (NACP), Medical Stores Department (MSD), Pharmaceutical Supplies Unit (PSU), Center for Disease Control and Prevention (CDC), and the United States Agency for International Development (USAID)

STTA: MIS (ERP), Procurement strengthening at MOH&SW, Quality Assurance.

Key activities:

1. **Delivered a prefabricated warehouse to the MSD Mwanza location** to expand storage capacity. The “warehouse-in-a-box,” which was ordered last summer, arrived in eleven 40-foot containers. A local contractor was selected under USAID mission contract to undertake warehouse assembly.
2. **Worked closely with NACP and all partners supporting HIV testing services to collect and assess data and targets for future HIV testing initiatives.** This review's goal is to understand the root causes of test kit shortage during last year's national due to some partners implementing unplanned HIV testing campaigns.
3. **Procured and delivered manual conveyors and racks to improve product picking and packing** for distribution. This new equipment supports ongoing infrastructure capacity-building initiatives at the MSD Mwanza warehouse to streamline daily operations.
4. **Provided training materials to 24 health care workers from 14 prison and police health facilities** in the implementation of the redesigned ARV and HIV test kit logistics system including inventory and stock management of HIV medicines and test kits for prison populations.

Challenge:

1. The unavailability of logistics data for HIV test kits and lab supplies is hindering forecasting of commodities to be ordered. SCMS is developing a lab logistics system that, when implemented, will make data available for forecasts.

Results:

1. Addressed a national HIV test kit shortage by delivering 2,024 kits (100 tests per kit) of Determine HIV tests worth \$141,680 to MSD. This delivery is an additional consignment requested by the Tanzanian government to address the national shortage initially identified in October 2009. The test kits will be used for routine lab, VCT, PITC, and PMTCT HIV testing.
2. Delivered the last shipment of Determine test kits procured by USG to avert a potential stockout identified last November and ensure uninterrupted national HIV testing.
3. Due to transportation constraints at MSD, SCMS facilitated product transfer to health facilities across two zones, transfers that were crucial in ensuring MSD zonal stores could fill orders from HIV testing sites. As a result, facility stockouts were avoided.

4. SCMS initiated a \$955,500 emergency order for Nevirapine 200 mg in response to a nationwide stockout caused by uncertainties in MOHSW funding availability. SCMS is delivering in small quantities as the commodity becomes available to ensure PMTCT programs that can't use combination products continue functioning.
5. The supply chain monitoring advisors (SCMAs) helped with 37 inter-facility redistributions of ARVs and HIV test kits during their district visits. Redistributions are vital to preventing stockouts in facilities and waste caused by overstocking. The SCMAs also helped with direct distribution of these products from MSD and district levels to 18 health care facilities. Although not their primary responsibility, these SCMA efforts help ensure facilities receive their products on time.
6. SCMS conducted on-the-job training for 138 health care workers on ARV management, and for 150 health care workers on test kits management, at about 30 facilities. The goal was to strengthen the logistics management capacity of workers at the district level. As a result of the training, trainees can now effectively complete order request forms and better support the collection of essential logistics data required for product forecasts.

Vietnam

Emergency Orders/Stockouts: No stockouts reported. A risk of stockout of three ARVs at treatment sites identified in February was averted. Emergency ARV orders were placed in January and March.

Key Clients: Vietnam Administration for AIDS Control (VAAC, within MOH), USAID, Clinton Foundation, Central Pharmaceutical Company #1 (outsourced warehousing/distribution function)

STTA: None

Key activities:

