



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



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## SCMS Supply Lines October 2008

### State of the Project

October marks the third anniversary of SCMS. When the project began, people still wondered if it were possible to effectively deliver treatment for HIV/AIDS to isolated, rural areas of Sub-Saharan Africa and to other regions of the world. What a difference three years makes. Our field staff in Côte d'Ivoire recently visited a small town located in a forest near the border with Liberia where patients began receiving treatment for HIV/AIDS for the first time just two months before.

Indeed, at the recent International AIDS Conference in Mexico City the conversation was no longer "Can we?" but "How well are we doing?" Three million people are now on antiretroviral treatment (ART) worldwide, and one million people are coming onto treatment each year. As a PEPFAR implementer, SCMS has played a significant role.

As of October 1, 2008, we had delivered \$200.5 million in HIV/AIDS commodities since the beginning of the project. Consistently more than 90 percent of ARVs we purchase are generic products, which has saved our clients more than \$201 million against the cost of equivalent branded drugs, money that can be used to treat even more patients. By purchasing lower-cost generics and making the prices that we pay available through our [e-catalog](#), we have helped bring down the cost of critical HIV/AIDS medicines to as little as \$90 per year for some regimens. And now we are purchasing large orders of test kits, laboratory supplies and medicines to treat opportunistic infections (OI).

The conversation in Mexico City also focused on how HIV/AIDS programs can help strengthen the overall public health system. In this issue of Supply Lines, you'll read about how SCMS is doing just that. You'll also learn about important trends in HIV/AIDS supply chains, how our quality assurance program is helping protect patients from receiving substandard medicines to treat OI's, and how our team in Haiti is helping to ensure continued access to HIV/AIDS services after the devastating hurricanes.

Thanks again for your continued interest in SCMS.

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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

## 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

*Shortages in global supply of HIV test kits.*

For some time the growth in HIV/AIDS programs worldwide has led to supply pressures for HIV test kits. The main culprit is the lack of adequate forecasts and supply plans for test kits from many countries. This is exacerbating the risk of shortages in supplies: the forecasts we share with manufacturers help them plan for adequate production. Forecasts and demand plans for test kits can be difficult to prepare because testing programs are both more diverse and less well-coordinated than ART programs. However, Mozambique and Zambia each have long-term supply plans in place for 400,000 test kits and are therefore less likely to be impacted by shortages. SCMS is working closely with vendors to meet other clients' needs and, as always, encourages all country recipients to submit accurate forecasts and supply plans for essential HIV/AIDS commodities.

### Procurement

*Increased need for nutritional supplements.*

PEPFAR is increasing the level of support provided to food and nutrition programming as part of care and treatment. Specifically, current guidance from the US Office of the Global AIDS Coordinator (OGAC) requires recipients of PEPFAR funds to target food support to the following priority groups: orphans and vulnerable children born to an HIV infected parent, HIV-positive pregnant and lactating women, and adult patients in ART and care programs who have evidence of severe malnutrition. Several countries, including Ethiopia, Haiti, Tanzania and Vietnam, are beginning the process of procuring food by prescription. SCMS is currently working to identify manufacturers to provide these products.

*Procurement in Ethiopia signifies trend in Tuberculosis/AIDS treatment.*

Tuberculosis (TB) remains the largest single cause of death for HIV/AIDS-infected patients. Donors and treatment providers in a number of countries including Ethiopia are merging treatment systems to better serve their patients. In 2007, PEPFAR and the HIV/AIDS Prevention and Control Office (HAPCO) developed a joint proposal to strengthen TB/AIDS service delivery in some 30 hospitals in Ethiopia. SCMS, along with the US Centers for Disease Control and Prevention (CDC) and the World Health Organization (WHO), are providing procurement and technical assistance to complement the Ministry of Health's work in this area. SCMS has begun coordinating the procurement of commodities such as diagnostic X-ray units for routine radiography and generators for health facilities that will support the TB/HIV program.

### Freight & Logistics

*The cost of fuel has fallen from its recent peak, but airfreight costs are increasing.*

The airline industry is still struggling with the high cost of fuel, and carriers are shutting down offices and canceling flights. In Sub-Sahara Africa, air freight costs continue to increase due to the reduction in available cargo space resulting from flight cancellations. To keep costs down for our clients, SCMS is moving many shipments from air to sea freight for

international shipments and to truck freight for intra-Africa shipments. Use of road freight instead of air has saved clients \$682,000 since SCMS began utilizing this shipping option six months ago. Use of sea freight rather than air has saved clients more than \$3.6 million to date. Such savings can then be used to procure more medicines and supplies. Clients who forecast commodity needs well in advance will see the greatest savings in freight costs.

