

USAID GLOBAL HEALTH SUPPLY CHAIN –
**PROCUREMENT AND SUPPLY
MANAGEMENT PROJECT**

QUARTERLY REPORT

YEAR 1 QUARTER 1, JANUARY 11 TO MARCH 31, 2016

April 30, 2016

DISCLAIMER

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or of the United States government.

This publication was produced for review by the United States Agency for International Development. It was prepared by Chemonics International Inc. under Global Health Supply Chain - Procurement and Supply Management (GHSC-PSM) Contract No. AID-OAA-I-15-00004; Task Order 01 Contract No. AID-OAA-TO-15-00007; Task Order 02 Contract No. AID-OAA-TO-15-00009; and Task Order 03 Contract No. AID-OAA-TO-15-00010.

Recommended citation: USAID Global Health Supply Chain – Procurement and Supply Management Single Award IDIQ. 2016. USAID GHSC-PSM Quarterly Report Year 1 Quarter 1. Washington, D.C.: Chemonics International Inc.

Chemonics Contact:
Anthony Savelli
Procurement and Supply Management Project Director
2345 Crystal Drive, Suite 550
Arlington, VA 22202
P 202-955-3487 | M 202-684-1479
asavelli@GHSC-PSM.org

CONTENTS

Contents	ii
Acronyms	iii
Executive Overview	1
Organization of the Report	4
A. Task Order 1 - HIV	5
1. Highlights	5
2. Progress Against the Transition Plan	6
3. Challenges.....	7
B. Task Order 2 - Malaria	8
1. Highlights	8
2. Progress Against the Transition Plan	8
3. Challenges.....	10
C. Task Order 3 – Family Planning/Reproductive Health	11
1. Highlights	11
2. Progress Against the Transition Plan	12
3. Challenges.....	13
D. Global Supply Chain	14
1. Highlights	14
2. Progress Against the Transition Plan	16
3. Challenges.....	17
E. Country Programs Technical Assistance	18
1. Highlights	18
2. Progress Against the Transition Plan	19
3. Challenges.....	20
F. Global Collaboration	21
1. Highlights	21
2. Progress Against the Transition Plan	22
3. Challenges.....	22
G. Project Management	23
1. Highlights	23
2. Progress Against the Transition Plan	23
3. Challenges.....	24

ACRONYMS

3PL	third-party logistics
4PL	fourth-party logistics
ACT	artemisinin-based combination therapy
AIDS	acquired immune deficiency syndrome
ART	antiretroviral treatment
ARV	antiretroviral medicine
BI&A	Business Intelligence and Analytics contract
CARhs	Coordinated Assistance for Reproductive Health Supplies (CARhs) group
COR	Contracting Officer's Representative
DSIP	demand supply inventory planning tool
FAR	federal acquisition regulations
FBP&A	freight, bill, payment and audit
FDA	U.S. Food and Drug Administration
FMIS	financial management information system
FP/RH	family planning and reproductive health
FY	fiscal year
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria
GHSC	Global Health Supply Chain
HIV	human immunodeficiency virus
IAPHL	International Association of Public Health Logisticians
IDIQ	indefinite delivery indefinite quantity contract
IHS	Imperial Health Sciences
ISG	Inter-agency Supply Chain Group
ISO	International Organization for Standards
K+N	Kuehne+Nagel
KPI	key performance indicator
LLIN	long lasting insecticidal net
MDAWG	Market Development Approaches Working Group
M&E	monitoring and evaluation
MIS	management information system
MOU	memorandum of understanding

OAA	USAID Office of Acquisition and Assistance
PEPFAR	U.S. President’s Emergency Plan for AIDS Relief
PMI	President’s Malaria Initiative
PPMR	Procurement Planning and Monitoring Report
PSI	Population Services International
PSM	Procurement and Supply Management
PtD	People that Deliver
PVC	polyvinyl chloride
QA	quality assurance
QC	quality control
QMS	quality management system
RDC	regional distribution center
RDT	rapid diagnostic test
REOI	request for expressions of interest
RFP	request for proposals
RFQ	request for quotations
RHG TAG	Reproductive Health Global Advisory Traceability Group
RHSC	Reproductive Health Supplies Coalition
RTK	rapid test kits
SCMS	Supply Chain Management System
SOP	standard operating procedure
TO	task order
TWG	transition working group
UNAIDS	Joint United Nations Programme on HIV/AIDS
UPS	United Parcel Service
USAID	U.S. Agency for International Development
VMMC	voluntary medical male circumcision
WHO	World Health Organization

EXECUTIVE OVERVIEW

The USAID Global Health Supply Chain – Procurement and Supply Management (GHSC-PSM) single award IDIQ ensures uninterrupted supply of health commodities to prevent suffering, save lives, and create a brighter future for families across the globe. The IDIQ has three task orders (TOs) that directly support:

- The U.S. President’s Emergency Plan for AIDS Relief (PEPFAR) – TO1
- The President’s Malaria Initiative (PMI) – TO2
- USAID’s Office of Population and Reproductive Health – TO3

The project provides a comprehensive array of services for health commodity procurement and related systems-strengthening technical assistance that encompasses all the elements of a comprehensive supply chain. Our support is organized under three objectives: global supply chain, country programs, and global collaboration.

This GHSC-PSM Quarterly Report summarizes the project’s activities and outcomes for Year 1 Quarter 1, January 11 to March 31, 2016. In this first quarter, we launched the project, started the planning-intensive process of transitioning time-sensitive activities and responsibilities from the incumbents, put in place the foundations of our procurement and supply management approach, and built our team and management procedures. These are summarized below.

Project Launch

Effective launch of a project of this size and complexity – the largest project ever administered by USAID – requires close working relations with USAID/Washington Contracting Officer’s Representatives (CORs) and other technical representatives, incumbent project staff, and USAID missions interested in buying in to the project. **Project staff began work on December 23, 2105, and the project officially launched with a startup conference from January 7 to 9, 2016,** at which USAID and GHSC-PSM discussed the general transition approach, specified the data and information required of USAID and the incumbents, and inaugurated transition working groups (TWGs).

GHSC-PSM started building the foundation of our supply chain vision in the project’s first quarter. **Our Global Supply Chain group launched our Plan, Source, Deliver/Return, and Quality Assurance teams.** These teams are responsible for their individual functional areas, while also

This quarter **by the numbers**

2 major commodity sourcing events

2 important deliver/return sourcing events

1 RFQ issued to avoid a stockout of Sayana Press

13 order requests received for malaria products

20+ USAID missions expressed interest in buy-in

1 country (Mozambique) with an approved transition plan

6 global collaboration activities

6 commodity councils convened

10 transition working groups launched

60% of staff positions filled

working collaboratively to provide integrated, efficient support to TO procurement requirements.

GHSC-PSM began establishing commodity councils to provide strategic management of each major commodity category. To provide a wide range of expertise and perspectives, the commodity councils include representatives from USAID, GHSC-PSM, and FHI360 (to represent the quality assurance perspective on councils related to TOs 1 and 3). The councils analyze commodity and market data, develop commodity-specific sourcing strategies, and communicate with potential suppliers to inform planning and sourcing. GHSC-PSM hosted a two-day workshop to launch the commodity councils. We presented information about the market dynamics, plan, source, deliver, and quality assurance (QA) considerations for each product group. We reached agreement on priority issues, potential projects, and metrics that will drive each sourcing strategy and timeline.