1. **Conducted three lab assessments with VAAC staff for 10 additional SCMS-supported labs.** These assessments stemmed from CDC's request for SCMS to supply a maximum of 10 new labs that have CyFlow machines. Following the assessment, CDC will determine which labs SCMS will supply.
2. **Held discussions with the VAAC on implementing their new emergency distribution procedures** for sites that require drugs on an emergency basis. The new procedure will outline how to provide emergency orders between normal monthly distribution.
3. **Worked with the SPS project on training for the development of a national pharmacovigilance system.** As part of a study tour, three staff from the National Drug Information–Adverse Drug Reporting (DI-ADR) Center traveled to South Africa and Namibia — both of which had undertaken pharmacovigilance systems — to develop practical knowledge on start-up and implementation processes and gain insight into best practices and lessons learned. Participants learned how to write a Global Fund (GF) proposal in health systems strengthening for pharmacovigilance based on South Africa's successful efforts to obtain this type of funding.
4. **For the first time, Global Fund (GF) staff attended the quarterly quantification meeting** that SCMS, VAAC, and CHAI conduct every three months. The GF participated as observers of the process with the hope that they will become active participants in the future.

5. **Initiated procurement of \$491,000 worth of ARVs that the Global Fund requested PEPFAR buy for GF sites.** This amount nearly equals the entire GF procurement budget for 2010.

Challenges:

1. MOH's new guidelines published in January, support transition from a Stavudine-based first-line protocol to a Zidovudine-based protocol. As expected use of Zidovudine increased with a decrease in Stavudine in November and December of 2009, but there was an unexpected increase in Tenofovir consumption, leading to emergency orders in January. CDC and other partners are trying to ascertain why Tenofovir demand rapidly increased during that time and if it is related to the new protocol.

Results:

1. Completed "Basic Knowledge on HIV/AIDS and ART in Vietnam," the final module of the self-learning curriculum for new dispensers. Completed a written protocol that outlines the follow-up and support of new dispensers and their certification.
2. Ensured uninterrupted service for Tet, the Vietnam lunar new year celebration. During the celebration, February 12 to 21, many essential operations across the country either close down or slow activities in the weeks preceding the holiday. To mitigate stockout risks during this period, SCMS arranged for a double distribution of ARVs and lab supplies. Although VAAC did not allow for double methadone distribution, SCMS ensured methadone distributions were completed to avoid stockout.
3. Worked with vendors in The Netherlands to deliver 12 ARV shipments, which included two emergency orders and 17 different ARV drugs. This represents one of the highest shipment volumes processed by SCMS in Vietnam during a one-month period and a major logistics accomplishment, considering the complicated approval and paperwork processes required to import each shipment.
4. Met with GF representatives during its quarterly ARV quantification meeting for the first time. SCMS has been advocating with VAAC that all parties involved in ARV procurement, including GF, should meet and share procurement information. GF representatives participated as observers at this meeting, with the hope that they will become active participants in future meetings. SCMS has started the procurement of \$491,000 worth of ARVs that GF requested PEPFAR buy for GF sites. This amount nearly equals the entire 2010 GF procurement budget. GF's participation in this meeting is a first step toward a shared ARV procurement planning approach in efforts to increase transparency and improve quantification and planning capacity.

Zambia

Emergency Orders/Stockouts: Stockout of lab reagents at 6.5 percent (of 200 product lines) centrally as March.

Key Clients: USAID, CDC, Ministry of Health (MOH), CIDRZ, NGO, and Mission Hospitals

STTA: Vendor Prequalification, Field Office Managed Procurement (FOMP)

Key activities:

1. **Attended a high-level MOH five-year strategic planning meeting** and presented on HIV/AIDS commodity security efforts. The area of procurement and logistics was renamed “commodity security,” reflecting acceptance by the Government of the greater concept implied.
2. **Held a stakeholders meeting to review male circumcision (MC) quantification report.** Quantification of the national need for MC kits was presented and agreed by all stakeholders. SCMS continued efforts to supply the USAID project — Zambia Prevention, Care and Treatment Partnership (ZPCT) — with kits to support its MC targets.
3. **Global Fund, MOH, and SCMS discussed the potential effect of laboratory reagent procurement through VPP.** This discussion was necessary to address the delay in the release of Global Fund money to VPP and consequent setback in the original delivery schedules. The effect is that both VPP- and SCMS-procured reagents will be delivered at the same time resulting in oversupply and risk of expiries. Meeting agreed a staggered delivery schedule to eliminate parallel deliveries of the same products. SCMS was tasked with developing synchronized procurement plan covering all partners, MOH/GFATM VPP, SCMS, and CHAI.