### Haiti program endures after the storm

Haiti has recently endured a series of storms leaving the country's infrastructure weakened and damaged. Not only have hurricanes Gustav, Hanna and Ike interrupted shipments to clinic sites, but upcoming shipments of ARVs and other HIV/AIDS commodities must compete for cargo space with equally essential relief supplies to help those left homeless or injured. To address this crisis, SCMS has helped in relief efforts by reaching out to partners to coordinate response and ensure that the delivery of medical supplies continues.

SCMS responded immediately to the situation by contacting the Ministry of Health and various United Nations institutions to coordinate efforts, gain access to accurate information, and increase our ability to respond where we are most needed. We assigned most of our supply chain monitors to information seeking activities to determine the condition of sites that receive HIV/AIDS commodities and how any damage would impact the delivery of medical supplies. SCMS staff in Haiti contacted 90 PEPFAR sites to assess damage to structures, loss of commodities and any urgent and immediate needs. Fortunately, most sites reported that both staff and structures were safe after the storms.

The most extensive loss of commodities and equipment occurred in the town of Gonaives, where our staff were able to make a partial delivery of ARVs and other supplies. Staff met our network partner at the collapsed bridge of Montrouis and transferred by hand the supplies from one side to the other.

SCMS staff members are currently evaluating the impact on all deliveries and inventory, and will prioritize shipments for the most urgently needed commodities both within and into the country. To help with deliveries, SCMS has contacted the Ministry of Health, UN institutions and USAID to request assistance in transportation to those areas that are inaccessible by land, including possible assistance from the Coast Guard or use of helicopters.



Roody (Jacques) overseeing the transfer of ARVs for Gonaives from our vehicle to the implementing partner vehicle (waiting at the other end of the damaged bridge) using wheelbarrows.

## Beyond HIV/AIDS: Health systems benefit from strengthened HIV supply chain efforts

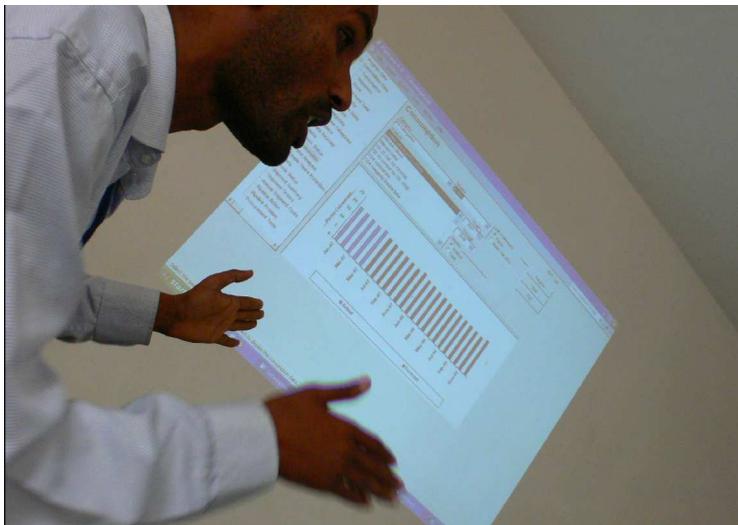
Since 2005, SCMS has worked to strengthen or establish secure, reliable, cost-effective and sustainable supply chains to meet the care and treatment needs of people living with HIV/AIDS. SCMS understands that this mission will be fulfilled most effectively when all health systems are made stronger through improved skills of health workers, sound infrastructure and consistent access to health commodities and effective logistics.

SCMS's investments and initiatives often extend beyond HIV/AIDS to benefit the health sector in general. In a number of countries, ARV forecasting successes have led to applications to other commodities such as essential drugs. Generally, improvement in the health supply chain benefits everyone, especially in areas such as warehouse management and distribution. Below are some examples.

### Skills building for workers in the health system

By increasing the number of skilled workers in the health system who are adequately and appropriately trained, we create a workforce of in-country experts who can maintain supply chain systems long after SCMS and PEPFAR are gone.