GHSC PSM Commodity Councils

1. HIV/AIDS pharmaceuticals
2. Lab equipment and medical supplies
3. Malaria pharmaceuticals
4. Bed nets and malaria rapid diagnostic tests
5. Reproductive health pharmaceuticals and devices
6. Male and female condoms
7. Essential medicines
8. Other global health commodities

Transition Planning

Collaboration with incumbents from PEPFAR’s Supply Chain Management System (SCMS) project and USAID|DELIVER PROJECT began at a meeting led by USAID in late January. Participants began detailed discussions of how to manage the transition, global supply chain issues, transition of technical assistance, communication protocols, and transmission of data and materials. GHSC-PSM has benefited greatly from the productive and collaborative relations with all of these parties during the first quarter.

TWGs serve as the hubs of transition planning and implementation for the 10 key project

TWG 1: Senior management/operations	TWG 6: Logistics
TWG 2: Finance	TWG 7: Quality assurance
TWG 3: Monitoring and evaluations	TWG 8: MIS/data visibility
TWG 4: Supply planning	TWG 9: Country programs technical assistance
TWG 5: Health commodity procurement	TWG 10: Global collaboration

TWGs benefit from significant guidance and support from the USAID CORs and other USAID technical staff. SCMS and DELIVER staff participate as needed. The TWGs started working the day after the kickoff meeting to develop detailed transition work plans and to spearhead transition activities for their functional areas.

Objective 1: Global Supply Chain

The Global Supply Chain group completed commodity prioritization, is processing order requests, and is **about to place our first order**. GHSC-PSM initiated major activities to source four key commodities and services in our first quarter: ARVs; bednets; freight, bill, payment, and audit services; and freight forwarding. In addition, we began developing an agreement with the leading injectable contraceptive supplier. To minimize the risk of supply interruption during the transition, GHSC-PSM is negotiating short-term agreements with Imperial Health Sciences (IHS)

and United Parcel Service (UPS) to continue to manage the stock in regional distribution centers (RDCs) in Africa and in warehouses in Singapore and the Netherlands until we competitively bid warehouse services and determine a new RDC strategy.

Our MIS team developed a detailed implementation plan and conducted blueprinting for a system that combines three proven information technology solutions (IBM's e-commerce suite, Kuehne+Nagel's fourth party logistics management information system, and Chemonics' financial information management system) into a single portal to provide comprehensive supply chain data visibility. We delivered the first of four releases of the MIS. The initial release provides functionality for supplier and contract management.

Objective 2: Country Programs

Throughout the quarter GHSC-PSM has been working closely with USAID missions interested in buy-ins and their backstops in USAID/Washington. **More than 20 USAID missions expressed interest in buying in to the project.** Working closely with USAID country backstops and mission staff, GHSC-PSM initiated scoping missions and operational startups for all of these in Quarter 1. Startup teams started visiting countries to establish relations, learn about priorities, plan to transition contracts and activities, and arrange for staffing and offices. USAID facilitated "deep dive" sessions with SCMS and DELIVER that provide a detailed review of a country program's technical objectives, priorities for transition, and critical dates in the transition timeline. GHSC-PSM has mobilized staff, established procedures, and is developing transition work plans and budgets to enable us to open 17 offices this fiscal year.

Objective 3: Global Collaboration

GHSC-PSM began establishing working relationships with actors in the global health community, among other things by starting to participate in technical committees and conferences. We worked to better understand USAID's market dynamics priorities and to tailor plans for market dynamics work to the needs of each TO. We conducted formative research to understand USAID and GHSC-PSM project leadership's vision of the GHSC-PSM website and the project's global collaboration and communications role.

Project Management

Project leadership built strong working relations and communications channels with USAID. We also established a productive working relationship with SCMS and DELIVER staff. GHSC-PSM put in place financial management and reporting systems, established regular internal management meetings and processes, and prioritized recruitment to fill key staffing positions. By the end of the quarter, **60 percent of positions on the project team were filled (106 out of 176 positions).** Ninety three (93) individuals had started by March 31, and 13 others had accepted offers.

The Monitoring and Evaluation (M&E) team worked closely with the USAID M&E specialists to develop key performance indicators (KPIs) and submitted the first draft of the M&E plan.

ORGANIZATION OF THE REPORT

The report is organized as follows:

- Section A: TO1 – HIV
- Section B: TO2 – Malaria
- Section C: TO3 – Family Planning/Reproductive Health
- Section D: Objective 1 – Global Supply Chain
- Section E: Objective 2 – Country Programs Technical Assistance
- Section F: Objective 3 – Global Collaboration
- Section G: Project Management

In each section, we highlight significant achievements; describe progress against each activity and milestone scheduled for the reporting period; and discuss challenges, risks, and proposed solutions.

In future quarterly reports, we will provide annexes that report and provide analyses of performance by KPI.

A. TASK ORDER 1 - HIV

1. HIGHLIGHTS

Commodity councils. GHSC-PSM launched two of the commodity councils that will support TOI: (1) Commodity Council 1 for HIV-related pharmaceuticals, primarily antiretroviral medicines (ARVs); and (2) Commodity Council 2 for laboratory equipment and medical supplies, including voluntary medical male circumcision (VMMC) kits and related commodities. Commodity Council 7 on essential medicines, to be launched next quarter, also will be important for TOI because co-trimoxazole (used to prevent several opportunistic infections) is procured in large quantities by countries with large numbers of people on antiretroviral treatment (ART).

Transition. To accelerate progress on TOI, we convened several groups critical to the transition from SCMS to GHSC-PSM.

GHSC-PSM global supply chain and country program teams working on TOI started meeting in March to ensure cross-functional coordination and to align plan, source, deliver, and systems strengthening functions centrally and for in-country programs. Participants discussed the transition status of forecasting, contracts, warehouse contracts, network design optimization, and the data needed by GHSC-PSM from SCMS. The TOI internal supply chain meetings are held on a monthly basis.

We are holding integrated supply chain meetings with USAID and SCMS. These focus on the transition of procurement responsibilities from SCMS to GHSC-PSM, our laboratory strategy, and VMMC procurement.

To ensure an enhanced laboratory strategy under GHSC-PSM, we also initiated weekly laboratory meetings that bring together the relevant USAID COR, the USAID laboratory leads, and relevant GHSC-PSM staff.

A smooth transition of stock into and order placement from RDCs is key to avoiding stockout of ARVs during and immediately after the transition. To this end, **SCMS placed the warehouse restocking order for ARVs this quarter and GHSC-PSM will place the order next quarter.** The GHSC-PSM Plan and Source teams reviewed the RDC replenishment plans in detail with SCMS to prepare for the transition.

Staffing. We are recruiting a laboratory director, a VMMC director, and two managers to support each. These positions will support our laboratory and VMMC work for procurement, country systems strengthening, and global collaboration. Also, we are hiring a process chemist with in-depth knowledge of the processes and market influences on ARV production and supply to support the procurement and market dynamics aspects of ARV procurement.

Preparedness. GHSC-PSM is prepared to place one-off and emergency orders in response to requests. At the same time, we are preparing for ongoing responsibilities. **In March, GHSC-PSM released the first request for quotations (RFQ) for short/mid-term ARV framework contracts.**

GHSC-PSM met with the GHSC-Rapid Test Kits (RTK) contractor, Remote Medical International, to discuss how the two projects would collaborate and to start developing a memorandum of understanding (MOU) to document this collaboration.

2. PROGRESS AGAINST THE TRANSITION PLAN

Exhibit I lists the activities and milestones planned for this TO this quarter, summarizes progress, and indicates the status of planned activities.

