

## SCMS Update May 2007

### Ethiopia making strides: national quantification workshop leads to six-year national forecast

Ensuring that people living with HIV/AIDS receive the essential drugs they depend on when they need them is no easy task. To meet the challenges of multiple antiretroviral (ARV) regimens and sources of donor funding it is vital that the supply chain begins with a systematic and disciplined approach to quantification and supply planning of commodities. In March, SCMS in collaboration with the federal Ministry of Health conducted a national forecasting and supply planning workshop in Ethiopia. More than 30 people participated including national stakeholders, the Ministry of Health, and representatives from the Clinton Foundation, US Centers for Disease Control and Prevention (CDC) and Track 1/1.5 partners. Participants met in expert working groups to discuss methodologies and assumptions for forecasting a range of product categories including ARVs, laboratory reagents and supplies, rapid test kits, medicines for opportunistic infections and sexually transmitted infections, condoms, prevention of mother-to-child transmission and infection prevention materials and supplies, and ready-to-use therapeutic food or “food by prescription” for malnourished patients on antiretroviral therapy. The outcome of the workshop was a six-year national forecast which will be used for resource mobilization, procurement planning and Ethiopia’s Global Fund Round 7 application.



*At the quantification workshop in Ethiopia participants discuss future ARV requirements*

Since December 2006, SCMS has been providing technical assistance in logistics practices and technologies to PHARMID – the Ethiopian government medical stores operation that will take over the procurement, storage and distribution of ART-related commodities as part of the Ethiopia Pharmaceuticals and Logistics Master Plan. More recently, from January 21 to February 17, SCMS team member Fuel Logistics Group/PHD conducted a hands-on warehouse management and strategic planning training in South Africa for five staff members from PHARMID. The training was part of the technical support SCMS has been providing to PHARMID at the request of the Ministry of Health. According to one participant, “The practical sessions were so amazing and exposed us to some state-of-the-art technologies in warehouse and distribution management.” Based on their trainings, the participants developed a proposal for upgrading PHARMID’s warehouse operations. “The setting inspired us to bring some dramatic changes.”

#### SCMS Project Team

SCMS has also been helping to design a logistics system for laboratory reagents and supplies in Ethiopia to improve inventory control on site as well as streamlining of order and distribution systems for lab reagents and supplies to ensure continuous availability at point of use. This supports better forecasting and planning to prevent stockouts. SCMS conducted a lab logistics design workshop in conjunction with the Ethiopian Health & Nutrition Research Institute (EHNRI) involving representatives from regional labs, PHARMID, Pharmaceutical Supply and Logistics Department of the Ministry of Health, the CDC and other partners. SCMS and partners plan to implement the system within the next six months.

### **Anti-malaria bed nets on their way to Zambia as part of landmark public-private initiative**



*First Lady Laura Bush is joined by the President as she delivers remarks during a ceremony marking Malaria Awareness Day Wednesday, April 25, 2007, in the Rose Garden. Source: Shealah Craighead/White House*

In June, SCMS will deliver the first batch of 240,000 insecticide-treated bed nets to prevent malaria in Zambia. The nets are funded as part of a public-private partnership led by the Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria, and the President's Malaria Initiative/President's Emergency Plan for AIDS Relief through USAID. On April 25, Africa Malaria Day, First Lady Laura Bush announced the landmark initiative that is providing 500,000 anti-malarial bed nets for distribution throughout Zambia.

In January 2007, SCMS received an initial request from USAID to procure World Health Organization Pesticide Evaluation Scheme (WHOPES)-approved long lasting insecticide treated bed nets for Zambia, a focus country of the President's Malaria Initiative.

There are more than 4 million documented cases of malaria every year in a total population of 10 million. The bed nets will be distributed to Zambia's most vulnerable households, including young children, pregnant mothers, and people living with HIV/AIDS. For more information about the President's Malaria Initiative, visit [www.pmi.gov](http://www.pmi.gov).

### **FDA-approved generics help reduce the cost of ARVs**

Reducing the price of medicines, while ensuring safety and quality, is essential to the mission of SCMS. Every dollar saved when purchasing drugs can potentially be used to support treatment services for more people. Central to our strategy is to purchase low-priced generic ARVs that have been approved or tentatively approved by the US Food and Drug Administration (FDA) and to share our pricing information with others.

The availability of generics has increased since the President's Emergency Plan for AIDS Relief (PEPFAR) announced an expedited FDA review process in May 2004. The FDA grants a "tentative approval," which indicates that the drug meets quality standards and is safe to use, but for patent reasons cannot be marketed in the US. In March alone, the FDA granted tentative approval for six

more generic ARVs. A generic drug formulation of stavudine capsules manufactured by India-based Matrix Laboratories, approved April 23, was the 43rd generic ARV tentatively approved by the FDA. Once approved, the drug is also entered into the WHO prequalification list of drugs for HIV/AIDS. FDA and WHO approvals enable PEPFAR, Global Fund to Fight AIDS, Tuberculosis and Malaria and other purchasers to achieve lower prices.

SCMS is procuring these generics extensively. From January to March 2007, 88 percent of the ARVs we procured (by volume) were generics. By setting a benchmark in pricing and sharing our prices with others, SCMS is helping a growing number of US government-funded projects reduce costs. When additional generics are approved prices are further reduced due to competition among generic producers.

We continue to explore increasing our purchases of generics for second-line drugs and formulations to treat children, a challenging area due to high prices and fewer generic alternatives. With reduced prices our hope is that a greater number of children and adults can have access to life-saving medicines.

### **Côte d'Ivoire plans for treatment scale-up with national quantification, saves \$1M on ARV purchase**

As in Ethiopia, Côte d'Ivoire conducted a national quantification in March 2007, developing a 24-month forecast and supply plan for ARVs covering the period of January 1, 2007 through March 31, 2009. This quantification exercise was led by the Pharmacie de Santé Publique (PSP), with technical support from the National HIV/AIDS treatment program, the Ministry of Health and SCMS.



*Discussing the quantification of ARVs in Côte d'Ivoire*

The quantification exercise reviewed the past growth of the treatment program, anticipated future growth and the observed usage rates of approved treatment protocols and products. The results will assist the Ministry of Health negotiate with key donor agencies, especially the Global Fund to Fight AIDS, Tuberculosis and Malaria and PEPFAR, to coordinate resources for the procurement of the ARVs needed.

The Côte d'Ivoire partners together with SCMS developed a national supply plan to support the forecasted consumption rates. This supply plan identifies the optimal delivery schedule for all ARVs used in the treatment program, taking into account current inventory levels and shipments en route or planned. From April 1, 2007 SCMS will procure all ARVs for the country through the end of September 2007. By consolidating orders and purchasing generic ARVs, SCMS was able to negotiate prices with suppliers for the first order that were \$1M (20 percent) below the original estimated cost. Forecasting and supply planning help programs save money on future procurement, prevent product stockouts and manage the pipeline of orders to address the expansion of new patients into the treatment program.