To strengthen supply chain capacity, SCMS has conducted a number of trainings on topics including forecasting, logistics, management information systems, warehousing, distribution, procurement and quality assurance. Examples include:



Quantification training, as pictured above, helps clients save money in both commodity and freight costs when they use knowledge acquired to develop forecasts and supply plans that are shared with manufacturers and shippers.

- In Uganda, we trained more than 580 final year students on proper laboratory logistics management.
- In Guyana, we worked with the Drug Regulatory Authority to improve quality assurance of public health products.
- In Namibia, SCMS provided technical assistance to the Ministry of Health and Social Services on quantifying national requirements for phenobarbitone, an anti-epileptic medicine.

- In Rwanda, SCMS supported a training program for pharmacists and other health workers on reporting tools at the central and district levels.

## Building a sound infrastructure

In many countries, SCMS works with institutions that are responsible for managing all health products that enter the system. Training, infrastructure upgrades, standard operating procedures, warehousing and distribution all benefit the full range of health products and support sustainability.

To that end, SCMS:

- Established state-of-the-art regional distribution centers (RDCs) in Ghana, Kenya, and South Africa.
- Made major improvements to the central medical stores in Namibia.
- Helped the Drug Regulatory Unit to streamline the drug regulatory process in Botswana.
- Completed consolidation of commodities in the new central warehouse in Mozambique, reducing 11 central warehouse locations to three locations.
- Procured generators to ensure a reliable energy source at each of the regional warehouses in Ethiopia.



The RDC in Ghana is one of three that SCMS utilizes to position frequently used commodities closer to the countries that use them.

## Ensuring access to health commodities

To meet health needs, countries must improve their forecasting so that those responsible for the procurement and supply of commodities can ensure that patients and programs receive a continuous supply of essential medicines and health products. Professionally planned procurement enables clients to focus on their core missions—managing health care programs and treating patients—rather than spending unnecessary time pursuing the commodities they need.

Examples of recent SCMS work include:

- In Zimbabwe, we trained staff at the Ministry of Health and Child Welfare (MOHCW) on conducting their own quantifications and managing their national supply plans. In November 2007, MOHCW staff took over full responsibility for quantification.
- In Guyana, we trained the malaria and TB programs in the use of Quantimed, a forecasting tool.
- In Tanzania, we conducted a quantification of OI drugs, which is the first systematic approach used to forecast and quantify OI needs.
- In Botswana, we collaborated with the University of Pennsylvania on the receipt and installation of equipment procured by SCMS for the cervical cancer screening clinic.
- In Nigeria, we delivered a supply chain management training course to five of PEPFAR's implementing partners: the National Agency for the Control of AIDS, Federal Ministry of Health (FMOH) HIV/AIDS Division, FMOH Department of Food and Drug Services, the National Malaria Control Program and the National Avian Flu Control Program.

## Adopting effective practices for health logistics

Only fully functioning distribution systems—including appropriate planning, technology, storage and transport—can provide rapid, regular and reliable supply to support health systems. SCMS has helped strengthen distribution systems in many ways:

- In Mozambique, the US Government consolidated procurement of all ARVs purchased by PEPFAR through SCMS, fostering a centralized system with a national buffer stock, resulting in few to no stockouts. The ARV program is now being expanded to rapid test kits, OIs, STIs and other essential drugs.
- In Rwanda, we work with CAMERWA, the central medical store that manages more than 800 essential health products, to assess and strengthen financial systems; to provide technical assistance in tender evaluation for ARVs, OI drugs and laboratory commodities; and to facilitate physical inventory and improvement of storage layout at CAMERWA satellite warehouse sites.
- In Guyana, we provide support to the Ministry of Health in managing the procurement and distribution of all public sector and donated health commodities.
- In Botswana, we worked with the National Health Laboratories to reorganize one of the warehouses used for laboratory commodities.

## SCMS's quality assurance program targets opportunistic infection drugs and other commodities

One of the greatest risks to people needing medical care in many countries is the possibility of receiving substandard or counterfeit medicine. At best, the result can be taking a pill that doesn't do the intended job and leaves the patient with ineffective treatment. But the risks can be much worse, with tainted medicines causing illness or death.

SCMS's robust quality assurance program is unique among HIV/AIDS programs in developing countries. To date we have uncovered no incidents of sub-standard or counterfeit ARVs entering the supply chain. This result is not surprising, since our suppliers of branded and generic ARVs are approved or tentatively approved by the US Food and Drug Administration. See [December 2007 issue of Supply Lines](#) for more information about our quality assurance program.

