

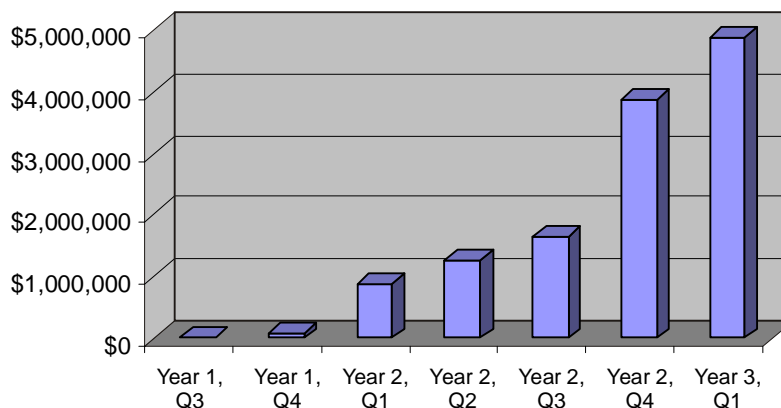
SCMS Supply Lines March 2008

State of the project

When SCMS was established, no one would have predicted the amount of procurement and technical assistance that we're now providing in the areas of laboratory supplies and equipment for HIV/AIDS laboratory programs. From October to December of 2007 we delivered \$4.8 million in laboratory commodities and completed seven technical assistance assignments in laboratory logistics for six countries.

Because of the unplanned growth of this area of our work, we have experienced growing pains, particularly in procuring and delivering laboratory supplies. We're making great progress in overcoming those challenges and are now focusing on strengthening local and global systems to build capacity for laboratory systems. To build local capacity, we are exploring ways to improve local procurement by developing procedures for qualifying vendors and increasing local capacity to forecast laboratory commodities.

Total Lab Deliveries by Value



In late January, SCMS helped facilitate a meeting in Maputo, Mozambique of 130 experts and policy makers from Cambodia, Haiti, Vietnam and 28 Sub-Saharan African countries. The meeting, sponsored by WHO Afro and PEPFAR, was designed to build consensus on clinical laboratory testing harmonization and standardization. At the end of this historic meeting, participants agreed to develop national strategic laboratory plans and policies.

Looking forward, we anticipate that our procurement and technical assistance efforts will spread into new areas, including blood safety products, prevention of mother-to-child transmission commodities, and perhaps nutrition.

Because of the high profile of laboratory procurement and logistics, both globally and in-country, we are dedicating much of this issue of Supply Lines to the subject. Articles below cover the issues from many angles. Enjoy!

—Richard C. Owens, Jr., Project Director

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

Quarterly trends

In this new section of Supply Lines, each quarter we will focus on global trends in HIV/AIDS supply chains. For further information, e-mail SCMSInfo@pfscm.org. Here are the current highlights:

Procurement

- Drug shortages: The global supply of Triomune 30 (Lam/Stav30/Nevirapine), one the most popular generic antiretroviral (ARV) formulations, is currently limited because demand is exceeding the capacity of Cipla, the only US Food and Drug Administration (FDA) tentatively approved manufacturer. As the largest customer for this drug, SCMS has worked closely with Cipla to ensure availability to our clients. We are also working with Cipla and other major purchasers of their product to ensure that the product is available to meet other global demand. Additionally, we have been examining alternative therapies that patients can use for the time being. To date we have had no reported stockouts of Triomune 30 in any of the programs with whom we work; however, the supply to some countries is being rationed.
- Price reductions: GlaxoSmithKline (GSK) announced new price reductions for the antiretrovirals (ARVs) it offers at not-for-profit prices to the world's poorest countries, many of which SCMS procures for our clients. The average reduction across GSK's 14 not-for-profit ARVs is 21 percent.
- Rise in test kit procurement: SCMS test kit orders increased threefold this last quarter. Countries have become more specific in their test kit requests and are ramping up volumes. One of our major test kit suppliers is stocked out until April. Buyers of test kits should order as early as possible and plan for lead times of up to 14 weeks for large orders.