EXHIBIT 1. TO1 PLANS, PROGRESS, AND STATUS

PLAN AND PROGRESS	STATUS
<p>Be prepared to process one-off and emergency order requests. As of February, GHSC-PSM was prepared to process one-off and emergency order requests. TO1 did not receive requests for such orders.</p>	Complete
<p>Launch Commodity Council 1 (HIV/AIDS Pharmaceuticals) and Commodity Council 2 (Lab Equipment and Supplies, VMMC Kits, and Related Commodities). GHSC-PSM launched both of these commodity councils.</p>	Complete
<p>Participate in the WHO/UNAIDS Global Forecasting meeting for pharmaceuticals and diagnostics in Geneva. GHSC-PSM staff participated in this meeting in Geneva March 8 to 11. Following plenary discussions and presentations, the GHSC-PSM team met with the major pharmaceutical and diagnostic suppliers in individual meetings, with USAID and SCMS representatives present.</p>	Complete
<p>Execute, with USAID OAA approval, transitional framework agreements with key commodity suppliers. GHSC-PSM made progress in developing transitional framework agreements with key commodity suppliers:</p> <ul style="list-style-type: none"> • <i>ARVs.</i> We released an RFQ for short/mid-term agreements for ARVs, and began reviewing quotations at the end of the reporting period. • <i>VMMC kits.</i> We prepared an RFQ for framework agreements for VMMC kits. This will be published once the product specifications are confirmed by USAID. 	On track
<p>Obtain/review TO1 ARV supply plans. SCMS countries have submitted their Quarter 1 ARV supply plans to the SCMS home office. The SCMS home office has reviewed the RDC replenishment plans in detail with the GHSC-PSM Plan and Source teams.</p>	Complete
<p>Review weekly open order updates from SCMS. GHSC-PSM has been receiving data requested from SCMS. The next step, to occur in the third week in April, is for GHSC-PSM and SCMS to jointly review open orders, by country, for each TO1 commodity. (See challenge #1 below.)</p>	Ongoing
<p>Transfer in-country technical assistance from SCMS to GHSC-PSM (3 months prior to SCMS program end). Transition planning to transfer technical assistance is underway or soon to begin in 16 countries that will buy in for TO1 under the GHSC-PSM project. Teams are working in the field, debriefing the home office, and developing work plans to establish transition offices through September 2016. The transition work plans and budgets will cover the transition of procurements, plans to deliver goods procured under SCMS but received by GHSC-PSM, and hiring incumbent and new staff to lead the work.</p>	On track
<p>The countries buying in to TO1 are: Botswana, Burma, Burundi, Ethiopia, Ghana, Haiti, Lesotho, Malawi, Mozambique, Namibia, Nigeria, Rwanda, Uganda, Vietnam, Zambia, and Zimbabwe.</p>	

PLAN AND PROGRESS	STATUS
<p>Hold TO1 integrated supply chain meetings with GHSC-PSM, USAID, and SCMS. GHSC-PSM hosted integrated supply chain meetings this quarter on the following dates and topics:</p> <ul style="list-style-type: none"> • <i>February 16:</i> Discussion of ARV RDC and direct drop transition strategy • <i>February 25:</i> Discussion of transition strategy for laboratory systems strengthening and procurement • <i>March 1:</i> SCMS presentation on demand planning to procurement process for generic ARVs, ARV demand planning through procurement and client order process, and ARV restocking order tender evaluation process • <i>March 15:</i> Demonstration of country-level quantification and analysis of lab equipment and commodity needs and utilization, featuring a demonstration of the ForLab software • <i>March 23:</i> Demonstrations of Quantimed and PipeLine quantification software • <i>March 31:</i> Discussion of VMCM transition strategy for sourcing, warehousing, and demand planning 	Ongoing
<p>Hold TO1 internal supply chain meetings. GHSC-PSM held one TO1 internal supply chain meeting with the TWG leads and key stakeholders. Participants discussed the transition status of forecasting, commodity contracts, warehouse contracts, network design optimization, and the data needed by GHSC-PSM from SCMS.</p>	Ongoing
<p>Hold PSM lab strategy meetings with USAID. We initiated weekly lab meetings with the USAID CORs and laboratory leads and relevant GHSC-PSM leadership.</p>	Ongoing
<p>Document the GHSC-QA contractor’s QA responsibilities for TO1 commodities. We drafted and shared with the contractor, FHI360, an MOU. FHI360 has not signed and returned the MOU.</p>	On track

3. CHALLENGES

Challenge #1 – Data transfer. Timely and complete data transfer from SCMS to GHSC-PSM was a challenge for part of the quarter. Examples of data requirements include standard operating procedures (SOPs), contract details, and open orders in each country. Delays in transfer and lack of complete data posed a risk for procurement and delivery of key product groups. GHSC-PSM responded to procurement and delivery risks by using country data gathered by the startup teams and by integrating our procurement and delivery responses into the transition plans for specific countries. We continued to clarify the data needed and to set up meetings with SCMS to access the data with enough lead time to mitigate any risks related to procurement and delivery. By the end of the quarter, the data issues largely were resolved.

Challenge #2 – Responding to new WHO guidelines. Countries will need to make adjustments in their supply chain components as they adopt the new WHO guidelines and the mandate to “test and start.” This will require changes such as providing multi-month prescriptions to patients and using viral load to monitor patients on ART. Country offices will need to keep pace with adoption and possibly adjust variables such as warehouse space, depending on modeling exercises being undertaken now, in addition to transitioning out CD4 equipment and procuring viral load instruments.

B. TASK ORDER 2 - MALARIA

1. HIGHLIGHTS

Commodity councils. GHSC-PSM launched two commodity councils to support the sourcing of commodities for TO2. Commodity Council 3 will focus on all malaria pharmaceuticals, including artemisinin-based combination therapies (ACTs) and medicines for the treatment of severe malaria. Commodity Council 4 will focus on long-lasting insecticide treated nets (LLINs) and malaria rapid diagnostic test kits (RDTs). The key outputs of the initial commodity council meetings were the draft GHSC-PSM sourcing strategies for the TO2 commodities.

Transition. The project assumed responsibility for all malaria commodity procurement requests starting February 16. To support this process, GHSC-PSM established a dedicated email address (psmmalariaorders@ghsc-psm.org) for the submission of all order requests, reviewed and proposed updates to the procurement requisition forms, and developed a manual procurement process. **We received 13 order requests for malaria commodities and started processing them.**

As of March 22, GHSC-PSM prepared and submitted to USAID a weekly Malaria Procurement Table that provides an update on the status of all orders submitted for malaria commodities.

The first monthly Integrated Supply Chain Meeting between the USAID PMI and GHSC-PSM supply chain teams took place March 22. Participants discussed the strategic vision for sourcing of main product categories, including viewing a presentation on the sourcing mapping process and ongoing order management; the transition of procurements to GHSC-PSM; and the strategies and process for engaging USAID missions and suppliers.

Quality assurance. **GHSC-PSM is on track with developing a quality assurance and quality control (QA/QC) plan and policy for TO2.** We reviewed the existing QA/QC SOPs, sent questions about the SOPs to USAID and FHI360, and plan to meet to finalize the review in April. GHSC-PSM is preparing a request for expressions of interest (REOI) to pre-qualify laboratories for future requests for proposals (RFPs) for QC testing of malaria commodities.

Preparedness. **GHSC-PSM responded to emergency requests from the PMI team to support the distribution of LLINs in Burundi, Mali, and Uganda.** In Mali, it was determined that alternative funding to support the activities was available through the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), and no immediate action from GHSC-PSM was required. GHSC-PSM negotiated contracts with Population Services International (PSI) in Burundi and with the Joint Medical Stores in Uganda to ensure that distribution of LLINs will continue during the transition period.

