



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



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## SCMS Supply Lines June 2008

### State of the Project

SCMS posted new records for commodities shipped to clients. The value of commodities delivered was \$33.5 million, a 25 percent increase over the previous quarter and the number of shipments for the quarter was 404 (an 18 percent increase). These data reflect an almost four-fold increase over the same quarter from the previous year.

One way SCMS helps save money for our clients is by negotiating long-term contracts with suppliers of ARVs and other commodities. In the last quarter, 64 percent of purchases through SCMS (including 95 percent of ARVs and 37 percent of test kits) were through such contracts, marking the fourth straight quarterly increase in this key indicator.

In the last edition of Supply Lines, we noted some growing pains in the area of procuring laboratory equipment and supplies. Although we have made some progress, problems still exist that we are working to remedy. On-time delivery of ARVs has improved, particularly from regional distribution centers (RDCs). The Kenya and Ghana RDCs posted a 69 percent on-time delivery rate and the South Africa RDC posted a 61 percent on-time delivery rate. There is, of course, still some way to go before we meet our overall targets of over 80 percent on-time delivery of commodities. Our aim is to apply appropriate lessons from the delivery of ARVs to other commodities in order to raise our performance levels across the board.

This issue of Supply Lines highlights other good news from SCMS and our clients, from a groundbreaking shipment to Vietnam to an inspiring collaboration between Guyana and Rwanda. We are also pleased to report on important progress in our efforts to strengthen and establish secure, reliable, cost-effective and sustainable supply chains to meet the care and treatment needs of people living with or affected by HIV/AIDS. Thanks for your continued interest in SCMS!

### Quarterly Trends

Each quarter SCMS focuses on global trends in HIV/AIDS supply chains. For further information, e-mail [SCMSInfo@pfscm.org](mailto:SCMSInfo@pfscm.org). Here are the current highlights:

#### Forecasting

- *Continued capacity building in quantification.* Forecasting commodity demand helps to ensure product availability and to reduce costs for purchase and delivery. As of April, SCMS increased the number of quantifications performed by in-country personnel to ten, meeting an important USAID goal for capacity building. In Tanzania, for example, after completing

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#### SCMS Project Team

Affordable Medicines for Africa | AMFA Foundation | Booz Allen Hamilton | Crown Agents Consultancy, Inc. | The Fuel Logistics Group  
IDA Solutions | JSI Research & Training Institute, Inc. | Management Sciences for Health | The Manoff Group | MAP International  
North-West University | Northrop Grumman | PATH | UPS Supply Chain Solutions | Voxiva | 3i Infotech

the ARV and HIV test kit quantification, the National AIDS Control Program requested that SCMS conduct an OI quantification and one-year forecast for 12 priority OI drugs. SCMS's quantification marks the first time a systematic approach has been used to forecast OI drugs in Tanzania. In Guyana, SCMS conducted a two-day quantification training for 15 professionals from the Malaria and TB Program, Food & Drugs Department, National AIDS Program, Regional Health Authority and Management Information Systems Unit of the Ministry of Health (MOH). The training will enable the MOH staff to forecast and quantify for their respective programs. In Ethiopia, stakeholders completed the final report of the second national quantification. This exercise was coordinated by SCMS's in-country staff, working with all key stakeholders.

- *Forecasting Pediatric ARVs.* In April 2008, the WHO Technical Reference Group for Pediatric HIV/Antiretroviral Therapy and Care met to consider the implications of recent research findings for existing WHO guidelines for treatment and care of infants infected with HIV. The outcome of the meeting indicated that there is now a strong recommendation that all infants under 12 months of age with confirmed HIV infection should be started on antiretroviral therapy, irrespective of clinical or immunological stage. Orders for pediatric ARVs could increase significantly as a result of these recommendations, and we recommend that forecasts and demand plans be updated carefully to reflect increased demand in each country.

## **Procurement**

- *Triomune shortage.* Short-term shortages of Triomune, a US Food and Drug Administration (FDA) tentatively-approved generic antiretroviral, have been mostly resolved due to the availability of a second supplier of the drug. Earlier this year demand had exceeded the capacity of its manufacturer, Cipla, to produce the product. The FDA has tentatively approved Strides Arcolab Limited (Strides) of Bangalore, India as a second source of lamivudine/stavudine/nevirapine 150mg/30mg/200mg. SCMS holds an indefinite quantity contract with Strides and has placed new orders for clients in Mozambique and Zambia. (Officials in Zambia moved quickly to register Strides as a new supplier.) As the largest customer for this drug, SCMS continuously monitors demand. To date we have had no reported stockouts of lamivudine/stavudine/nevirapine 150mg/30mg/200mg in any of the programs with which we work.

