

Increasing Private Sector Engagement in the Antiretroviral Supply Chain to PEPFAR countries in Southern Africa

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**USAID GLOBAL HEALTH
SUPPLY CHAIN PROGRAM**
Procurement and Supply Management

 **BY THE NUMBERS HIV/AIDS**

All figures are over the life of the project unless otherwise indicated as of March 31, 2024.



GLOBAL SUPPLY CHAIN



\$3.72B
of HIV/AIDS commodities
DELIVERED

SUPPORTING PEPFAR'S HIV PREVENTION AGENDA



4.1B
condoms
DELIVERED



\$91M
of VMMC commodities
DELIVERED



5.7M
TB prevention packs
DELIVERED



92%
ON TIME DELIVERY
as of March 31, 2024

SUPPORTING PEPFAR'S HIV TREATMENT AND TESTING GOALS



145.5M
patient trips to pharmacy
likely saved through **MMD**



24.8M
person-years of ARV treatment
DELIVERED



34
TLD transition
COUNTRIES



29,351
order lines
DELIVERED



1.28M
VL/EID tests
DELIVERED
as of March 31, 2024



94.9M
TLD bottles
DELIVERED

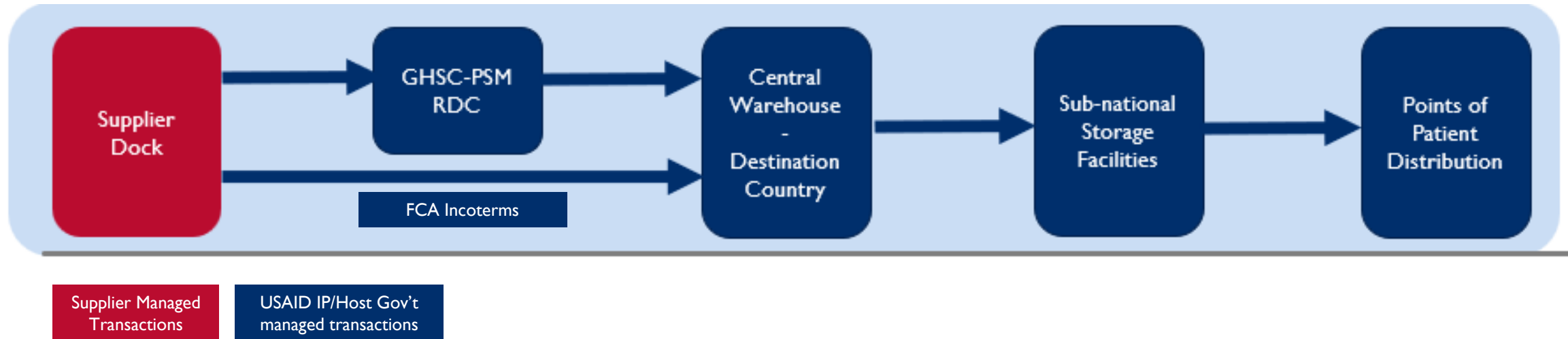


20M
person-years of TLD treatment
DELIVERED



\$723.6M
commodity
COST SAVINGS*

In traditional donor-funded supply chains, the Procurement Service Agent manages the collection and delivery of health commodities