2. PROGRESS AGAINST THE TRANSITION PLAN

Exhibit 2 lists the activities and milestones planned for this TO this quarter, summarizes progress, and indicates the status of planned activities.

EXHIBIT 2. TO2 PLANS, PROGRESS, AND STATUS

PLAN AND PROGRESS	STATUS
Be prepared to process one-off and emergency order requests. As of February, GHSC-PSM was prepared to process one-off and emergency orders. We developed a manual procurement process to support these order requests while awaiting completion of the MIS.	Complete
Assume all malaria commodity procurement requests. GHSC-PSM has assumed responsibility for procurement of all malaria commodities. We received and began processing 13 requests for malaria commodities.	Complete
Establish malaria order request email address. In February, GHSC-PSM established a dedicated email address that will be used by USAID missions to place their procurement orders.	Complete
Execute, with USAID/OAA approval, transitional framework agreements with key commodity suppliers. GHSC-PSM did not assume DELIVER's framework agreements with suppliers of malaria commodities. Rather, we are managing one-off procurements of malaria commodities while we develop our own long-term framework agreements with suppliers. (See challenge #1 below.)	On track
Send interim PSM Order Request Forms to PMI. GHSC-PSM reviewed and updated the order requisition forms that USAID missions will use to place future orders with GHSC-PSM. We submitted the updated order requisition forms to USAID for its review.	Complete
Issue REOI for LLINs. GHSC-PSM issued an REOI for framework agreements for LLINs. We completed the initial technical evaluation of the responses to the REOI and submitted the LLIN net samples for QC testing.	Complete
Review and clarify TO2 SOPs with USAID and FHI360. GHSC-PSM received and reviewed FHI360's QA SOPs for malaria products and submitted questions to FHI360 and USAID about them.	Complete
Receive QA/QC-related SOPs from IDA, PSI, and K+N. GHSC-PSM is leveraging the expertise of staff from IDA, PSI, and K+N in developing GHSC-PSM QA/QC-related SOPs.	Complete
Contact labs for TO2 to check possibility of taking over contract. GHSC-PSM received the list of labs that tested malaria commodities under the previous contract. We contacted these labs to determine their interest in responding to GHSC-PSM RFPs for similar services.	On track
Issue REOI followed by RFP to labs for TO2. We started developing the REOI for TO2 labs that will be released next quarter.	On track
Get TO2 lab contracts in place. We took steps to start working with the existing pre-qualified labs to ensure QA support is available as soon as needed. We also took preliminary steps (the lab REOI) towards contracting labs for ongoing QA support.	On track

PLAN AND PROGRESS	STATUS
<p>Transfer in-country technical assistance from DELIVER to GHSC-PSM (3 months prior to DELIVER technical assistance program end). Transition planning for this process is under way or soon to commence in 11 countries that will buy in for TO2 under the GHSC-PSM project. Teams are working in the field, debriefing the home office, and developing work plans to establish transition offices. The transition work plans and budgets will cover the transition of procurements, delivery of goods procured under DELIVER but received by GHSC-PSM, and the hiring of incumbent and new staff to lead the work.</p> <p>The countries buying in to TO2 as of the end of Quarter 1 were: Burma, Burundi, Ghana, Liberia, Madagascar, Malawi, Mozambique, Nigeria, Rwanda, Zambia, and Zimbabwe.</p>	<p>On track</p>

3. CHALLENGES

Challenge #1 – ACT order to avoid stockouts. Novartis, an ACT supplier, is considering shutting down production if no orders are received shortly, creating a risk that the project would not be able to supply upcoming ACT (ALu) orders. To mitigate the risk of losing this production capacity, GHSC-PSM will place several orders for monthly deliveries between Oct 2016 and March 2017. Long-term agreements between GHSC-PSM and ACT manufacturers will be in place by that time to ensure continuous supply.

C. TASK ORDER 3 – FAMILY PLANNING/REPRODUCTIVE HEALTH

1. HIGHLIGHTS

Commodity councils. We launched Commodity Council 5 for reproductive health pharmaceuticals and Commodity Council 6 for condoms and lubricants. At commodity council meetings, we discussed the composition and purpose of the commodity councils, outlined the sourcing strategy for TO3, and defined key considerations for sourcing.

Transition. GHSC-PSM developed a process and coordinated with DELIVER on how to address open orders and the delivery of family planning/reproductive health (FP/RH) commodities. We reviewed and provided input to a service level agreement between GHSC-PSM and the incumbent to clarify roles and responsibilities of each party in the procurement process. Specifically, **during the transition period, all orders will be submitted through My Commodities¹ and DELIVER will share updates on new orders each week.** GHSC-PSM and DELIVER will determine roles for new orders according to three scenarios: (1) DELIVER procures and ships the commodities; (2) DELIVER procures and GHSC-PSM ships; or (3) GHSC-PSM procures and ships. Given the estimated production lead times and ship dates for the items that GHSC-PSM will procure and ship, the project is prioritizing contracts with suppliers of lubricants, female condoms, and male condoms. GHSC-PSM has 66 orders in process under TO3.

There are a number of registration challenges with FP/RH commodities in some countries. The extended registration timeline and low sales volumes in some countries reduce suppliers' interest in investing the time and money to register their products there. USAID convenes a Registration Task Force to monitor registration issues, facilitate the registration process, and enhance coordination on these issues among funders and global partners. GHSC-PSM has designated points of contact to participate in the Registration Task Force meetings.

Regarding logistics, USAID, DELIVER, and GHSC-PSM held discussions about transitioning warehouse responsibilities and transferring inventory of FP/RH commodities in the warehouses in the Netherlands and Singapore. We still are finalizing the transfer process and timeline.

Staffing. The finance manager, the supplier relations manager, and several buyers joined the team. The procurement and logistics manager and the global collaboration manager should be on board by the middle of next quarter, at which point TO3 will be fully staffed.

Preparedness. Project staff drafted an RFQ for Sayana Press injectables for Pfizer to secure product in anticipation of a possible shutdown of the production line. We also sent an RFQ to WHO pre-qualified suppliers for two orders of Panther specialty male condoms requested for Zimbabwe.

We are in the process of drafting RFQs for oral contraceptives, male condoms, female condoms, and lubricants. We have worked with FHI360 to obtain current specifications for the products. Our Risk Management team has been carefully reviewing the terms and conditions of all sourcing activities.

¹ *My Commodities* is the DELIVER project's online platform for managing and reporting on all orders.

Core work plan. Throughout the quarter, GHSC-PSM worked very collegially with USAID to develop the work plan for TO3 core activities through fiscal year (FY) 2016 and for FY 2017. Core activities starting in FY 2016 include: (1) transition to GHSC-PSM the Procurement Planning and Monitoring Reports (PPMRs) and the Coordinated Assistance for Reproductive Health Supplies (CARhs) group to identify and plan responses to stockout risks; (2) find ways to better engage the commercial sector; and (3) provide training to USAID staff on supply chain management and contraceptive security.

2. PROGRESS AGAINST THE TRANSITION PLAN

Exhibit 3 lists the activities and milestones planned for this TO this quarter, summarizes progress, and indicates the status of planned activities.