## **Freight & Logistics**

- SCMS is working closely with clients to help them save money by switching appropriate shipments originating from suppliers from air freight to sea freight. We're also switching some shipments leaving our RDCs from air to land shipments. (See "From air to sea freight: Huge savings on shipping for SCMS clients" in this issue.) Those who plan orders well in advance by conducting and sharing forecasts and supply plans will be best positioned to benefit from savings in freight costs. We encourage our clients to work with their SCMS representatives to determine which shipments are appropriate for sea or land freight.

## Shipment of methadone to Vietnam marks milestone

Treating HIV/AIDS patients who are also injecting drug users (IDU) is a major initiative by the government of Vietnam. According to UNAIDS, heroin injection is thought to be the cause of 60 percent of an estimated 300,000 HIV cases in Vietnam.

The use of methadone maintenance therapy as part of a comprehensive treatment program can help reduce the risk of HIV infection, hepatitis B and C, drug overdose, and can improve the overall health of IDUs. In May, Vietnam opened two methadone clinics in Haiphong, a northern port city with high levels of heroin use and HIV infection, and three more clinics in Ho Chi Minh City, which is Vietnam's biggest city and has the highest HIV rates. A third clinic in Haiphong will open this month.



Each clinic will treat an estimated 250 heroin-dependent people with methadone. SCMS will work with the government of Vietnam to provide methadone to these clinics for this year, and most of 2009, while the World Bank program begins its efforts to procure for the next phase of the project. SCMS procured an initial shipment of methadone which was delivered to a clinic in Haiphong to be distributed to patients.

Substitution therapy with methadone, classified as a controlled substance, can be politically sensitive, no less so in Vietnam. The treatment program, referred to as "Substitution Therapy", has taken more than five years to initiate and represents the efforts of the Ministry of Health and its many partners, multiple agencies and donors. This is the first time PEPFAR has provided methadone for an HIV prevention program, and the effort required considerable coordination and speed by SCMS partners as well.

Since methadone is classified as a controlled substance, import and export is subject to the terms of an international treaty on such commodities. SCMS ensured compliance with the international rules, treaties, and documentation requirements, as well as careful collaboration among all stakeholders. SCMS assured that necessary export permission of narcotics from the US FDA was obtained in a timely manner and that local Vietnamese authorization was obtained to import; consequently the methadone cleared customs very quickly and was delivered to treatment sites within a matter of days.

## **From air to sea and land freight: Huge savings on shipping for SCMS clients**

Providing our clients value, both in service and in price, is a continuing goal for SCMS. In 2007 alone SCMS saved our clients \$149.5 million in ARV purchases by consolidating orders, negotiating lower prices for commodities through long-term contracts with suppliers and purchasing generic ARVs whenever possible.

Working closely with our clients, we are now saving them hundreds of thousands of dollars by carefully selecting commodities that can be shipped by sea freight or over land rather than by air. The resulting cost savings are considerable.

Recent sea shipments of commodities to SCMS's RDCs in Ghana and Kenya saved the US Government more than \$770,000 (87 percent) compared to air freight. Shipments by sea of laboratory commodities saved the government of Côte d'Ivoire more than \$314,000 (86 percent) and the government of Ethiopia more than \$140,000 (80 percent).

Once commodities are placed in our RDCs, we can also help clients save money by shipping by land rather than air to the destination country. Five recent shipments from our RDCs in Kenya and South Africa to Mozambique, Tanzania and Zambia saved our clients more than \$94,000 (57 percent)—or almost \$19,000 per shipment.

Achieving results like these requires careful collaboration between SCMS staff and our clients to select appropriate commodities, combine shipments when possible and negotiate delivery dates. Even land-locked countries can benefit from shipping by sea to a neighboring country's port and then transferring to trucks for delivery over land.

Those who plan orders well in advance by conducting and sharing forecasts and supply plans will be best positioned to benefit from savings in freight costs. Six planned shipments to Côte d'Ivoire by ocean rather than air will save Pharmacie de la Santé Publique more than \$149,000 (85 percent).