Challenges:

1. MOH has still not allocated office space to the commodity security coordinator who, as agreed to by MOH, is to be based at the Directorate of Clinical Care and Diagnostic Services.
2. Procurement coordination across funding agencies needs to be improved to avoid parallel procurements.
3. GFATM's decision to change their Principal Recipient from MOH to UNDP for the rest of Round 4, Round 7 and the recently awarded Round 8 has left the procurement of HIV/AIDS commodities using Global Fund monies in an unplanned state.
4. As of our last quantification in 2008, GFR4P2 (\$ 2.5million) and R4P3 (\$ 2.7 million) in lab products were allocated for the last quarter of 2009 and first quarter of 2010 as agreed with the Global Fund as part of the national procurement integration. Currently, none of these products has been received. Neither the GF nor the Principal Recipient has provided information on the status of these products. As SCMS, we decided to place emergency and planned orders as back up to GF/VPP orders. These SCMS orders are currently being delivered and have drastically lowered stockout levels. We are continuing to fill the gaps created by these delays whilst we wait for actual dates of intended deliveries from VPP.

Results:

1. To strengthen local capacity, trained the MOH chief biomedical scientist to conduct the annual quantification of major laboratory commodities. During the quantification, the MOH staff member facilitated almost 80% of the process. This is the first time a high-ranking MOH official facilitated a national-level laboratory quantification workshop.
2. In partnership with MOH, completed the annual quantification of laboratory commodities. This quantification included an intensive review of forecasted 2010 lab reagent demand in light of the national lab logistics system rollout. At the end of the workshop, the 2010 lab commodity supply plan was prepared with no funding gaps identified. Also conducted a review of 2011. SCMS plans to work with partners to update the seven-year projections completed in 2008.
3. Partners developed and agreed on a male circumcision kit supply plan. Uploaded an RFP for 5,500 kits to the customer relationship management (CRM) system.

Zimbabwe

Emergency Orders/Stockouts: Emergency order for AZT/3TC from SCMS's RDC in South Africa (Feb) and emergency order for AZT/3TC 300/150 mg.

Key Clients: Ministry of Health and Child Welfare (MOHCW), Logistics Sub-Unit (LSU), NatPharm, USAID, Global Fund, Clinton Foundation HIV/AIDS Initiative (CHAI), European Commission, ECHO, DFID, EGPAF, Tuberculosis Capacity Project (TB CAP), WHO.

STTA: Fleet Management and Performance Management

Key activities:

1. **DTTU (Delivery Team Topping Up) teams supported by SCMS and USAID | DELIVER PROJECT started quarterly deliveries** of RTKs for HIV and syphilis, PMTCT commodities, condoms, and contraceptives to Mashonaland Central, Mashonaland West, Masvingo, and Midlands provinces early in January. The deliveries, which include recently arrived HIV RTKs that were in short supply, are expected to be completed in early February.
2. **In collaboration with MOHCW and PSI, completed product selection and forecast for male circumcision commodities** to be procured with \$1.5 million of Core Funds to jumpstart this new prevention activity. SCMS is working on getting price quotes for 81 items, including surgical instrument and consumable sterile kits, surgical procedure bulk items, infection prevention and waste disposal items, emergency toolkit, and some equipment. We expect these commodities to begin arriving in June-July 2010.
3. **SCMS and USAID | DELIVER PROJECT drafted a joint 2010-2013 strategic plan**, identifying priority areas for collaboration and support among MOHCW departments, partners, and the two projects. The plan was approved by MOHCW and partners at a USAID workshop.
4. **Conducted a fleet management assessment to evaluate operations for the SCMS and USAID | DELIVER PROJECT fleets** — 18 trucks and 12 monitoring vehicles — and recommend ways to improve efficiency and streamline fleet management. With an eye toward strengthening the whole health system, the study also recommended possible strategies for the SCMS and USAID | DELIVER PROJECT delivery truck fleets to cooperate with the UNICEF and NatPharm delivery truck fleets to further harmonize distribution.