EXHIBIT 3. TO3 PLANS, PROGRESS, AND STATUS

PLAN AND PROGRESS	STATUS
Be prepared to process one-off and emergency order requests. As of February, GHSC-PSM was prepared to process one-off and emergency order requests. There were no such orders for TO3.	Complete
Execute, with USAID/OAA approval, transitional framework agreements with key commodity suppliers. We are reaching agreement with Pfizer on Sayana Press, and are developing several RFQs in preparation for sourcing.	On track
Place the urgent, high priority Sayana Press order. GHSC-PSM drafted the RFQ for Sayana Press and sent the draft to USAID for review. (See challenge #1 below.)	On track
Request TO3 SOPs from USAID and FHI360, and document roles and responsibilities of USAID/FHI360/PSM under TO3 in an MOU. We started coordinating with FHI360 counterparts about QA for TO3. We documented roles and responsibilities in an MOU that has been sent to FHI360 and awaits its signature. FHI360 cannot provide its SOPs until the MOU has been executed.	On track
Request/receive list of USAID pre-approved health commodities for TO3. GHSC-PSM now has the lists of U.S. Food and Drug Administration (FDA)- and WHO-approved commodities. There are issues with packaging of some commodities that may impact registration in some countries. (See challenge #2 below.)	Complete
Establish process to receive weekly data updates from DELIVER (for TO3). GHSC-PSM and DELIVER established a process for receiving and discussing bi-weekly open orders and inventory snapshot data updates.	Complete
Transfer in-country technical assistance from DELIVER to GHSC-PSM (3 months prior to DELIVER technical assistance program end). Transition planning for this process is under way or soon to commence in 12 countries that will buy in for TO3. Teams are working in the field, debriefing the home office, and developing work plans to establish transition offices. The transition work plans and budgets will cover the transition of procurements, delivery of goods procured under DELIVER but received by GHSC-PSM, and the hiring of incumbent and new staff to lead the work. The countries buying in to TO3 were: Ethiopia, Ghana, Haiti, Liberia, Madagascar, Malawi, Mozambique, Nepal, Nigeria, Pakistan, Rwanda, and Zambia.	On track

PLAN AND PROGRESS	STATUS
<p>Develop a work plan for core-funded activities. The TO3 team worked with USAID to understand priorities for core-funded activities and started developing a draft work plan and budget for these activities. The work plan and budget will be submitted early in Quarter 2.</p>	<p>On track</p>
<p>Start procurements for each commodity category. Sourcing activities were started for all commodity categories. Sourcing events for Sayana Press and Panther male condoms are imminent.</p>	<p>On track</p>

3. CHALLENGES

Challenge #1 – Sayana Press. Pfizer has warned of a possible shut down of the Sayana Press production line. This creates a risk of stockouts of this contraceptive. To avoid stockouts, USAID instructed GHSC-PSM to issue an RFQ for 1 and 2 million units. GHSC-PSM has submitted the draft RFQ to USAID and we will release the RFQ to Pfizer early next quarter.

Challenge #2 – Registration issues due to packaging. There are registration issues in some countries for Bayer’s Microgynon and Combination 3 oral contraceptives due to the transition of packaging from polyvinyl chloride (PVC) to ACLAR. GHSC-PSM will continue to engage with USAID on this issue. GHSC-PSM conducted a first meeting with Bayer to anticipate any potential shortages due to the packaging transition and has scheduled subsequent meetings to avoid stockouts.

D. GLOBAL SUPPLY CHAIN

The Global Supply Chain team works as an integrated group of functional teams – Plan, Source, Deliver/Return, and QA. Additionally GHSC-PSM is developing an MIS that provides end-to-end visibility of global supply chain data. Along with managing global supply chain activities for the TOs (as summarized in Sections A – C of this report), these teams create the processes, procedures, and infrastructure that support supply chain activities across the project. In this section we summarize the cross-cutting supply chain support activities of the Global Supply Chain and MIS teams.

1. HIGHLIGHTS

Cross-cutting

GHSC-PSM organized TWGs to ensure that information is exchanged and functions are quickly transferred from SCMS and DELIVER to GHSC-PSM. A GHSC-PSM functional team leader leads each TWG. The TWGs include representatives from USAID (by task order) and from SCMS and DELIVER, as needed. The TWGs developed and are implementing detailed transition plans. They are meeting weekly during the transition period or until their goals are met.

We organized five TWGs under the supply chain function: TWG4 – Supply Planning; TWG5 – Health Commodity Procurement; TWG6 – Logistics; TWG7 – Quality Assurance; and TWG8 – MIS/Data Visibility. The TWGs meet regularly on an individual basis and collectively in TO integrated supply chain meetings.

Our work builds off the data, contracts, and procedures established under SCMS and DELIVER. On January 15, we requested background data and material from the incumbents. Through the TWGs and other interactions, we are working closely and collaboratively with SCMS and DELIVER leadership and staff to plan and implement a smooth transition.

Another cross-cutting activity was launching six of the eight proposed commodity councils, as mentioned in Sections A – C above. Members of all of the Global Supply Chain teams participate in these commodity councils.

Six of eight commodity councils convened

1. HIV/AIDS pharmaceuticals
2. Lab equipment and medical supplies
3. Malaria pharmaceuticals
4. Bed nets and malaria rapid diagnostic tests
5. Reproductive health pharmaceuticals and devices
6. Male and female condoms
7. Essential medicines
8. Other global health commodities

Plan

GHSC-PSM made significant progress in determining how and when to transition commodity procurements and inventory from SCMS and DELIVER to GHSC-PSM. We developed several tools and models that will be used to support planning. We established regular data exchanges with the incumbents and worked with the MIS team to plan how to make project MIS data available to support the Plan team’s work.

Source

GHSC-PSM submitted draft strategic sourcing strategies for six commodity councils that focus on key commodities to be procured by the project. We updated analysis of the top 20 suppliers by commodity group, and ascertained the federal acquisition regulations (FAR) implications of developing sole-source contracts with current suppliers.

GHSC-PSM developed an end-to-end sourcing and procurement process in order to start processing one-off and emergency request orders for all TOs.

Our team managed two major sourcing events: an REOI for LLINs and an RFP for ARVs. The Source team also worked on a number of other solicitations for the TOs as detailed in Sections A – C above.

GHSC-PSM developed a supplier database with an initial list of more than 100 suppliers. Our Source team started meeting individually with many suppliers, including at the joint WHO/UNAIDS meeting for HIV/AIDS pharmaceuticals and diagnostics.

Deliver/Return

GHSC-PSM managed two important deliver/return sourcing events: an RFP for freight, bill, payment and audit (FBP&A) services and an RFP for freight forwarding/third party logistics (3PL). The team also made significant progress in addressing warehousing needs. This included drafting solicitations, communicating with potential offerors, and initiating price analyses and negotiations for RDC/warehouse providers.

Quality Assurance

GHSC-PSM drafted the QA Plan and Policy. We worked with USAID and the GHSC-QA contractor FHI360 to understand the QA contractor's role and responsibilities for QA for TOs 1 and 3. We documented how we would interact with the QA contractor on TOs 1 and 3 in an MOU. We obtained QA SOPs for TO2 (for which GHSC-PSM is now responsible) and started to adapt these. On the basis of this interchange of information and our QA Plan and Policy, our QA team is starting to document work instructions, procedures, and policies.

MIS/Data Visibility

The MIS team worked with project counterparts to develop MIS functional requirement blueprints. In particular, the MIS team worked with the Plan, Source, and Deliver/Return teams to develop blueprinting specifications including for Emptoris, the online catalog, order management, the K+N system interface, financial reporting, and dashboards/analytics. Plans for development of the MIS were revised to reflect four releases over 18 months, with initial operating capability available by May 16, 2016.