As PEPFAR and SCMS scale up procurement of other types of commodities, the challenges of quality assurance grow. SCMS recently began procuring OI medicines from local suppliers in Africa. Although the manufacturers hold GMP certificates<sup>1</sup> according to World Health Organization guidelines, the quality of the medicines they produce can be inconsistent. In fact, out of 49 batches of OI medicines, 35 batches (66 percent) failed quality testing. Only 14 batches (26 percent) passed both physical inspection and analytical testing, and were released for distribution to clients.

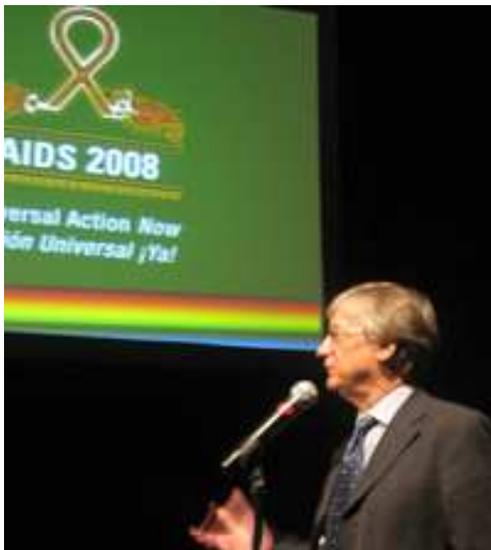
To respond to our clients' needs for OI medicines, we will continue working with local and regional suppliers in Africa to support their efforts in meeting consistent product quality standards. We will also work with international manufacturers and approved wholesalers to encourage them to register products in more countries, and are looking for additional regional suppliers of OI drugs within Africa.

SCMS's quality assurance team is also developing protocols for non-pharmaceutical products, including HIV/AIDS test kits, ready-to-use therapeutic foods, latex gloves and other laboratory supplies.

1. Good Manufacturing Practice is that part of Quality Assurance which ensures that products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the medicine registration or product specification. In more than one hundred countries worldwide, certificates are issued by a range of agencies and the pharmaceutical industry using the World Health Organization (WHO) version of GMP.

### **At the International AIDS Conference, trends point to the key role supply chains play in efforts to prevent and treat HIV/AIDS**

Six SCMS staff joined more than 22,000 people in Mexico City August 3-8 for the [International AIDS Conference](#). Discussions at the conference often focused on treatment, and about 50 people attended "Essential Medicines for HIV/AIDS," a satellite session sponsored by WHO.



*David Jamieson, Deputy Director for Country Programs and Partnerships, presenting at the conference.*

David Jamieson, Deputy Director for Country Programs and Partnerships, represented SCMS, with other panelists from the Clinton Foundation, the Global Fund, UNICEF and WHO. Panelists agreed that pricing of ARVs has fallen quickly, and that the quality of generics, most of which come from India, is quite good. However, Jamieson pointed out problems with the quality of OI medicines that have been uncovered by SCMS's stringent quality assurance program.

“Even though the quality of ARVs has been consistently good, supply chains must ensure that *all* the commodities they procure are safe, including drugs for opportunistic infections, HIV test kits and nutritional supplements,” he observed.

Speakers at the conference noted that about one million more patients begin treatment each year. With so many more people on treatment, laboratories must upgrade with equipment to measure viral load counts and conduct other tests specific to HIV/AIDS.

Jamieson and Maureen Murtagh, Director of Diagnostic Services at the [Clinton Foundation's HIV/AIDS Initiative](#), presented a [poster](#) on best practices in the procurement of laboratory equipment. The joint presentation promoted strategies for standardization of testing and equipment, negotiation with vendors and donors, and advocacy for policies to ensure that laboratories are prepared to support HIV/AIDS treatment programs. Supply chains will play an important role in

ensuring that laboratory equipment and supplies are available to support the rapidly growing number of people on antiretroviral treatment.

Said Jamieson, "At the conference we heard that people are now wanting to see how HIV/AIDS funding is helping strengthen health systems overall. Through our technical assistance in warehousing and distribution, forecasting and demand planning, quality assurance, procurement and logistics management systems, our work in supply chains directly addresses these concerns." The conference also reinforced a trend that we have already seen: a steady increase in procurement volumes overall along with new areas of focus such as early infant diagnosis and pediatric ARVs, nutritional supplements, blood safety and male circumcision. SCMS is now developing standardized lists of many of these new products to facilitate future orders by our clients.