



SUPPLIER SUMMIT

**USAID Global Health
Supply Chain Program
Supplier Summit
February 21-23, 2017**

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USAID Global Health Supply Chain Program

LONG-LASTING INSECTICIDE NETS (LLINS)



USAID
FROM THE AMERICAN PEOPLE



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



USAID
FROM THE AMERICAN PEOPLE



U.S. President's Malaria Initiative

PROGRAM OVERVIEW: USAID PRESIDENT'S MALARIA INITIATIVE GHSC-PSM TASK ORDER 2



THE U.S. PRESIDENT'S MALARIA INITIATIVE (PMI) MISSION

Work with PMI-supported countries and partners to further reduce malaria deaths and substantially decrease malaria morbidity towards the long-term goal of elimination

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PMI'S OBJECTIVES

Objective 1

- Reduce malaria mortality by one-third from 2015 levels in PMI-supported countries, achieving a greater than 80% reduction from PMI's original baseline levels

Objective 2

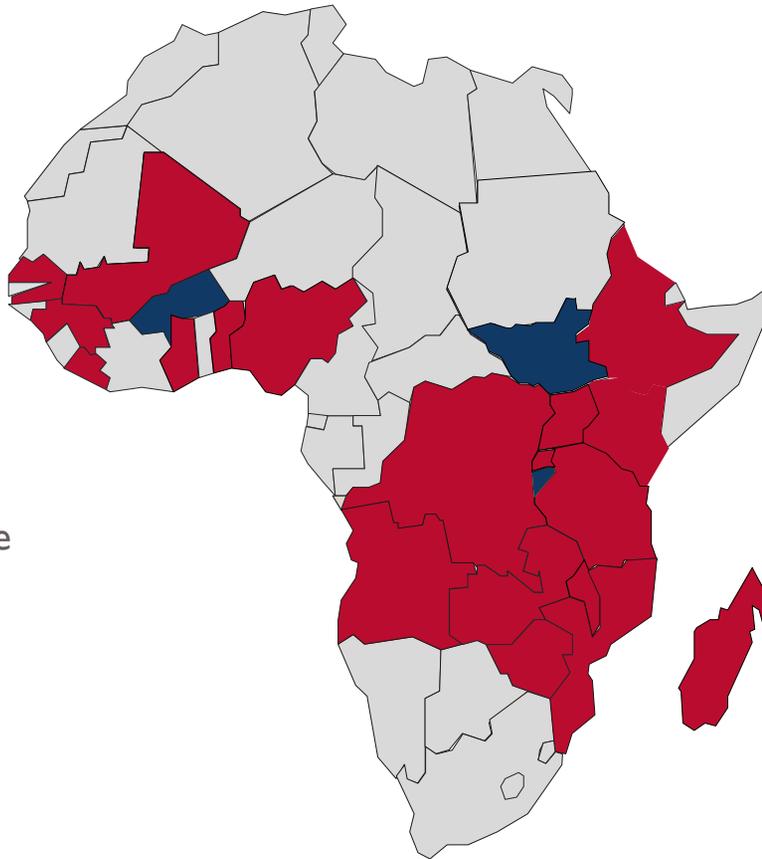
- Reduce malaria morbidity in PMI-supported countries by 40% from 2015 levels

Objective 3

- Assist at least five PMI-supported countries to meet the WHO criteria for national or sub-national pre-elimination

CURRENT PMI FOCUS COUNTRIES

- Angola
- Benin
- DRC
- Ethiopia
- Ghana
- Guinea
- Kenya
- Liberia
- Madagascar
- Malawi
- Mali
- Mozambique
- Nigeria
- Rwanda
- Senegal
- Tanzania
- Uganda
- Zambia
- Zimbabwe