## **Through regional distribution centers and other methods, SCMS helps in emergencies**

Even those who carefully plan future needs of commodities will find themselves making urgent orders from time to time. SCMS helps clients with urgent or emergency needs by negotiating rapid deliveries from suppliers or by filling orders from buffer stock at our three RDCs in Ghana, Kenya and South Africa.

SCMS's RDCs are located close to PEPFAR countries, and most orders through them arrive to their destination in two to four weeks. SCMS has used the RDCs to fill numerous emergency orders, including these recent examples:

- After a fire that gutted a warehouse serving Harvard's AIDS Prevention Initiative in Nigeria (APIN), SCMS provided an emergency order of three ARVs from two RDCs to avoid interruptions in treatment for patients who rely on the Harvard program. Many other organizations, including the Clinton HIV/AIDS Initiative (CHAI), Institute of Human

Virology Nigeria and International Center for AIDS Care and Treatment also assisted APIN at this trying time.

- At the request of the Ethiopia's Ministry of Health, SCMS procured an urgent order for Stavudine to cover a potential gap while the country transitions to fixed-dose combination ARVs. SCMS delivered the order 18 days after the initial request (ten days ahead of the requested delivery date).
- SCMS filled an emergency order from Zimbabwe's Ministry of Health and Child Welfare for Zidovudine 300mg tablets to avert a potential stockout. This antiretroviral drug, used by second-line patients, is of vital importance to the national program. The SCMS RDC in Ghana responded with a three-month supply from its strategic stock.

RDCs stock frequently requested ARVs, some test kits and other commodities. When an emergency order for something not stocked in our RDCs arrives, we use other strategies to meet the need.

- Also responding to Harvard's need after the warehouse fire mentioned above, we arranged for a shipment of an ARV from stocks in Côte d'Ivoire—an example of strong "south-south" collaboration among PEPFAR countries.
- We responded to an urgent request from the US Centers for Disease Control and Prevention (CDC) in Kenya to replenish stock of reagents supplied by Becton Dickinson. Working closely with representatives of the company, who themselves coordinated shipping and delivery, SCMS fulfilled the request in four weeks from client approval of the price quote, a process that normally takes 10-12 weeks.
- Following a request from the CDC, SCMS facilitated a loan of more than 100 rapid test kits from national stock in Guyana to the National AIDS Program in Surinam (NAPS), after a shipment delay caused a potential stockout. This is not the first time that Guyana has shared extra supply with its neighbors. SCMS has facilitated a loan of ARVs to NAPS and has also donated an extra stock of pediatric ARVs to Belize for the Clinton Foundation. The supply of test kits will help the program in Surinam continue its operations and ensure rapid testing of those who need to know their HIV status.

SCMS has developed the capacity to respond to emergencies by using private sector best practices in the public health setting:

**Planning:** PEPFAR countries are increasing their capacity to forecast need for ARVs and other HIV/AIDS commodities, and are then sharing their forecasts with SCMS and other partners. Those forecasts provide us key data to order and hold buffer stock at our RDCs that we can confidently predict will be used before it reaches expiration.

**Building relationships with suppliers:** Having close, ongoing relationships with manufacturers and suppliers helps maximize response time in emergency situations.

**Networking beyond borders:** Through PEPFAR and other global mechanisms, those working in HIV/AIDS supply chains are connecting across borders and supporting each other not just by sharing their technical know-how but also by providing HIV/AIDS commodities when emergencies arise.

## South-South collaboration leads to improved warehousing for Rwanda

SCMS is facilitating opportunities for the government of Guyana to collaborate with Centrale d'Achate Medicaments Essentiels du Rwanda (CAMERWA) to improve on its warehouse operations. Guyana has taken the lead in improving its warehousing system by using hand-held and radio frequency technology. Modernized operations have resulted in traceability and control of incoming products, management of lead times and order quantities, better inventory control and management, and improved automated reporting. By sharing lessons learned, both countries can reap the benefits and provide better service in providing HIV-AIDS health products.

