



# Saving Lives Through Stronger Supply Chains

## PEPFAR's Supply Chain Management System Project

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## PEPFAR's Supply Chain Management (SCMS) Approach

- Work with and strengthen existing systems
- Build local capacity, empowering in-country partners
- Leverage industry best practices to deliver quality HIV/AIDS medicines and supplies at the best value
- Promote transparency
- Collaborate with in-country and international partners
- Create sustainable solutions that will last beyond SCMS



# Global Supply Chain: Commodities

- Antiretroviral (ARV) Drugs
  - Including FDA tentatively approved generics
- Rapid HIV test kits
- Laboratory equipment (e.g., EIA, CD4, NAT)
- Drugs for opportunistic infections
- Drugs for sexually transmitted infections
- Drugs for home care and palliative care
- Drugs for tuberculosis
- Medical supplies
- Miscellaneous (e.g., vehicles)



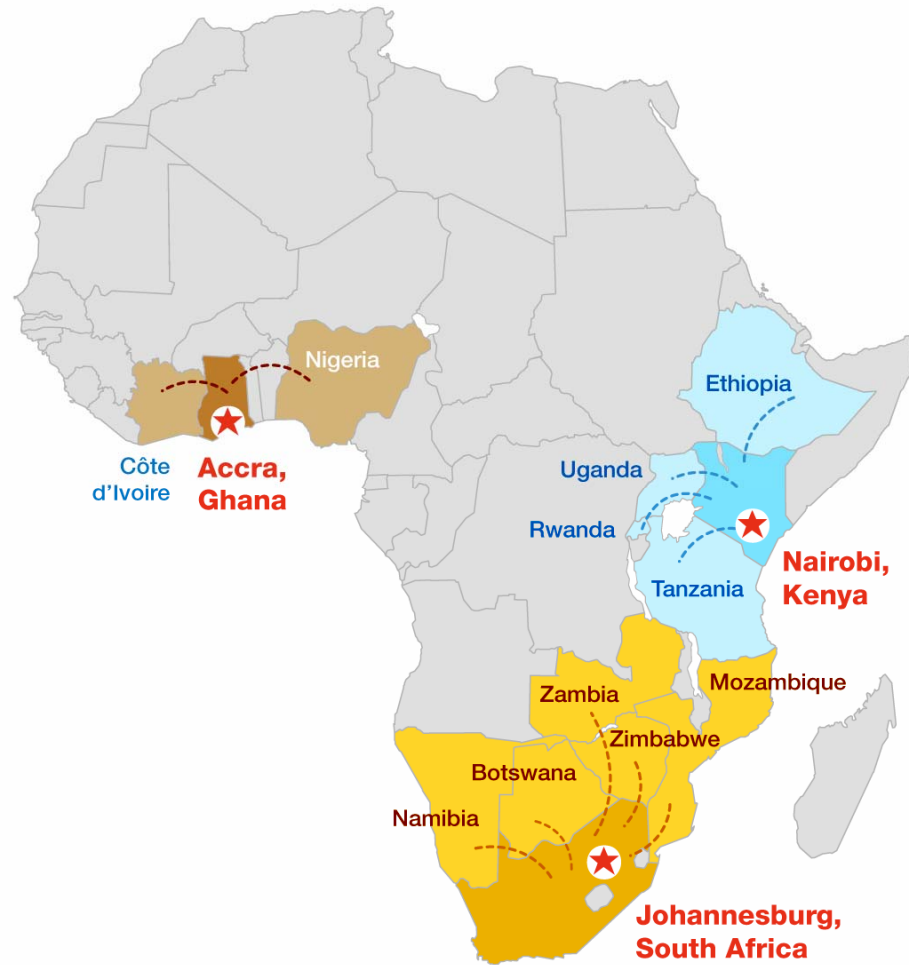
# Where SCMS Works

Botswana  
Côte d'Ivoire  
Ethiopia  
Guyana  
Haiti  
Kenya  
Mozambique  
Namibia  
Nigeria  
Rwanda  
South Africa  
Tanzania  
Uganda  
Vietnam  
Zambia  
Zimbabwe





# Pooled Procurement through Regional Distribution Centers





# Local Supply Chains: Focus on Technical Assistance

- Demand planning
- Procurement
- Freight Forwarding
- Warehousing and Inventory Management
- Delivery
- Quality Assurance
- Logistics Management Information Systems



# Strategy for Reducing ARV Prices

Lowering the cost of medicines reduces one of the key barriers to providing treatment and helps:

- Treat more people with the same amount of funds
- Reach rapidly increasing scale-up requirements

Governments and donors worldwide are working to lower the cost of HIV/AIDS treatment. Success will depend on:

- Collaboration to make prices and transactions transparent
- Shared access for all purchasers to prices and terms achieved by any organization

