



## *Strengthening Supply Chain Systems*

For comprehensive HIV/AIDS programs to be sustained, a continuous inflow of high-quality medicines and supplies is needed. In concert with in-country partners, the U.S. Government (USG) is supporting host nations' efforts to build the necessary supply chain systems. In 2005, the U.S. President's Emergency Plan for AIDS Relief (Emergency Plan/PEPFAR) partnered with leaders in the international supply chain management field, including four African organizations, to establish PEPFAR's Supply Chain Management System (SCMS). The mission of SCMS is to strengthen supply chain systems to deliver an uninterrupted supply of high-quality, low-cost products that will flow through a transparent and accountable system.

### **Pioneering Sustainable Supply Chain Systems**

A sound and reliable global supply chain incorporates innovative elements, including:

- Pooled procurement across countries: Working with manufacturers to stabilize supply, plan for capacity expansion, and achieve economies of scale.
- Field-driven: Ensuring a field-driven approach, from initial product selection and forecasting through product delivery to patients in need.
- In-country supply systems: Augmenting and improving in-country supply chains, rather than replacing functioning systems.
- Regional warehousing and distribution: Strengthening national supply chains by using regional distribution centers. Distributing commodities in quantities that existing infrastructure can handle reliably and safely.

### **Key SCMS Strategies**

In collaboration with in-country and international partners, SCMS employs the following strategies:

- Strengthen existing systems and avoid building parallel systems.
- Aggregate procurement across many countries through longer-term supplier contracts, in order to leverage economies of scale.
- Freight forwarding and inventory management, using regional distribution centers for efficiency and cost savings.
- Improve availability and use of logistics information for supply chain decision-making at the local, national and international levels.
- Monitor global quantification of needs and coordination of efforts.
- Provide sustainable solutions that build capacity in quantification, procurement, quality assurance, freight forwarding and inventory management, distribution, and logistics management information systems.

Through its diverse multinational consortium, SCMS already has had a positive impact by ensuring a regular supply of HIV/AIDS commodities. Large procurements, regional warehouses, a broad consortium of partners, and an ongoing dialogue with major manufacturers give SCMS the flexibility to contribute when routine systems do not work. By working directly with host governments and their partners, SCMS has responded to requests to make emergency procurements in a number of countries. These actions have ensured that programs can continue to provide life-saving medications and products to people living with HIV/AIDS.

President George W. Bush's Emergency Plan for AIDS Relief is the largest commitment ever by any nation for an international health initiative dedicated to a single disease -- a five-year, \$15 billion, multifaceted approach to combating the disease around the world.

*U.S. Department of State*

*U.S. Agency for International Development*

*U.S. Department of Defense*

*U.S. Department of Commerce*

*U.S. Department of Labor*

*U.S. Department of Health and Human Services*

*Peace Corps*

**Mailing address:  
SA-29, 2nd Floor  
2201 C Street, NW  
Washington, DC 20522-2920  
[www.PEPFAR.gov](http://www.PEPFAR.gov)**



## The Emergency Plan at Work

The following examples illustrate how the Emergency Plan is working in partnership with host nations to support supply chain systems:

- **In Rwanda**, the Ministry of Health organized and streamlined national commodity procurement under the Coordinated Procurement and Distribution System. Under this system, all international partners purchase portions of antiretroviral medications (ARVs) based on national needs and in accordance with procurement practices and patient targets of each partner. The selection of ARVs is approved by the Ministry of Health and is based on efficacy, tolerance and costs. National, coordinated procurement of ARVs for all international partner programs has greatly increased efficiency and reduced costs.
- **In Haiti**, SCMS is working with host government partners supporting AIDS treatment sites to improve storage and to manage and distribute medicines and supplies. SCMS continues to provide ongoing, local technical assistance to improve storage and distribution practices at treatment and care facilities. Technical assistance, frequent site visits, and increased product deliveries have reassured health care workers that they will have the continuous supply of the medicines required to enroll new patients in antiretroviral treatment.
- **In Kenya**, through a collaboration with the government and its partners to support established supply chains operated by faith-based organizations, SCMS is working with Mission for Essential Drugs (MEDS) to identify areas of potential collaboration. SCMS is planning to open a regional distribution center (RDC) in Nairobi in early 2007 to serve the HIV/AIDS commodity needs of East African focus countries.
- **In Ghana**, the SCMS Partnership supported the establishment of a regional distribution center to help ensure a safe, secure and reliable supply chain. The fully-renovated, climate-controlled facility is protected with state-of-the-art security and temperature monitoring systems, and will expand commodity distribution to Côte d'Ivoire, Nigeria, and other West African countries. The regional distribution center is an essential element of the strategy to provide smaller and more frequent shipments to recipients, facilitating the rapid, reliable and regular re-supply of ARVs and other vital commodities without overloading local infrastructure. In addition to more effectively controlling product availability and product quality, the regional distribution center provides an extra level of security against in-transit diversion, theft and damage by affording an opportunity to inspect, sample and test product quality prior to final distribution.
- **In Zambia**, the Emergency Plan supports a collaborative effort to establish a national public health laboratory system. SCMS helped conduct a multi-year forecast and quantification of laboratory equipment and commodities. This data will help stakeholders develop accurate budget forecasts for funding from the Zambian government and other key international partners, such as the Global Fund.
- **In Guyana**, the Ministry of Health opened a new model storage facility for HIV/AIDS medicines and supplies. The warehouse provides a secure and temperature-controlled environment for storage and distribution of ARVs and other HIV/AIDS commodities. The warehouse plays a critical role in the scale-up of HIV treatment and care. SCMS is focusing on building local capacity by working with the Ministry of Health and local partners to develop an integrated, sustainable solution, rather than a parallel system.

## Resources:

- For more information on the supply chain management of HIV/AIDS medicines and related commodities, please see the SCMS website at [www.scms.pfscm.org](http://www.scms.pfscm.org)