The MIS team had a number of meetings with the Business Intelligence and Analytics (BI&A) contractor, Intellicog, to review InfoSpec and ensure that our MIS will be able to satisfy InfoSpec data requirements. A specific focus is the product catalog, which GHSC-PSM will assume in the future.

2. PROGRESS AGAINST THE TRANSITION PLAN

Exhibit 4 lists the planned activities and milestones scheduled in the TO transition plan for this quarter, summarizes progress, and indicates the status of planned activities.

EXHIBIT 4. GLOBAL SUPPLY CHAIN PLANS, PROGRESS, AND STATUS

PLAN AND PROGRESS	STATUS
Release interim forecast tool. The Plan team developed initial models for central forecasting and reviewed these with the FP/RH planning leads.	Complete
Finalize initial modeling scope. The Plan team developed the initial scope for the network optimization model. It also conducted weekly review sessions with USAID to move towards a new network optimization design.	Complete
Finalize data and model design. The Plan team defined all data required to perform the network optimization model and collected data to perform the analysis.	Complete
Create initial modeling scenario. The Plan team started developing scenarios for review. The team plans to present its initial recommendations in late April.	Complete
Establish interim process to receive data updates from the GHSC-PSM MIS team. The Plan team developed an interim plan to receive data updates in order to plan replenishment orders for the RDCs for June/July.	Complete
Develop strategic sourcing strategies. The Source team developed draft strategic sourcing strategies for the six priority commodity councils. These include an analysis of the top 20 suppliers by commodity group.	Complete
Develop sourcing and procurement process. To be prepared to process orders in Quarter 1, the Source team developed a manual end-to-end sourcing and procurement process.	Complete
Contact suppliers. The Source team developed a supplier database and has populated it with information on more than 100 suppliers. Team members are systematically approaching suppliers in the database to introduce GHSC-PSM.	Complete
Release tender for FBP&A. The Deliver/Return team released a tender for FBP&A services and is vetting and analyzing the responses received from offerors.	Complete
Establish initial warehouse capability with current service providers. The Deliver/Return team began negotiations with the incumbents' existing RDCs in Africa and the warehouse depots in Singapore and the Netherlands.	On target
Sign contract with incumbent warehouse provider IHS. With rate information provided by IHS, the Deliver/Return team used cost analysis, scenarios based on provided invoices and rates, and market rates to analyze the cost structure of the current agreement for the RDCs. This is informing the contract for IHS that GHSC-PSM is drafting to continue these services for the short term.	On target
Issue RFQ for 3PL provider. GHSC-PSM introduced ourselves to 3PL providers and prepared them for a scheduled solicitation for freight forwarding. The Deliver/Return team developed and signed non-disclosure agreements with providers that is appropriate for our fourth party logistics (4PL) model to assuage their concerns about sharing pricing information within GHSC-PSM (given that our consortium includes a competitor, K+N).	Complete
Sign contract with incumbent warehouse provider United Parcel Service (UPS). The Deliver/Return team began negotiations with UPS regarding its warehouse depots in Singapore and the Netherlands.	On target

PLAN AND PROGRESS	STATUS
<p>Develop QA plan and policy. The QA team drafted a malaria QA plan and policy that is being reviewed internally and will be finalized in collaboration with USAID next quarter. GHSC-PSM's overarching quality management system (QMS) is under development.</p>	On target
<p>Obtain QA/QC-related SOPs from IDA, Population Services International, and K+N. GHSC-PSM is leveraging the expertise of staff from IDA, PSI, and K+N in developing our SOPs.</p>	Complete
<p>Finalize the MIS development schedule. We worked with USAID to review the scope of the MIS and revise the implementation schedule to include four releases instead of three. Release 4 will identify optional functionality to improve overall efficiencies and will be evaluated before engaging in these activities. (See challenge #1 below.)</p>	Complete
<p>Develop approach for Chemonics' FMIS to support GHSC-PSM financial reporting requirements. The MIS team developed an approach to add two attributes to Chemonics' financial management information system (FMIS) modules. A combination of billing codes and the two additional attributes will support financial reporting that meets USAID's requirements.</p>	Complete
<p>Release MIS Version 0, supplier and contract management (Emptoris). The MIS team delivered the MIS release 0, which includes functionality in Emptoris for supplier and contract management, on time. We uploaded key supplier data into Emptoris and trained users on the system.</p>	Complete
<p>Prepare micro design for 0.6 MIS release to support warehousing. The MIS team completed the design work to implement basic order and warehouse capabilities for release 0.6.</p>	Complete
<p>Determine MIS functional requirements. The MIS team conducted blueprinting to document MIS functional requirements. Blueprinting will continue into May, at which point USAID and the team will sign off on the MIS requirements.</p>	On target

3. CHALLENGES

Challenge #1 – MIS functionality in early releases. Developing an MIS that provides all the data and functionality expected by the GHSC-PSM team and USAID is a significant challenge. The main risk is having overly ambitious expectations for early releases. During blueprinting, some requirements are being shifted forward, and the MIS team will have to assess the impact of this. It may be necessary to make tradeoffs in terms of delivering functionality. If needed, these will be discussed with USAID.

E. COUNTRY PROGRAMS TECHNICAL ASSISTANCE

1. HIGHLIGHTS

Transition planning. At a transition meeting hosted by USAID, the GHSC-PSM Country Programs team started coordinating with the SCMS and DELIVER teams on transitioning country programs. Subsequently, SCMS and DELIVER provided a high-level overview of their programs, and are providing detailed information on operations and technical activities for each of the 20 countries interested in a GHSC-PSM buy-in.

GHSC-PSM formed the Country Programs Technical Assistance TWG (TWG9) to spearhead transition planning for country programs. We submitted a GHSC-PSM country transition plan that outlines how we prepare to transition each country program, the country buy-in process, and how we handle technical scoping and operational startup. The TWG9 leader coordinates weekly with USAID counterparts for each TO to identify transition needs, country priorities, and opportunities for improvement in communications and handover.

GHSC-PSM regional managers worked very closely with USAID country backstop teams and with mission staff to understand country requirements and to plan scoping visits. Based on this information, we formed startup teams comprising operational specialists and technical specialists, as needed. SCMS or DELIVER staff also participate in scoping visits for programs transitioning from their projects to GHSC-PSM. Exhibit 5 lists the teams deployed for startup visits this quarter.

EXHIBIT 5. STARTUP TEAMS DEPLOYED

COUNTRY	TEAM LEAD	TEAM MEMBERS	ARRIVAL
Burma	Shaun O'Neil <i>TO3 Systems Strengthening Manager</i>	Operations Team Lead	3/28/2016
Ghana	Mark Morris <i>Regional Programs Manager</i>	Operations Team Lead Recruitment Specialist	3/29/2016
Madagascar	Grace Adeya <i>TO2 Systems Strengthening Manager</i>	Senior Contracts Specialist Operations Team Lead Operations Specialist Recruitment Specialist	3/21/2016
Malawi	Shane McGee <i>Regional Programs Manager</i>	Warehouse Specialist Subcontracts Specialist Operations Team Lead Operations Specialist Recruitment Specialist	3/29/2016
Mozambique	Doris Youngs <i>Country Programs Manager</i>	Operations Team Lead Recruitment Specialist Procurement Specialist Contracts & Finance Specialist	1/23/2016
Zimbabwe	Doris Youngs <i>Country Programs Manager</i> Mary Lyn Field-Nguer <i>TO1 Director</i>	Senior Contracts Specialist Security Specialist Operations Team Lead Operations Specialist	3/29/2016
Lesotho	Brian Agbiriogu <i>M&E Manager</i>	Operations Team Lead	3/29/2016

During these visits we meet with the mission and stakeholders to establish relations and gather information needed for a seamless and efficient transition of program activities to GHSC-PSM. The team leader oversees planning consultations to build relationships; understand programmatic requirements, current activities, and challenges; and identify technical priorities during the transition. The operations team lead manages operational launch of project, including project registration, management and financial systems, project policies and procedures, and recruitment, and oversees the operations and/or recruitment specialist(s). The contracts specialist reviews subcontracts, leases, and vendor agreements to understand subcontracting needs and contractual obligations for warehousing, local procurement, staffing, and general contractors in countries where USAID has supported an augmented or parallel supply chain. The security specialist conducts an initial country security assessment and benchmarking, develops a security platform, and recommends ways to ensure staff and commodity security in new or higher risk countries.