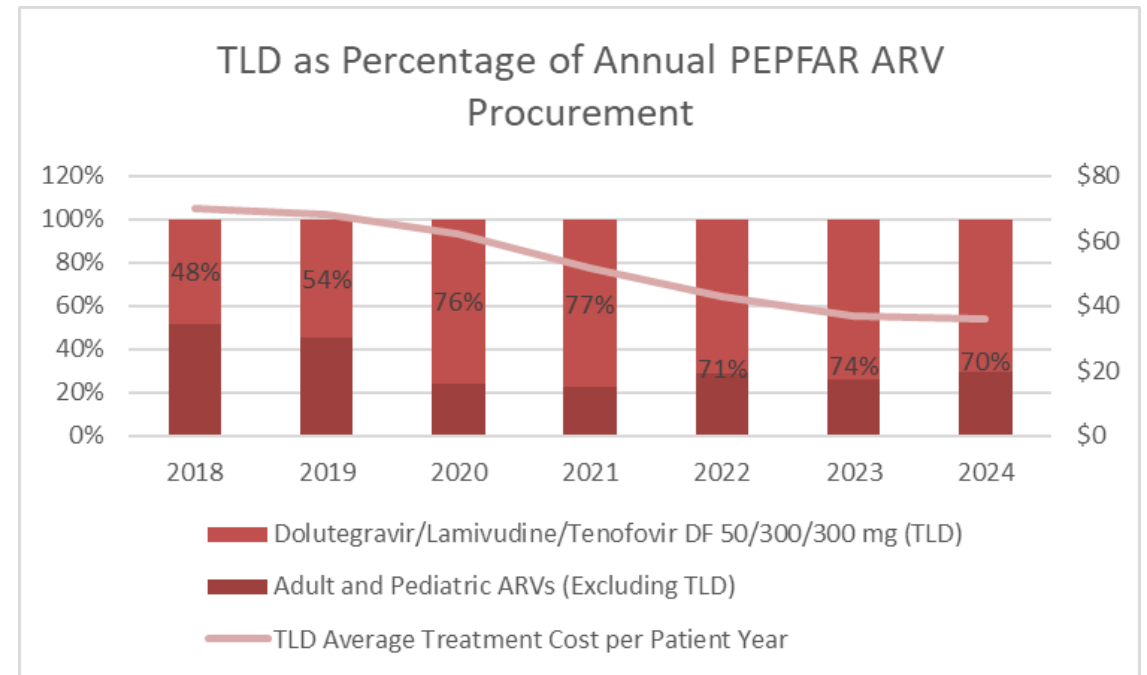


Volume requirements and competition amongst proven TLD suppliers has fundamentally changed the market dynamics of the ARV industry



TLD Specifications

- 30, 90 & 180 pack sizes
- 36-48 month shelf life
- 4-language labeling
- Strong supply base
- **\$36 Average treatment cost per patient in 2024**



Under its private sector engagement strategy, USAID sought to increase industry engagement in downstream supply chain activities and foster more sustainable supply chains

Goal

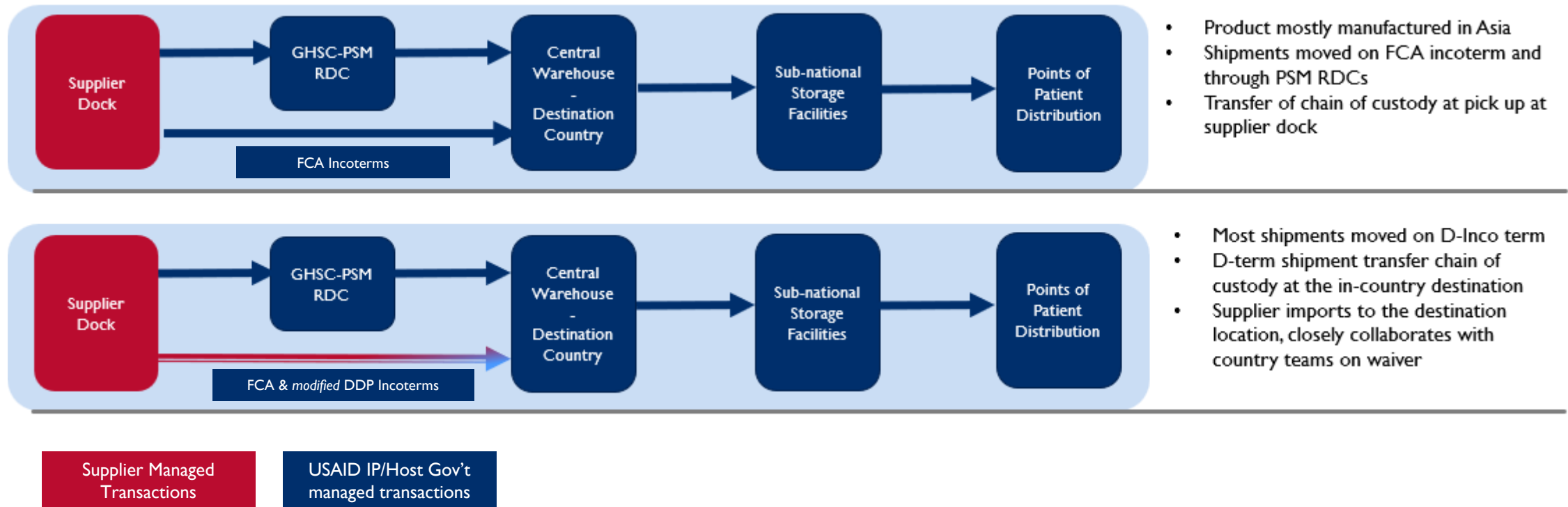
Define tangible next steps for procurement evolution toward increased vendor-management in HIV supply chain by re-prioritizing elements of 'best-value' sourcing & transitioning procurement tasks to vendors