- Burkina Faso*
- Burundi*
- South Sudan*

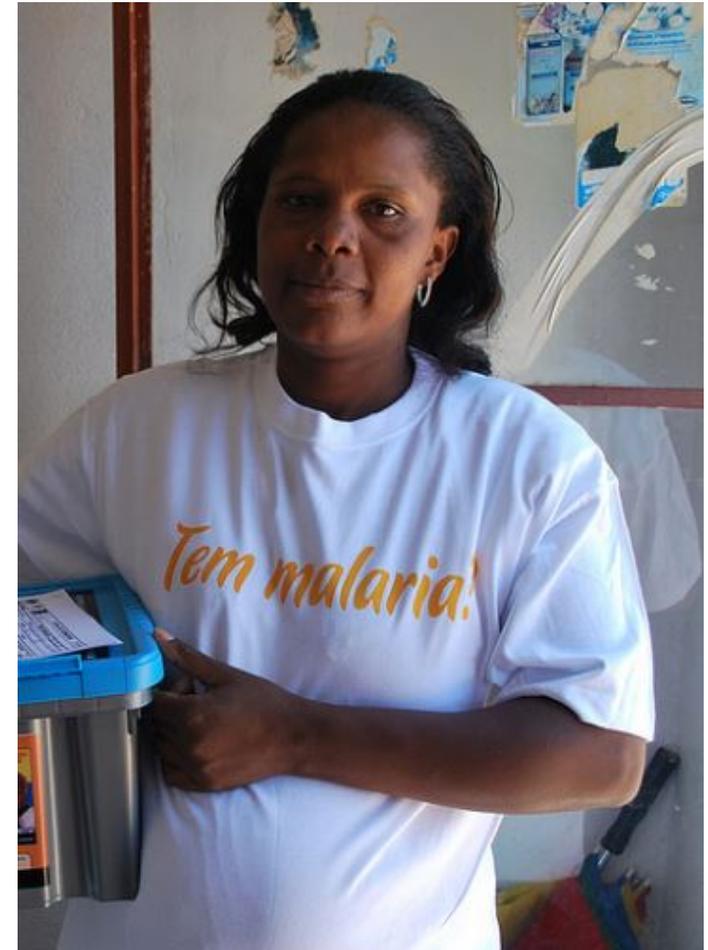
- Burma
- Cambodia
- Thailand/Regional



*non-presence countries

MALARIA OPERATIONAL PLANS (MOPS)

- One-year costed implementation plans for PMI Focus Countries
- Country led!
- MOPs review current status of malaria control and prevention policies and interventions; also identify challenges and unmet needs to achieve NMCP national goals, and provide a description of planned PMI-funded activities
- Each MOP has been endorsed by the U.S. Global Malaria Coordinator and reflects collaborative discussions with the national malaria control programs and partners in-country
- Standardized formats – primary focus for external partners are tables 1 & 2
- MOP visits are a key point in the process when national gaps are reviewed and upon which MOP commodity tables are developed
- Available publically on the PMI website: <https://www.pmi.gov>



MOP TIMELINE

| Month | Activity |
|-----------------------|--|
| Feb. – Jun. 2016 | FY17 MOP development visits (writing the MOP) |
| Apr. – Aug. 2016 | FY17 MOP HQ review & revision |
| Oct. 2016 | MOP approval after IAG convenes (posted online by November) |
| Mar. – Jun. 2017 | FY18 MOP development visit (time to write the MOP again) FY17 MOP reprogramming (revised table 2 posted online) -Add/remove activities -Change activities: implementing partner, budget or scope -Program additional funding |
| May – Jul. 2017 | Start placing commodity orders outlined in FY17 MOP |
| Sep. 2017 + | FY17 funding available |
| Oct. 2017 – Sep. 2018 | Implement activities in FY17 MOP (for orders to arrive in CY 2018) |

For more information on how the MOPs are incorporated into supply plans, please attend the breakout session on “Global Forecasting and Supply Planning”