After the scoping visit, the regional managers work closely with mission Activity Managers in each country and USAID country backstops in Washington to develop budgets and interim work plans through the end of FY 2016. These address the requirements of transitioning technical assistance and systems strengthening activities, parallel supply chain activities (if any), and operational start up. They also provide support for assessments and full work planning for FY 2017, which the teams will conduct in June and July 2016. Based on findings from scoping visits, the TWG9 determined that certain countries may require a startup budget to advance transition activities while interim work planning and budgeting take place, and is planning for this.

Initiation of GHSC-PSM support in new countries. In addition to transitioning technical assistance and other support from SCMS or DELIVER to GHSC-PSM, some missions that had not received support previously plan to buy in to the project. The first of such countries was Lesotho, which we visited late in the quarter.

Submission and approval of the GHSC-PSM Mozambique Transition Plan. On December 29, 2015, USAID/Mozambique was the first mission to express interest in a buy-in. The initial scoping trip started within two weeks of the project’s official kickoff. The operations team made progress in transitioning warehousing, IT systems, and commodity procurement, and initiated registration, recruitment, and identification of office space. GHSC-PSM submitted a transition work plan to USAID, which was approved by the end of the quarter.

2. PROGRESS AGAINST THE TRANSITION PLAN

Exhibit 6 lists the planned activities and milestones scheduled in the transition plan for this quarter, summarizes progress, and indicates the status of planned activities.

EXHIBIT 6. COUNTRY PROGRAMS PLANS, PROGRESS, AND STATUS

PLAN AND PROGRESS	STATUS
<p>Open 17 field offices (staff, leases, inventory) by July 1, 2016. Our Country Programs Team held initial conversations with the USAID backstops and missions for 20 countries interested in a GHSC-PSM buy in. We visited Burma, Ghana, Lesotho, Madagascar, Malawi, Mozambique, and Zimbabwe in Quarter 1, and are in the process of developing detailed interim work plans for each of these countries for FY 2016. We also are planning visits to the remaining 10+ countries early in Quarter 2. (See challenge #1 below.)</p>	<p>On target</p>

PLAN AND PROGRESS	STATUS
<p>Transfer in-country technical assistance from SCMS and DELIVER to GHSC-PSM. Technical scoping is an important focus of planning visits. GHSC-PSM scoping teams solicit inputs from USAID missions, government officials, national supply chain staff, and other health commodity supply chain stakeholders. These stakeholders indicate the technical assistance activities they would like to see continued or phased out, and what new systems strengthening activities they would like GHSC-PSM to initiate. The country team then incorporates these priorities in the detailed interim work plan for that country. Many of the immediate technical assistance needs that have been identified to date include support to transitioning logistics management information systems (LMIS), warehousing assessments to inform longer-term warehousing strategy, or stop-gap support for annual forecasting and quantification. (See challenge #2 below.)</p>	<p>On target</p>

3. CHALLENGES

Challenge #1 – Scoping visits. The major challenge this quarter was the need to initiate the transition process simultaneously from the incumbents in multiple countries. The risk of not meeting this challenge is that technical assistance and supply chain support in these countries would be disrupted, in turn disrupting health programs. To address this, we worked closely with USAID country backstops to set up calls and meetings with the green-lit missions to understand the transition priorities and challenges for each country. We then worked through the Country Programs Technical Assistance TWG to coordinate dates with each mission for the first scoping visit. To be able to conduct the visits concurrently and to ensure that the needed expertise was included in each transition team, GHSC-PSM worked closely with Chemonics’ Supply Chain Solutions Division to engage experts from all of Chemonics’ business units and support divisions. We were able to organize and field teams by the end of March to seven countries. We are using the same approach to field teams to an additional 10+ countries early in Quarter 2.

Challenge #2 – Gap between scoping visit and approved budget. The second major challenge is to develop interim work plans and budgets and get them approved in time to have staff and contracts in place when the incumbents’ offices close. We learned through our first experience (Mozambique) that it is critical to have additional funding to cover activities between the scoping trip and approval of the interim work plan and budget. Certain missions are not comfortable programming startup costs in the initial scoping trip. To address this funding gap, the Country Programs Team worked with USAID to conceive a startup budget to support activities through June 2016 following the scoping trip. The Country Programs Team and Supply Chain Solutions Division devoted considerable effort to developing a well-conceived work plan and accounting for activities in a new activity-based budget template, mirroring the technical criteria required by the BI&A contractor, to facilitate planning and USAID approval.

F. GLOBAL COLLABORATION

1. HIGHLIGHTS

The procurement and country office transitions must be completed before the incumbent contracts end on September 26, 2016 (for SCMS, DELIVER TO7, and DELIVER TO4 technical assistance) and in February 2017 (for DELIVER TO5 procurement). Thus, for the first quarter of the project, with USAID's concurrence, GHSC-PSM prioritized procurement and country technical assistance activities.

Global Strategic Engagement

GHSC-PSM received lists of global groups with whom SCMS and DELIVER work. With USAID, we are deciding on GHSC-PSM's role with these and other groups.

GHSC-PSM participated in the following meetings:

- *Inter-agency Supply Chain Group (ISG)*. GHSC-PSM's project director presented an overview of the project to this key group that leads coordination to ensure a sustainable supply of quality essential medicines. This was one of the first presentations about the project to an external audience.
- *International Association of Public Health Logisticians (IAPHL)*. GHSC-PSM participated in a stakeholder meeting to discuss and identify options for the future structure of this group.
- *People that Deliver (PtD)*. In February, GHSC-PSM and PtD staff discussed ways our organizations can work together. We agreed to continue these discussions once the GHSC-PSM Global Collaboration team is fully staffed.
- *Reproductive Health Global Advisory Traceability Group (RHGTAG)*. GHSC-PSM started participating in the RHGTAG monthly calls. We are working with USAID colleagues to develop draft contract language and an action plan to implement GSI product identification standards on all health commodities procured by GHSC-PSM.
- *Reproductive Health Supplies Coalition (RHSC)*. Project staff attended RHSC's Market Development Approaches Working Group (MDAWG) to introduce the project to the group and to understand better the coalition's goals and activities.
- *WHO/UNAIDS Global Forecasting*. Following plenary discussions and presentations at the meeting, the GHSC-PSM team met with the major pharmaceutical and diagnostic suppliers in individual meetings, with USAID and SCMS representatives present.