Increased vendor-managed supply chains

- align with long term goal of sustainable HIV supply chain without donor in driver-seat
- offer opportunities for increases collaboration with in-country stakeholders
- reduce cycle times and the burden of high stock levels



In response, GHSC-PSM adapted our model to qualify ARV suppliers to manage both the manufacturing and delivery of ARVs to ten PEPFAR countries



We further expanded our private sector engagement work by launching a regional Vendor-Managed Solutions (VMS) program in 2023

Objectives

- **Preposition** product closer to country, reducing lead times
- Increase **private sector engagement** in in-country logistics and demonstrate benefits to local stakeholders
- Advance D-term priority and **USAID 'Regionalization'** agenda

Scope

- **3 ARV suppliers preposition TLD** in quality-assured warehouses in Southern Africa at their own risk
- **Establish FCA/DDP pricing and lead times** for TLD fulfilled via VMS warehouses for Southern African PEPFAR countries

Target Countries (9)



Botswana



Mozambique



DRC (Lubumbashi only)



Namibia



Eswatini



Zambia



Lesotho



Zimbabwe

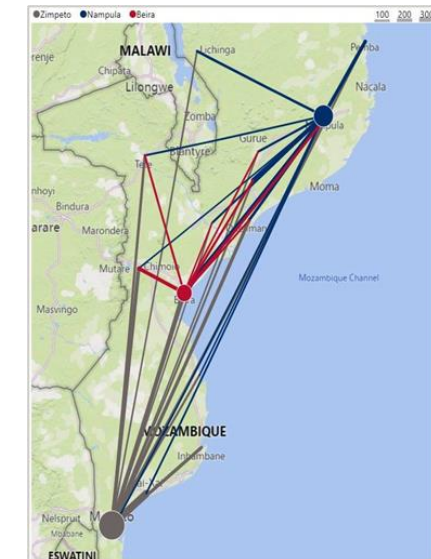
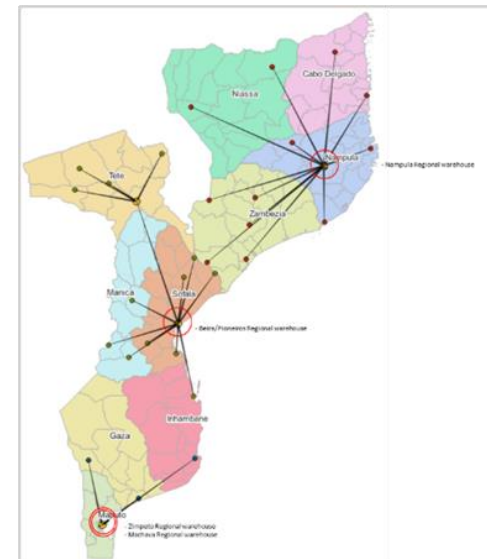
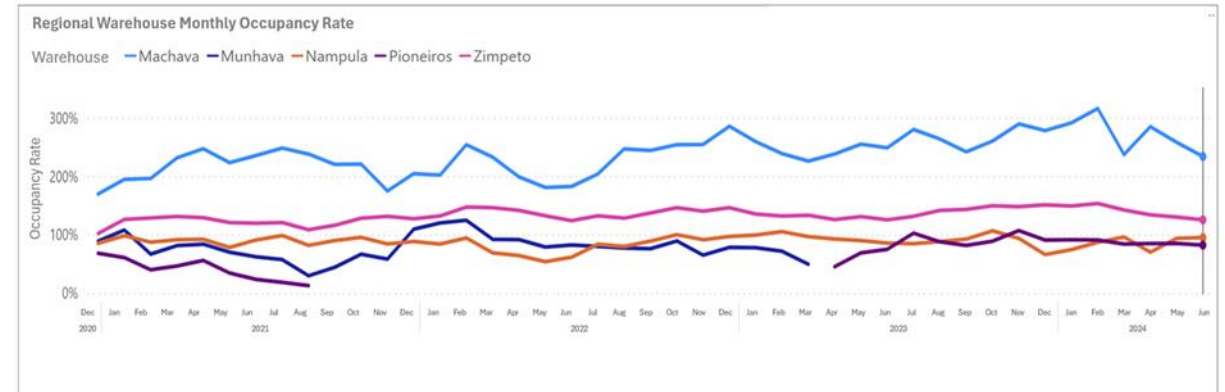