Challenges:

1. The dollarization of the economy since January 2009 has impacted health care cost and the ability of the poor (particularly in rural areas) to access health services. Foreign currency is very difficult for the poor to obtain and quite scarce in rural areas. Fees for health services are not standardized, and there are many reports of facilities setting their own rate structures for consultation fees, laboratory tests, and prescription drugs. When composite fees are combined, a health center visit for a simple complaint can easily cost well beyond the means of many households. Utilization rates at facilities have predictably fallen.
2. Due to delays in UNITAID PMTCT AZT/3TC shipment and rapid scale-up of MER PMTCT, MOHCW experienced a shortage of AZT/3TC for both ART and PMTCT at the central level and some sites. After confirming the supply of 12,000 bottles of AZT/3TC at SCMS's RDC in South Africa, placed an emergency order that should arrive by air before the end of March..

Results:

1. Based on LSU forecasts supported by SCMS, MOHCW switched from a parallel algorithm to a serial algorithm for HIV testing, saving \$1 million per year and bridging the gap between HIV testing commodities needs and donor commitments, resulting in better product availability. SCMS is processing an emergency order for 600,000 Determine HIV RTKs with the additional USAID funds to support MOHCW until GF shipments arrive later this year.
2. In response to significant achievements in HIV/AIDS commodity management MOHCW suggested LSU be moved from MOHCW AIDS&TB Programme to MOHCW Directorate of Pharmacy Services. The move will allow MOHCW to expand supply chain management best practices to TB, malaria, and other essential drugs without compromising HIV/AIDS commodity management quality. The Mission also supported this change which supports wider health system strengthening objectives. (LSU receives technical and operational support from SCMS)
3. Due to delays in other partners' PMTCT AZT/3TC shipments and rapid scale-up of MER PMTCT, MOHCW experienced an AZT/3TC shortage at central level and some sites. SCMS placed an emergency order on March 2; less than four weeks later, 12,000 bottles of the ARV arrived in Harare from the South Africa RDC. Together with the AZT/3TC in blister packs received from UNITAID in March, these quantities will be distributed on the SCMS-supported MOHCW LSU and ZNFPC DTTU distribution systems in early April to rebuild SDPs' stocks of this ARV used in ART and PMTCT.

5. Innovations

Three items are currently identified in the Work Plan as requiring innovation funding:

- To establish a process for testing rapid test kits and non-proprietary laboratory reagents. This challenging initiative has made significant progress in agreeing to contract terms with the University of Maryland to develop the required testing capability and to begin testing of RTKs in June/July 2010.
- Design and development of a demand planning model linked to SCMS ERP. The Demand and Fulfillment Unit submitted an initial outline of this project to the Innovations Team (see below) in December. At the time of writing, after consultation with the COTR team, the Innovations team has confirmed approval in principle to proceed to develop a detailed work plan and budget for consideration by SCMS senior management and USAID.
- Develop and implement a drug registration harmonization and streamlining workshop. This work remains on hold while discussions continue with Gates Foundation, NEPAD and WHO regarding existing plans for similar initiatives. We wish to avoid duplication, but are hopeful that SCMS will be able to contribute to the multi-agency efforts to improve drug registration in developing countries.

SCMS creates Innovation Team – In October SCMS launched an internal process to encourage the submission of ideas for innovation from throughout the project, establishing an email box (innovations@pfscm.org) for the submission of ideas. The initiative aims to establish an open and transparent process for submission, review and report back. A small Innovations Team led by the Deputy Director, Program Planning and Global Partnerships and including volunteers from PMO units and country teams, and member from the COTR Team, will assess ideas received and manage them through to review by senior management and the COTR Team.