LLINS DEMAND FORECASTING

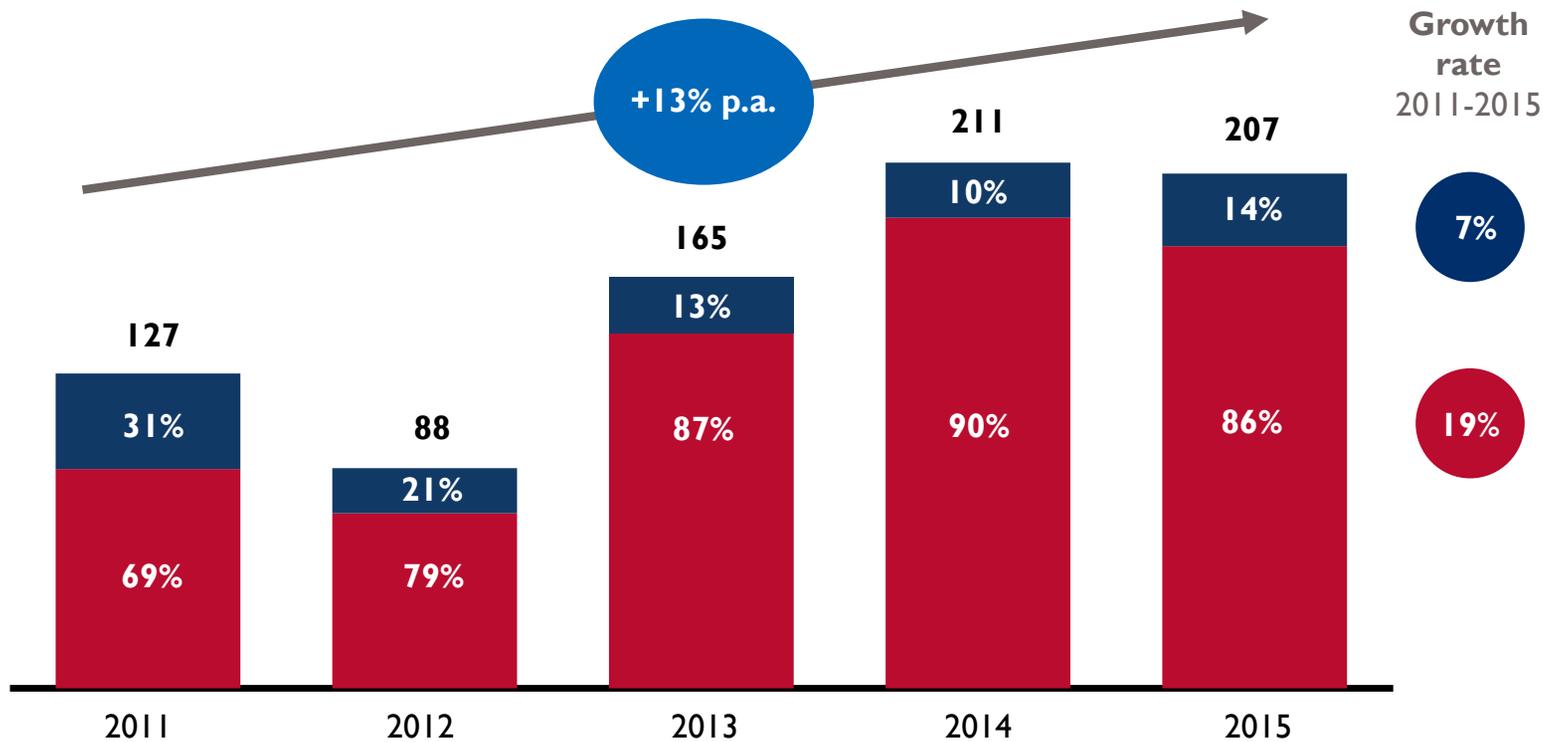
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GROWTH IN GLOBAL DELIVERIES OF LLINS IS ~13% P.A

LLINs Delivered By Region, 2011-2015

Millions



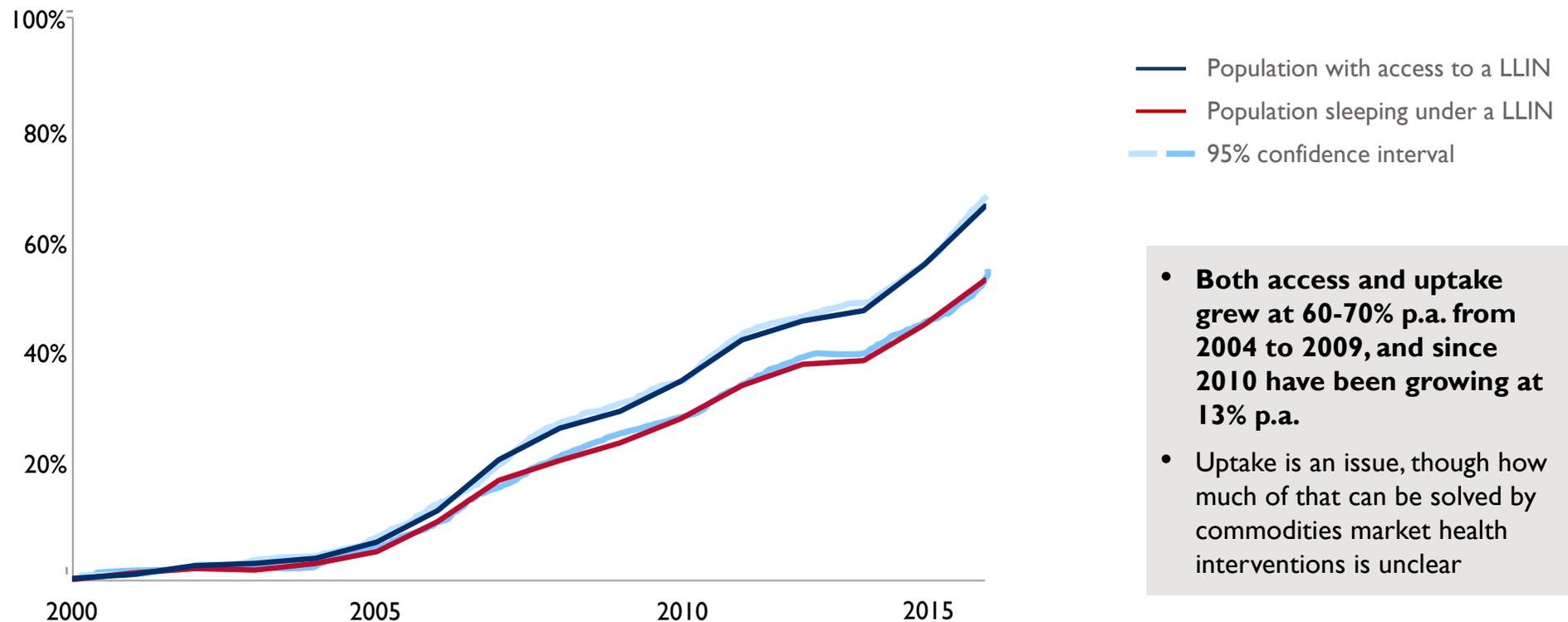
■ Rest of the World
■ Sub-Saharan Africa