In September 2007, SCMS successfully implemented a warehouse management system (WMS) using the UK-based MACS Software for the Ministry of Health Materials Management Unit (MMU) warehouse in Guyana. Prior to the MACS system, only rudimentary inventory management and support systems were in operation. The picking and packing at the MMU had utilized an Excel-based system that was prone to inaccuracy and provided limited visibility into inventory levels and product shelf life, resulting in inefficiencies and product expiration. Now, stock management has improved using this system through planned and perpetual inventory counts, and the establishment and monitoring of minimum/maximum inventory levels. MMU has been able to supply 98 percent of the requested items by the health facilities.

After hearing positive feedback about the Guyana warehouse via SCMS in Kigali, Ambassador Zephyr Mutanguha, Director General of CAMERWA, paid a visit to Guyana to view the MACS system in action and learn from Guyana's experience. The trip was facilitated by SCMS with full support from the Global Fund.



*Guyana Minister of Health Dr. Leslie Ramsammy (right) meets with Amb. Zephyr Mutanguha, Director General of CAMERWA, and SCMS Lead Resident Advisor in Guyana San San Min.*

The team from CAMERWA met with members of the Ministry of Health in Guyana, including Minister of Health Dr. Leslie Ramsammy, to discuss how they could collaborate on improved warehouse operations. One of CAMERWA's objectives was to learn how the MACS system interfaces with different warehouse, inventory management, reporting and financial systems. SCMS demonstrated the Guyana Internet-based Combined Requisition Issue Voucher (CRIV) application, which interfaces with the MACS System.

CAMERWA will be adopting a similar approach and applying their best practices from Guyana as part of a program to develop a fully modernized, professional procurement, warehousing and distribution operation that is a center of excellence for the region. Based on the visit, CAMERWA has decided to proceed with implementation of the MACS WMS for their operations.

## Introducing the SCMS Online Community

You may have noticed the new community feature on the SCMS website. Anyone working to support HIV/AIDS programs who is interested in discussing important issues regarding supply chains and HIV/AIDS now has a new place to share ideas and insights. Those who join the SCMS community by registering on the SCMS website can now subscribe to Supply Lines and create a profile to be listed in the SCMS community directory. In the fall, the community directory and online forums will be made available.



The online discussions, to be provided by SCMS, will be based on the four key technical themes in the SCMS Community Center - Forecasting and Demand Planning, Procurement, Distribution and Collaboration. Members will be able to contribute and discuss documents in the resource center, as well as provide their input on existing discussion threads.

To join the SCMS online community, simply visit the site at <http://scms.pfscm.org/scms> and click on the registration button at the top of the page. You can then choose a user ID and create your profile with information on your technical experience, a brief bio and participation goals.

## SCMS participates in this year's PEPFAR Implementers' Meeting

Five SCMS staff presented at the HIV/AIDS Implementers' Meeting which took place June 3-7, 2008, in Kampala, Uganda. This year's theme, "Scaling Up Through Partnerships: Overcoming Obstacles to Implementation", recognizes the rapid expansion of HIV/AIDS programs worldwide.

Representatives of SCMS made the following SCMS presentations:

\* Mozambique: "Embedding Demand Forecasting in Collaborative Efforts to Increase Access to ART: How Mozambique Did It"

\* Mozambique: “All for One - One for All: Coordinated Procurement Makes Safety Stock Safe”

\* Rwanda: “Distribution of Drugs and Commodities to Rwandan Health Districts Gets Boost From Improved Warehouse Management Operations” (presented by Ambassador Zephyr Mutanguha, Director General of CAMERWA)

\* Cote d’Ivoire: “Back to the Future: Paper-based System Helps Improve Forecasting of ART Data in Cote d’Ivoire”

We also presented a poster entitled, “Managing Performance to Achieve Scale-Up: Going beyond Traditional Monitoring and Evaluation to Strengthen Systems.”

In addition, two abstracts which the SCMS office in Vietnam developed collaboratively with other organizations in country were accepted to the PEPFAR Implementers’ Meeting. The first abstract, titled “Leveraging Resources to Work Together to Provide Care and Treatment for Children Living with HIV in Vietnam”, was accepted as an oral presentation and written jointly with the CDC and Clinton Foundation. The second, accepted as a poster titled “Challenges and lessons learned in establishing a successful CD4 Count system using FACSCount in Vietnam”, was written with the CDC and Vietnam Administration of HIV/AIDS Control.

To access these presentations, visit the SCMS website at <http://scms.pfscm.org/scms/resources/events>