As reported in the previous Quarterly Report a meeting of SCMS Country Directors' Meeting held in Addis Ababa in early December generated 12 ideas for innovations proposals, including MIS approaches to integrate disparate IT systems at different levels of the supply chain; an equipment maintenance database tool; a vendor management job aid; further developing the higher learning curricula into a curriculum library; and various other approaches to developing sustainable human resource capacity. The Innovation Team reviewed these outline ideas in January, and recommended nine for further development. The country directors concerned have been asked to develop details innovations proposal for review and, as appropriate, submission to USAID for funding.

Two of the proposals, for storage solutions (also know as Clinic in a box) and the use of CAPE software, a COTS solution to effective use fo storage space on pallets and in warehouses, were consider not to require further development, but could be applied in other programs. Details of these approaches have been circulated to SCMS offices and advisers.

The final proposal to develop a drug coding scheme was rejected on the grounds that a number of coding systems already exist and a further system would not be an effective use of resources.

6. Objectives for April - June 2010

SCMS		Project-wide Workplan TO3 Year 1 - June 1, 2009 - September 30, 2010 - Version 2	
Activity	Deliverable	Target Deadline	Progress
1. Global Supply Chain			
Procurement:			
Ensure Field Office Managed implementation			
Group C implemented			
Stage 1 - local procurement	Procurement from local suppliers managed from the field office	4/30/2010	In progress, on target
Improve access to essential drugs			
Broaden supplier base in pilot countries	Suppliers approved by USAID in 2-3 countries	Ongoing	In progress, on target
Improve linkage between supply planning and order processing			
Implement continuous improvement program to process orders from supply plans	Reduced order process time, potential to eliminate PQ and go direct to order	Ongoing	In progress
Continuous improvement program for vendor performance - Pharma	Improve vendor delivery from average of 55% to >80% on time	5/17/2010	In progress
Continuous improvement program for vendor performance - Lab & test kits	Improve vendor delivery from average of 50% to >80% on time	5/17/2010	In progress
Historical review of data on lab commodity purchases			
Review status of lab supply plans and compare to lab core list	Revised lab lists to support improved quantification and supply planning	4/2/2010	Complete
Implement revised lab commodity process	New IQCs, RDC stock of lab commodities to support increased reliability of supply	Ongoing	In progress
Explore tiered service, pricing and performance models	Concept and options papers for discussion with USAID	6/30/2010	In progress

Quality Control:			
Establish process for testing of RTKs and non-proprietary lab reagents	Sampling and testing process in place	4/20/2010	In progress
Implement process	Testing and sampling process in operation	4/20/2010	In progress
Perform on-going quality inspections of local and international manufacturers and wholesalers as needed	Report on manufacturers' performance with recommended corrective actions to meet required standards (if needed)	Ongoing	In progress, on target
Freight and Logistics:			
Refine consolidation strategies	Savings in freight cost vs. use of air freight and unconsolidated deliveries	Ongoing (6/1/09-11/13/09)	Complete
Management Information Systems:			
Maintain and upgrade MIS			
Upgrade Web and application servers	Improve speed and capacity to meet project needs	4/2/2010	In progress, on target
Prepare Knowledge tree documentation	Full suite of documents required by TO3	6/11/2010	In progress, on target
Manage Change Control Board	Process and system improvement agreed in quarterly CCB Meetings	August, November, March June and Sept	In progress, on target
Improve field office connectivity	Improved connectivity speeds to run SCMS systems	Ongoing	In progress, on target
2. Health Systems Strengthening			
In-Country Assistance with Strategic Planning and Coordination:			
Develop comprehensive results oriented country strategic plans covering period 2009-11	8 Country strategic plans to guide SCMS activities, 8 Country strategic plans to guide SCMS activities,	3/31/2010, 6/30/2010,	In progress