Market Dynamics

GHSC-PSM was working with USAID to confirm the structure and scope of market dynamics activities and to prioritize the key questions that we should investigate for each TO and product category. These include:

- Identifying high-impact pipeline products to allow forward planning for introduction and scale up

- Analyzing production economics to help set supplier incentives and steer markets toward sustainable margins
- Identifying and alleviating capacity constraints for global supply
- Identifying and mitigating supply risks

The Market Dynamics team supported the commodity councils' kickoff by presenting preliminary market health assessments for each product category. These preliminary assessments synthesized initial market research across global demand, supply, pricing, and product pipelines.

Knowledge Management and Communications

GHSC-PSM worked to finalize the project's Branding Implementation Plan and Marking Plan. Once USAID has signed off, we will proceed with some key project materials, including templates for the newsletter, PowerPoint® presentations, business cards, and reports.

GHSC-PSM conducted formative research on USAID and GHSC-PSM project leaderships' priorities for project website audiences, content, and functionality. We also developed a high-level inventory of legacy materials on the SCMS and DELIVER websites.

2. PROGRESS AGAINST THE TRANSITION PLAN

No activities or milestones for the global collaboration objective were planned for the initial quarter. Nonetheless, as shown in Section F.I above, significant progress was made.

3. CHALLENGES

Challenge #1 - Staffing. Gaps on the Global Collaboration team have delayed some activities. Most, if not all, gaps will be filled in Quarter 2.

Challenge #2 - Website. In Quarter 2, the project will work with the CORs to submit an application to USAID's Website Governance Board, which must formally agree to a project website. The board also will decide whether the project must use the USAID.gov URL. Any delay in approval ultimately will delay development of the project website. In the meantime, we are preparing to release an RFP to web development firms as soon as USAID sign off is received. We also are updating information on GHSC-PSM on Chemonics.com and adding links to high priority information while we build the permanent website.

G. PROJECT MANAGEMENT

1. HIGHLIGHTS

This section highlights cross-cutting project management and monitoring and evaluation activities.

Project Management

GHSC-PSM and USAID developed a collaborative partnership in the first quarter of the project. All of the major milestones for this phase of startup, including the on-time submission of all GHSC-PSM contract deliverables to USAID, were met.

Project leadership completed the following activities in Quarter 1:

- Planned and completed the project startup and the collaboration conferences
- Proposed a transition framework agreement
- Provided detailed transition planning
- Launched the TWGs, including for project management functions, namely senior management/operations (TWG1) and finance (TWG2)
- Hired and on-boarded 60 percent of the billable team positions (106 out of 176 staff members)
- Developed financial systems to track TO funding flows
- Defined and began implementing modifications to Chemonics' financial systems to meet GHSC-PSM-wide information specifications for budgeting, tracking, and reporting project financials

Monitoring and Evaluation

The M&E team completed the following activities in Quarter 1:

- Launched the M&E TWG (TWG3)
- Collaborated with the USAID M&E points of contact to develop the M&E plan, discuss software tools for data storage and reporting, and determine the schedule for reporting results for each objective
- Developed KPIs and submitted the draft project M&E plan
- Shared KPI reporting requirements with the MIS team
- Supported country startup recruitment, and developed an in-country M&E plan template

2. PROGRESS AGAINST THE TRANSITION PLAN

Exhibit 7 lists the project management and M&E activities and milestones scheduled in the transition plan for this quarter, summarizes progress, and indicates the status of planned activities.

EXHIBIT 7. PROJECT MANAGEMENT AND M&E PLANS, PROGRESS, AND STATUS

PLAN AND PROGRESS	STATUS
<p>Complete startup conference. GHSC-PSM hosted a startup conference on January 7 – 8 where project leadership and USAID discussed the general transition approach, launched the TWGs, and discuss data and documentation requirements for a smooth transition.</p>	Complete
<p>Propose transition framework agreement. At a startup conference in early January, GHSC-PSM presented the transition framework. This framework includes formation of TWGs; transition planning with USAID, SCMS and DELIVER; and a detailed transition plan.</p>	Complete
<p>Initiate development of TWG plans. GHSC-PSM launched all 10 TWGs at the startup conference. TWGs started meeting regularly with USAID counterparts and SCMS or DELIVER counterparts (where relevant). The TWGs developed detailed transition plans and are actively managing transition activities.</p>	Complete
<p>Receive requested data from USAID, the Business Intelligence and Analytics contractor, SCMS, and DELIVER. GHSC-PSM submitted a list of datasets, documents, and other materials from USAID, SCMS, and DELIVER necessary to plan and implement a smooth transition. We received the majority of requested materials and consider this milestone largely complete. We continue to follow up with USAID, SCMS, and DELIVER periodically about remaining items and new requests.</p>	Complete
<p>Complete the collaboration conference. USAID convened a meeting with GHSC-PSM, SCMS, and DELIVER. United behind USAID's vision for a smooth transition in global supply chain, technical assistance, and other activities, conference participants began detailed discussions on transition management, global supply chain, technical assistance, communication protocols, and the substantive transmission of knowledge and data.</p>	Complete
<p>Determine global supply chain, in-country, and cross-cutting indicators. The M&E team developed a comprehensive set of KPIs for USAID's consideration.</p>	On track
<p>Submit Performance Management Plans. The M&E team submitted the Performance Management Plans (PMPs) (since renamed M&E plans) for each of the TOs.</p>	On track

3. CHALLENGES

Challenge #1 – Staffing. The project's original transition plan assumed a full transition of global supply chain and country offices within nine months of project start. Although awarded on April 15, 2015, GHSC-PSM contract implementation was delayed significantly due to two protests. USAID designated January 11, 2016, as the official project start for the purposes of deliverable and activity due dates, and Chemonics immediately started implementing project activities. Given the extended protest, however, the originally planned nine month transition period was reduced for a number of key milestones, including the following:

- Transition of inventory in RDCs from SCMS and DELIVER to GHSC-PSM
- Full manual capability to assume routine commodity orders
- Transition of country offices from SCMS and DELIVER to GHSC-PSM by July 2016

Many of the originally-proposed staff were no longer available in January 2016. The risk of not making a fast start with many interrelated activities was that the project would not be able to transition procurement, supply chain, and systems strengthening activities from the incumbents in time. Our solutions were to prioritize filling leadership positions (with many candidates recruited and waiting for hiring approval), have staff fill multiple roles until more colleagues were brought on board, and tap resources from Chemonics' Supply Chain Solutions and other divisions (particularly for the country startup teams). These solutions have enabled GHSC-PSM to meet the key milestones and conduct country scoping visits in order to meet the compressed transition timeframe.

Challenge # 2 – Managing a difficult transition. Transitioning work from an incumbent to a new contractor always presents the risk that some critical information will not be conveyed, that processes involving outside parties will be interrupted, that staff will abandon the incumbent to join the new team while the incumbent needs to manage close out activities, and that the incumbent will not be cooperative. These risks were multiplied for GHSC-PSM because two existing contracts were merging into one new contract. USAID's leadership in establishing expectations for a smooth transition and setting a respectful and cooperative tone was critical. Our development of TWGs that detailed data and information requirements and that engaged regularly with SCMS and DELIVER staff led to systematic information sharing. We focused early on contacting existing suppliers and on communicating with USAID backstops and missions to plan the transition of country programs, in some cases conducting country scoping visits with SCMS or DELIVER staff. We negotiated a clear protocol with the SCMS and DELIVER contractors addressing the recruitment and hiring of incumbent project staff, and have been judicious and respectful about the timing of transitioning staff from SCMS or DELIVER to GHSC-PSM. With USAID's support and with open and respectful communication, we have developed productive relations with the SCMS and DELIVER teams that is greatly assisting transition.