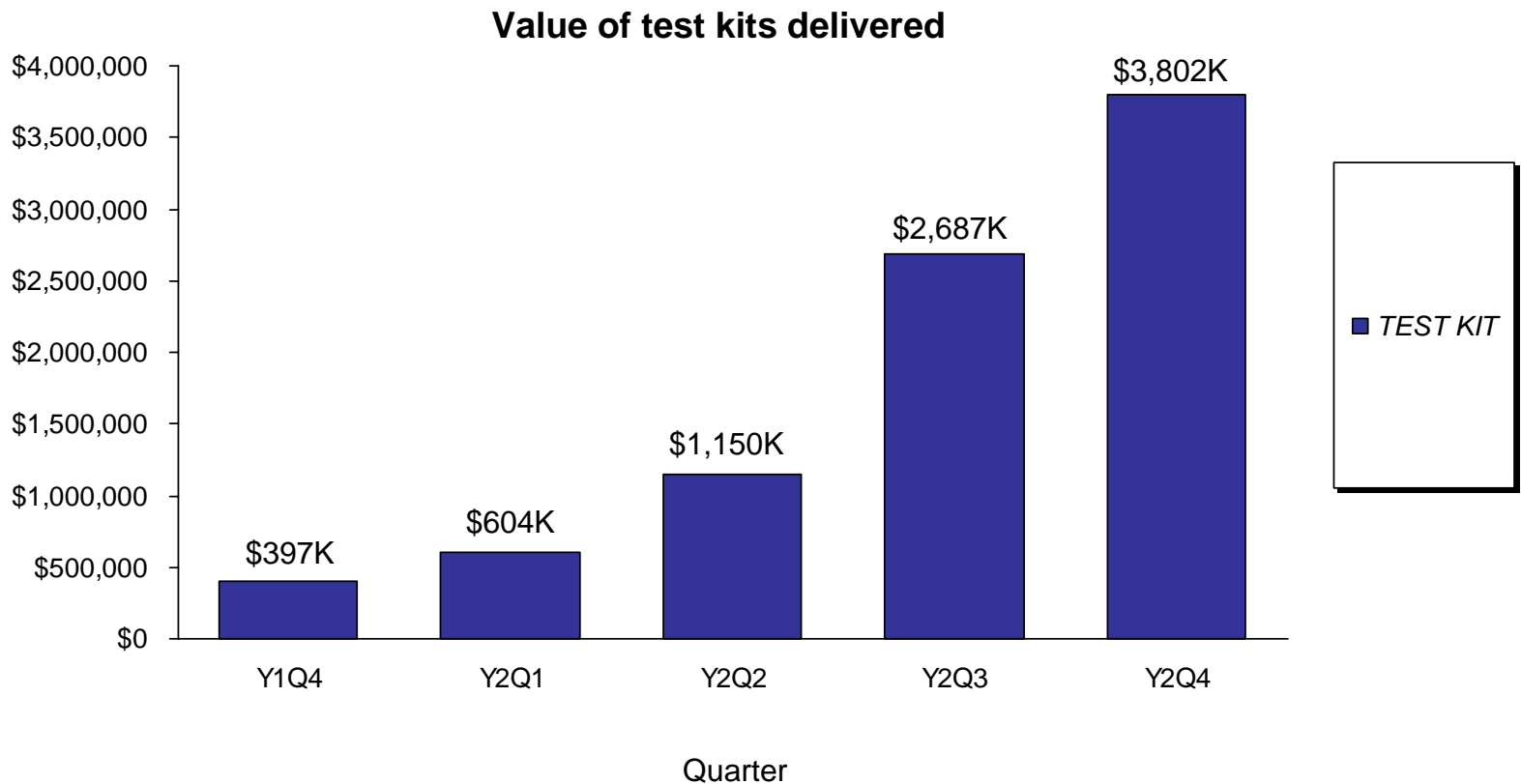
PEPFAR and SCMS have secured lower prices for ARVs by:

- Pooling procurement (consolidating multiple orders to buy in larger volumes)
- Purchasing generics whenever possible
- Establishing long-term, indefinite quantity contracts with manufacturers, leveraging lower prices through bulk purchases



# As Countries Scale up Testing, Number of Test Kits Delivered Grows

Dollar value (USD)