Collaboration

- UNITAID has established a process to expand the scope of its current programs and to broaden its collaborative partnerships. Accordingly, UNITAID invites the submission of Concept Notes by new and existing partners to present a synopsis of an innovative project. If the Concept Note receives a favorable response from the UNITAID Board it could later form the foundation for a fully developed proposal. The process is intended to encourage the exploration of novel approaches to impact the market, increase the affordability of critical drugs and address other significant health challenges in line with UNITAID's objectives.
- Commencing from Round 8 (Call for Proposals opened 1 March 2008), the Global Fund recommends the inclusion of proposals with both government and non-government implementers as part of its commitment to strengthening the role of civil society and the private sector in the processes of the Global Fund. For more information, access http://www.theglobalfund.org/documents/rounds/8/R8DTF_Factsheet_en.pdf
- There has been increased engagement of/participation by faith-based drug supply chain organizations in efforts to strengthening local supply chains. SCMS and the Ecumenical Pharmaceutical Network (EPN) have been working together to facilitate coordination between the public and faith-based drug supply sector and promote inclusion of faith-based organizations in country operational planning, with particular success in Zambia and Rwanda.

Warehousing

Several donor agencies are considering using the regional distribution centers (RDCs) established by SCMS and designed to be available to other clients. Having multiple agencies using the RDCs to store buffer stock of commonly used commodities will benefit all through economies of scale. Further benefits are reducing incidents of stock-outs, avoiding expiration of products, and raising the bar for pharmaceutical warehousing excellence across Africa.

Technical assistance

Warehouse management is emerging as a prevalent focus for technical assistance (TA) by SCMS, with a range of recent activities in eight countries. SCMS has also seen an increase in requests for TA in logistics management information system (LMIS), with eight assignments conducted during the first quarter.

Laboratory harmonization efforts take on global reach

The proper diagnosis, care and treatment of persons infected with or affected by HIV/AIDS, tuberculosis (TB) and malaria requires the strengthening of laboratory health systems. However, laboratory procurement is particularly complex because of the large number of products needed. To simplify laboratory procurement, standardization of tests, reagents, consumables and equipment is needed at each level in the tiered laboratory system within a country. Harmonization and standardization of lab commodities can improve procurement processes, inventory management, distribution systems and equipment maintenance.

In late January, 130 experts and policy makers from 31 countries, including Cambodia, Haiti, Vietnam and 28 Sub-Saharan African countries, gathered for three days in Maputo, Mozambique for the Consensus Meeting on Clinical Laboratory Testing Harmonization and Standardization. Delegates to the meeting, representing multilateral agencies and development partners, sought solutions to laboratory challenges that limit the scale-up of services for TB, malaria and HIV diagnosis and care.



Representatives from the Mozambique Ministry of Health, CDC and WHO during a panel discussion at the Consensus Meeting on Clinical Laboratory Testing

Delegates drafted the Maputo Declaration on Strengthening of Laboratory Systems that outlines a number of actions including a “call on donors and development partners to commit to work collaboratively with each other and with coordination from the national governments to support strengthening of laboratory systems in order to create one unified, integrated national laboratory network.” At the end of the meeting, participants agreed to develop national strategic laboratory plans and policies, including standardization and harmonization of laboratory test supplies and equipment.

The meeting was sponsored by the World Health Organization Regional Office for Africa (WHO AFRO) and the President’s Emergency Plan for AIDS Relief (PEPFAR). SCMS served as technical

secretariat. Over the next few months the core meeting sponsorship committee, including WHO, the Centers for Disease Control and Prevention, the US Agency for International Development, the Gates Foundation, the American Society of Clinical Pathology and the Global Fund, will review the consensus guidelines for laboratory harmonization with the objective of publishing them in the summer of 2008. SCMS will contribute information on procurement and vendor/supplier negotiation best practices to the guidelines. Our field offices will also work with their respective ministry of health partners to assist with standardization of the supplies in their laboratory networks.