- PMI and GFATM provided 83% of all nets in 2015
- SSA growth has been ~20% per year while the rest of the world has been declining on average by 7% per year since 2011
- LLIN spending has reached just under \$1B in 2014 and is the largest spend category for malaria

SOURCE: GFATM PQR and PMI internal databases

DESPITE TREMENDOUS GROWTH, ONLY AROUND HALF OF THE AT-RISK POPULATION SLEEP WITH LLINS

Proportion Of Population At Risk With Access To LLIN In Sub-Saharan Africa
Proportion Sleeping Under A LLIN In Sub-saharan Africa



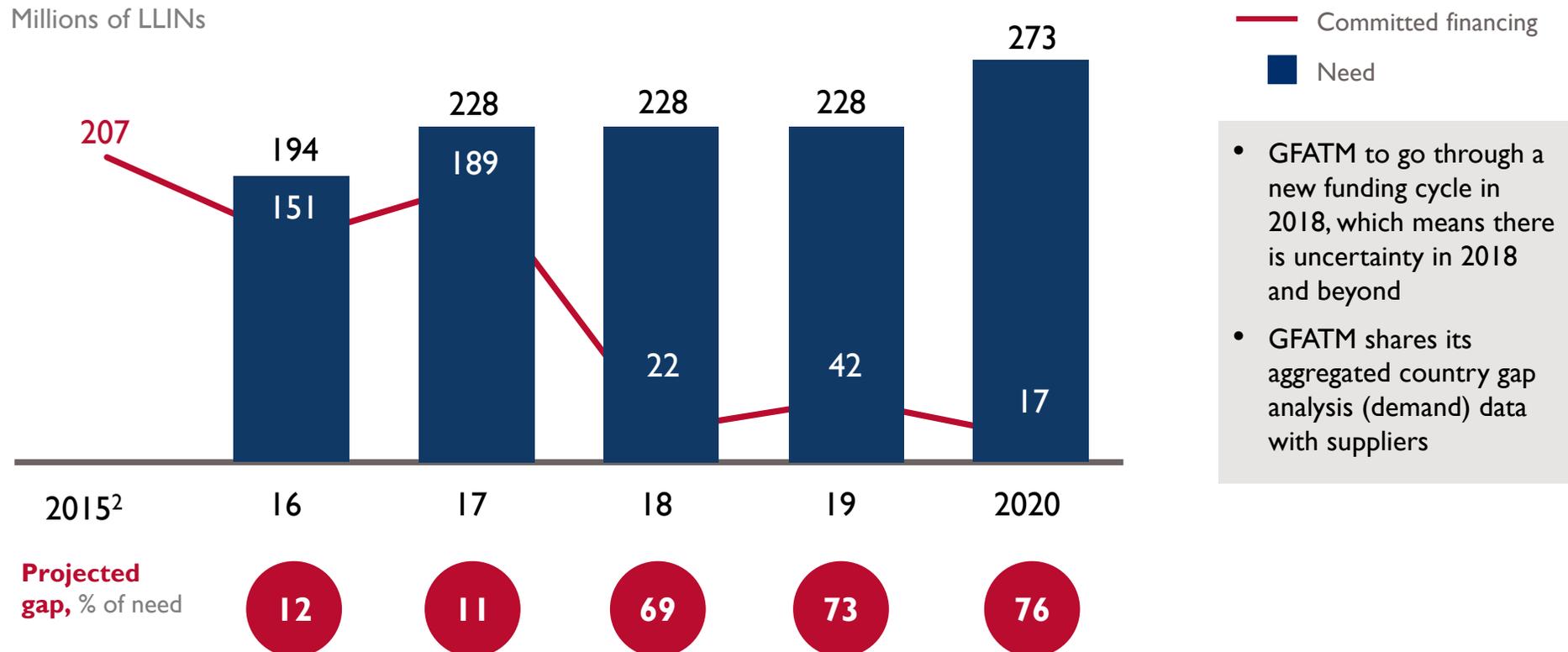
- **Both access and uptake grew at 60-70% p.a. from 2004 to 2009, and since 2010 have been growing at 13% p.a.**
- Uptake is an issue, though how much of that can be solved by commodities market health interventions is unclear