Malawi

PEPFAR-supported countries like Mozambique are exploring how the VMS program can help address existing in-country supply chain challenges

Sample Supply Chain Challenges

- Central and Regional warehouses have capacity constraints
- Governments have funding constraints to move product to lower levels
- Waiver lead times and inconsistencies in the process prohibit an optimal just-in-time delivery model
- These challenges create inefficiencies in Mozambique's regional hub-and-spoke supply chain model which increase costs, time and above all risk.



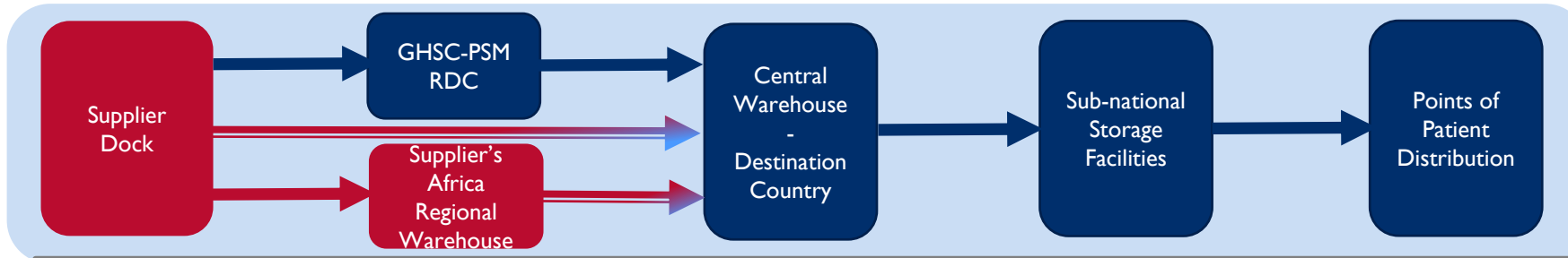
In Mozambique and Zambia, GHSC-PSM is moving ahead with the downstream delivery of TLD to provincial and intermediary warehouses from VMS warehouses