SCMS collaborates with CHAI and USAID | DELIVER PROJECT on development of new lab quantification tool

In recent years, the procurement of laboratory commodities has rapidly increased. However, inadequate lab supply chains and tools for forecasting lab equipment have led to inadequate data and made planning and scale-up difficult. In October, SCMS and the Clinton HIV/AIDS Initiative (CHAI) signed a memorandum of understanding to share information that paved the way for collaboration on the creation of a new lab forecasting tool. Representatives from SCMS, USAID | DELIVER PROJECT and CHAI assessed various tools and agreed to develop a new tool with the following characteristics:

- Flexible – can accommodate multiple types of morbidity data
- Easy to use – should not be complicated in its layout and presentation
- Capacity building – can be used in the field for trainings exercises
- Robust – should be able to take into account as much detail as possible

CHAI undertook the development of the tool to be used for quantifying lab commodities related to the following areas: CD4 tests, hematology, clinical chemistry, viral load and early infant diagnosis—commodities that account for about 80 percent of lab commodities procured by SCMS. Later, the focus of the tool will likely expand to include blood supply and other emerging commodity needs.

Both SCMS and CHAI tested the tool in several countries, including Haiti and Cote d'Ivoire. In Côte d'Ivoire, SCMS organized a national lab quantification workshop, bringing treatment partners and key government agencies together to agree on a common forecasting methodology. The group agreed on the importance of standardizing test protocols and equipment for an efficient supply chain, and created a standard list of reagents and consumables required for each piece of lab equipment, defining specifications and volumes or quantities required. Using this information, the quantification team developed a model to calculate the quantity of lab commodities required to test all HIV patients over a 12-month period. According to Dr. Jean Bedel Evi, SCMS Lab Logistics Advisor in Côte d'Ivoire, “this lab quantification exercise was a very successful activity. Other countries should follow the Côte d'Ivoire experience which appears to be a great model of success in terms of coordination amongst HIV/AIDS care and treatment partners.”

The tool is being finalized and already is being used in Botswana with official rollout to begin in several other countries over the next few months. Ultimately, SCMS, CHAI and USAID | DELIVER PROJECT will share the tool with others, including government agencies and PEPFAR implementing and Track 1.0 partners.

SCMS and government of Ethiopia work together to improve lab ordering

In Ethiopia, management of laboratory supplies, including those for HIV/AIDS programs, was once outsourced to a private company that purchased and installed laboratory equipment, including CD4 and viral load machines. Having one company manage the entire program provided a level of standardization not seen in other countries, but stock-outs and other supply problems persisted due to several factors, including the lack of a common functional laboratory logistics system.

The government of Ethiopia, through the Ethiopia Health and Nutrition Institute (EHNRI) and the Pharmaceutical Fund and Supply Agency (PFSA) is working with SCMS to improve the supply of laboratory reagents and other commodities. As a first step EHNRI and SCMS partnered to define inventory control and logistics management for laboratory commodities and developed procedures and forms for reporting the logistics data and ordering supplies. Now the two have begun training laboratory technicians and pharmacists at 89 sites countrywide to manage inventory and place orders. Initial training has already produced results. The Dire Dawa Provisional Administration HIV/AIDS Council gave an award to SCMS and EHRNI for their contribution in resolving major shortages of rapid test kits and laboratory commodities in the region.

SCMS is also collaborating with the Ethiopian Pharmaceutical Association to train public and private sector pharmacists—experts in pharmaceuticals but not necessarily laboratory reagents and supplies—on the complexity of laboratory logistics so that they can better serve the needs of their laboratory clients.

Warehousing and storage systems adapt to new requirements for lab products

With the rise in procurement of laboratory commodities come new demands for warehousing and storage. Lab commodities create a huge demand for space. Moreover, due to shorter shelf lives and refrigeration requirements for many products, wastage and losses tend to be higher for laboratory commodities than for other products. Several SCMS countries are working to overcome these challenges.