In-Country Data Management and Technical Assistance:			
Provide capacity building to host-country staff in use and maintenance of LMIS, including hands-on training and mentoring	LMIS support in 15 countries	Ongoing	In progress
Collaborate and coordinate with national organizations and other donor or USG funded projects to better integrate with other information systems	Integrated LMIS strategies and plans	Ongoing	In progress, on target
Develop and support a toolbox of MIS applications that country programs are offered as solutions for country program information and management needs	MIS toolbox	6/31/2010	In progress, but completion delayed due to pressure of work on MIS TA. New date TBA.
In-Country Procurement Technical Assistance:			
Explore the potential with host country governments to establish a cadre of supply chain professionals through institutions, universities and other organizations	Networks established in four countries	6/30/2010	In progress, on target
In-Country Warehousing and Distribution Technical Assistance:			
Assess warehousing and distribution requirements and develop a plan of actions in order to achieve WHO GWDP 2005 QAS/04.068-rev 2	Assess and report on five warehouses identifying areas for improvement to achieve the WHO standard	4/1/2010	In progress
Customize and implement SOPs	Revised SOPs	6/1/2010	In progress

Provide new warehousing facilities (inc Warehouse in a Box)	Three new warehouses	4/1/2010	In progress
Implement bar-code technology	Five implementations	4/30/2010	In progress, on target
Field Program Support from PMO to enable countries to achieve HSS objectives:			
Organize and facilitate annual field office conference	Sharing of experience, development of plans and capacity to further project goals	4/30/2010	In progress
Organize LMIS workshop to share lessons learned, tools and best practices across country programs	Workshop report incorporating examples of best practice to support consistent levels of performance and quality in all programs.	6/15/2010	Deferred due to pressure of work on MIS TA. New date TBA.
3. Global Collaboration			
Global Collaboration:			
Act as technical secretariat to Coordinated Procurement Planning Initiative	Arrange meetings, promote activities and objectives of CPP; complete assigned tasks during year	Ongoing	In progress
Contribute to WHO AIDS Medicines and Diagnostic Service (AMDS) network	Attend annual AMDS meeting and WHO/UNAIDS forecasting meeting; contribute SCMS data, experience and tools	Ongoing, meetings Nov 2009 & March 2010	Complete
Public Private Partnership for Pediatric ART	Attend and contribute to meetings and solution development	Meetings Nov 09 and May 2010	In progress, on target
Hire consultant for drug registration project	Under development by USAID	4/30/2010	Complete
Global Health Conference, DC	Submitted abstracts and conference attendance	6/1/2010	In progress, on target
PEPFAR Implementers' Meeting	Submitted abstracts, site visits and conference attendance	May/June 2010 Postponed till 2011	In progress

Development of job aids and training in client relations, communications and procurement	Training materials for distance learning and in person training; number of participants trained	Various during period	In progress, on target
Publish communication products	In-briefs (SCMS success stories) 5 minimum, Links 32 issues, Supply Lines 4 issues, calendar/poster, update existing materials	Various during period	In progress, on target
Maintain and develop SCMS web services	Growing web site with increased traffic and use of forums	Ongoing	In progress
Attend ad hoc meetings as requested by USAID, OGAC, CDC and/or organized by other global partners		Ongoing	In progress
Produce meeting reports and arrange actions as required	TBD	Ongoing	In progress
Maintain regular contact with key partner organizations, e.g. Clinton Foundation, CDC, UNITAID, MeTA, MIT-Zaragoza Logistics Center	Improved understanding of objectives, reduction in overlaps, exchange of information, improved supply chain reliability; develop new relationships as relevant e.g. Gates Foundation	Ongoing	In progress, on target
4. Operations			
Management and monitoring of ACF and procurement surcharge rates	Quarterly reports, annual reconciliation	Jan, April, July and October 2010	Complete
Management and monitoring of blended RDC and product blended prices	Quarterly reports, annual reconciliation	Jan, April, July and October 2010	Complete
Management and monitoring of "overs and unders" for country programs	Quarterly reports, annual reconciliation	Jan, April, July and October 2010	In progress