Provincial/Intermediary Warehouse	Region	Total Bottles Received	Estimated Pallets Received	Total No. of Orders
⊙ DPM NAMPULA	North	890,600	691	23
⊙ DPM SOFALA	Central	803,910	623	20
⊙ DPM MAPUTO PROVINCIA	South	799,956	620	15
⊙ DPM GAZA	South	796,036	617	19
⊙ DPM MAPUTO CIDADE	South	681,329	528	16
⊙ AI DE CHIMOIO	Central	583,000	452	18
⊙ AI DE MOCUBA	Central	557,492	432	16
⊙ DPM ZAMBEZIA	Central	503,843	391	13
⊙ DPM CABO DELGADO	North	350,350	272	11
⊙ DPM TETE	Central	301,230	234	15
⊙ DPM INHAMBANE	South	231,810	180	10
⊙ AI DE ILE	Central	196,200	152	12
⊙ DPM NIASSA	North	187,500	145	14
⊙ AI DE MOPEIA	Central	125,600	97	8
⊙ AI DE VILANKULO	South	123,000	95	10
⊙ Comunidade Santo Egidio	South	72,200	56	16
⊙ Hospital Rural de Carmelo	South	42,600	33	9
⊙ HOSPITAL CENTRAL DE MAPUTO	South	4,564	4	11
⊙ HOSPITAL CENTRAL DA BEIRA	Central	3,008	2	9
⊙ HOSPITAL CENTRAL DE NAMPULA	North	814	1	7
Grand Total		7,255,042	5,625	272

80% of Mozambique's TLD demand filters through 8 intermediary warehouses.

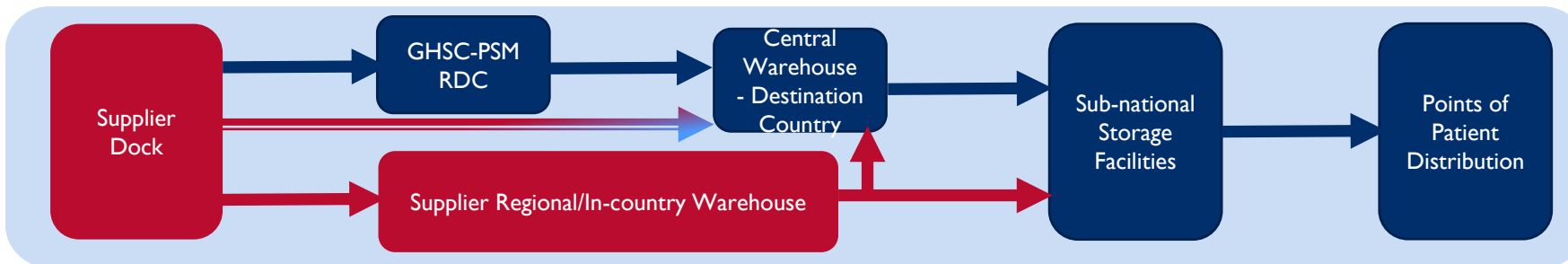
The advancement of the D-Term and regional VMS program are opening discussions on how PEPFAR countries can develop country-specific PSE-led strategies

2024 VMS Model:



- Supplier pre-positions product on the continent, ahead of firm procurement
- PSM HO procures supplier's pre-positioned to fulfill country demand, thus reducing PSM RDC footprint
- Supplier ships to destination country on D-Incoterms as applicable

2025 VMS Model:



- Supplier regional/in-country warehouse to preposition products, based on country signal
- Supplier-country enter strategic partnership
- Supplier manages in-country distribution as appropriate





Global Health
Supply Chain Summit

Thank you.



GHSC-PSM Conference Hub



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PEPFAR
U.S. President's Emergency Plan for AIDS Relief

The USAID Global Health Supply Chain Program-Procurement and Supply Management (GHSC-PSM) project is funded under USAID Contract No. AID-OAA-I-15-0004. GHSC-PSM connects technical solutions and proven commercial processes to promote efficient and cost-effective health supply chains worldwide. Our goal is to ensure uninterrupted supplies of health commodities to save lives and create a healthier future for all. The project purchases and delivers health commodities, offers comprehensive technical assistance to strengthen national supply chain systems, and provides global supply chain leadership. For more information, visit ghsupplychain.org.

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