In Namibia problems with management of laboratory supplies and other commodities started with the central stores of the Namibia Institute of Pathology (NIP) where commodities are stored. Inadequate storage and a lack of systems and procedures led to frequent stockouts and a facility filled with expired and otherwise unusable stock. Working with NIP staff, SCMS helped remove all unusable stock and redesigned the stores with new shelving and refrigeration for cold storage. SCMS will be helping to develop standard operating procedures and training staff to better manage warehouse operations.

In Haiti, SCMS is the main buyer for laboratory supplies in the country, with responsibility for between 85 to 100 percent of the national need for HIV patients. To meet the need for more



Cold storage units, such as this one in Guyana, regulate temperature to keep reagents and other commodities safe from expiry.

storage space for laboratory commodities, SCMS is establishing a 1,400 square meter warehouse strategically located in Port-au-Prince. The warehouse, expected to be up and running by mid-April, will use the MACS warehouse management system (WMS), an automated tool developed by MACS Software that uses hand-held and radio frequency technology to improve warehousing and storage. The warehouse will include a 25 square meter cold room for short-dated reagents. This room maintains a constant temperature and has an alarm system to warn of unacceptable temperature changes. Until now, Haiti has been using kitchen refrigerators to store lab reagents. These don't have enough room to hold all the products, and a constant temperature cannot be maintained due to frequent power cuts and shifting from one energy source to another. The WMS will be significant contributor to improved management of lab commodities in Haiti and can serve as a model for other countries.

In Zimbabwe, groundbreaking results in supply chain management

Effective collaboration is a hallmark of recent efforts in Zimbabwe to scale up HIV/AIDS treatment programs. The Ministry of Health and Child Welfare (MOHCW) and its partners have made significant progress in two key areas of supply chain management.

Quantification of commodities managed locally

Effective quantification—including 24-month forecasts, 12-month supply plans and quarterly review of both—reduces the incidence of stockouts, lowers the price of purchased commodities and helps donors coordinate funding. Beginning in February 2007, SCMS trained staff at the MOHCW in the necessary skills and tools, including the software applications Quantimed and Pipeline, to do their own quantifications and manage their national supply plans. In November 2007, MOHCW staff took over full responsibility for quantification and successfully managed the process with minimal guidance from local SCMS staff. As the first SCMS country to do so, Zimbabwe is leading the way on one key component of supply chain management.

According to David Alt, country director, the successful transition was due in part to the ongoing commitment of the MOHCW to supply chain management in general and quantification in particular. The MOHCW recognized the need to build capacity in their staff to manage the quantification process, and SCMS was able to respond to that request through ongoing technical assistance.

Innovations in commodity distribution

While quantification is a first step toward effective supply chain management, delivery of commodities is one of the last steps. Zimbabwe is reducing stockouts of key HIV/AIDS commodities through an innovative distribution system first developed for family planning programs in the country. The MOHCW's AIDS & TB Logistics Sub-Unit (LSU) and the Zimbabwe National Family Planning Council (ZNFPC) piloted a project as a partnership with SCMS and the USAID | DELIVER PROJECT in two provinces to add HIV rapid test kits and Nevirapine for prevention of mother-to-child transmission (PMTCT) to an existing distribution system that delivers condoms and contraceptives to health facilities. Under the Delivery Team Topping Up (DTTU) system, delivery team leaders carry commonly used commodities in large trucks—or “moving warehouses”—to health facilities, checking remaining supplies and leaving behind whatever is needed to replenish stocks. The DTTU system shifts the responsibility of inventory management

from overburdened clinical staff to the delivery team leaders and eliminates the process of placing orders from clinical sites to central warehouses.

The pilot program received a very favorable evaluation by the MOHCW in January 2008. In one province, for example, stockout rates fell by 19 percent for rapid test kits and by 37 percent for Nevirapine. In light of the excellent results, the permanent secretary of the MOHCW accepted the recommendation that this innovative program be rolled out nationwide.