*Definition: The dollar value of test kits delivered to clients.*

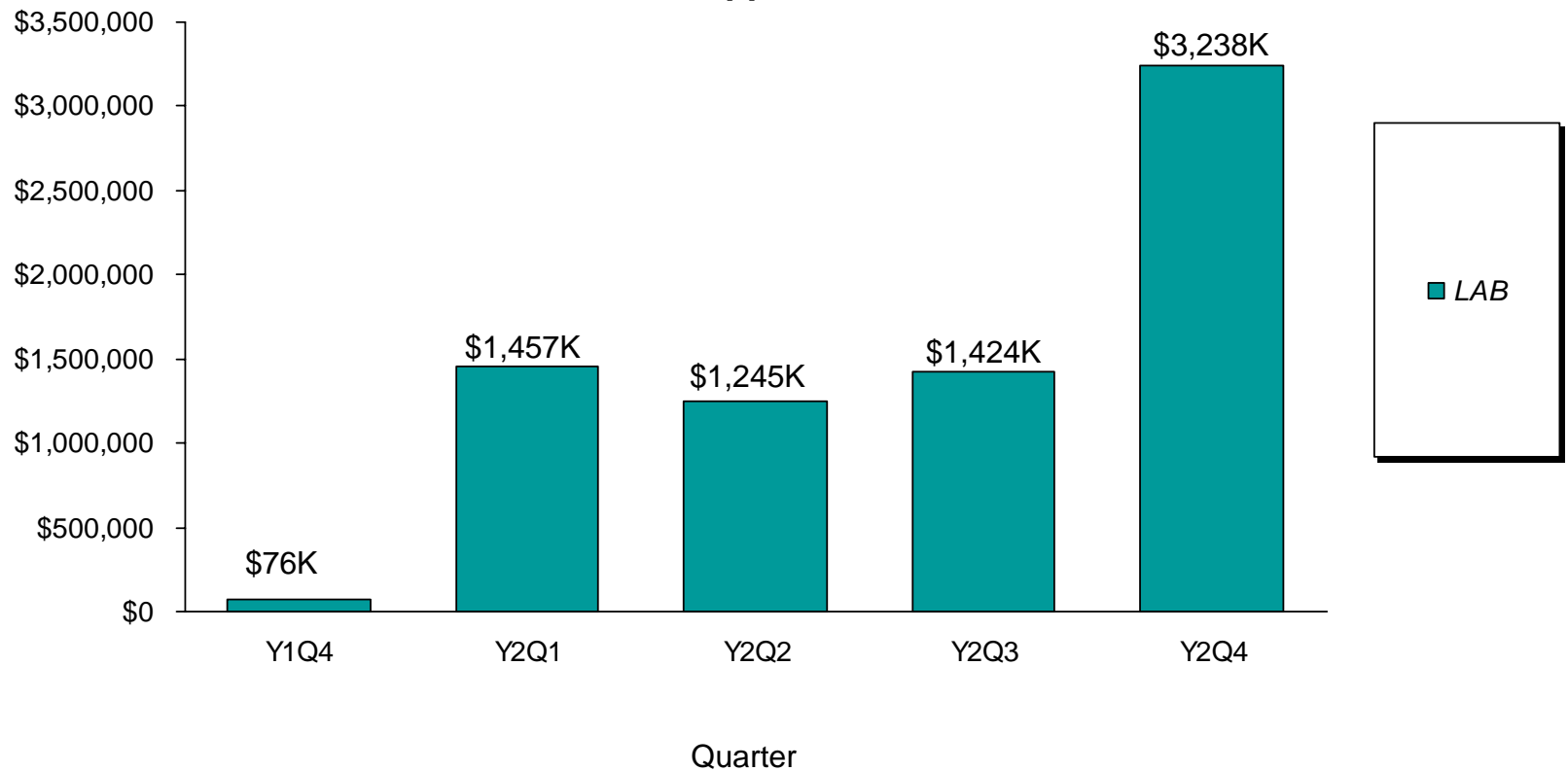




# Increasing Deliveries of Laboratory Supplies to Support Testing and Treatment Programs

Dollar value (USD)

Value of lab supplies delivered



Definition: The dollar value of lab supplies delivered to clients.



## Local Supply Chains: Rwanda

- Partnership with Government of Rwanda — joint tendering and procurement of commodities supported by PEPFAR and the Global Fund
- For one order, cost savings of 23% compared with previous orders by buying generics at SCMS prices— enough to potentially treat 3,000 more adults for one year
- Enhancing procurement and warehouse management systems; physical and operational improvements to central warehousing and distribution





## Local Supply Chains: Côte d'Ivoire

- National quantification — a 24-month forecast and supply plan for ARVs
- Cost savings of about US\$1 million compared to earlier ARV purchases by buying generics and negotiating improved prices
- Averted stockout by procuring \$6.32 million ARV order (additional US\$1 million saved)
- Developed a forecast of lab supplies for HIV/AIDS program sites





# SCMS has Helped Avert a Number of Stock-outs

## **Côte d'Ivoire**

- Averted a stock out by procuring a \$6.32 million ARV order that saved an additional US\$1 million

## **Mozambique**

- Mozambique's Ministry of Health had a severe shortfall of an ARV due to delays from their supplier
- Supplied two months' worth of the ARVs from strategically held stock held in the Kenya Regional Distribution Center (May 2007)

## **Zambia**

- Shortage of an essential ARV drug that was already in inventory at the Ghana RDC
- Delivered enough bottles to treat patients for two months to meet short-term need (January 2007)

## **Zimbabwe**

- Delivered SCMS' first shipment of HIV rapid test kits as existing stocks were running low in the country
- Filled the order in just three weeks, pulling stock from the South Africa RDC (August 2007)



## Global Collaboration Highlights

- Serves as Technical Secretariat for Global Fund, the World Bank and PEPFAR Coordinated Procurement Working Group
- Global Fund pooled procurement study
- Ecumenical Pharmaceutical Network (EPN) and SCMS task force to support scale-up in Africa by EPN members
- Public-private partnership to address treatment needs of children with HIV/AIDS
- Procurement data for ARVs and diagnostics for the WHO AIDS Medicine and Diagnostic Service Global Price Reporting Mechanism



## Conclusion: Overall Cost Savings

90% of ARVs purchased by SCMS are generic, resulting in \$107.9 million in saving