SOURCE: Insecticide-treated mosquito net coverage model from Malaria Atlas Project, with further analysis by WHO

PUBLIC PROCUREMENT IS PROJECTED TO BE ABLE TO COVER ~90% OF ALL PUBLIC DEMAND FOR LLINs THROUGH 2017

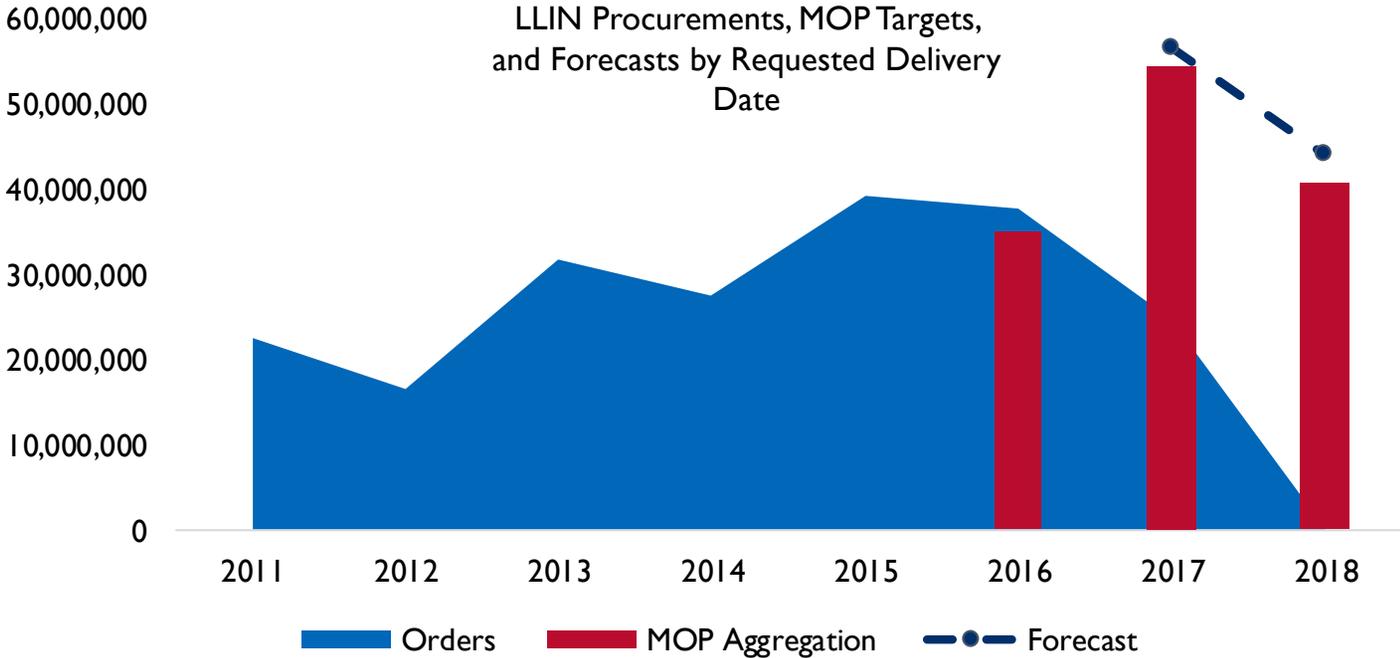
Projected Global Demand For LLINs and Projected Committed Financing Available For Procurement

Millions of LLINs



1 Gap analysis, Harmonization Working Group, August 2016. Includes 45 countries; does not include Burma, Thailand, Laos, or Cambodia
 2 Net Mapping Project, data from suppliers

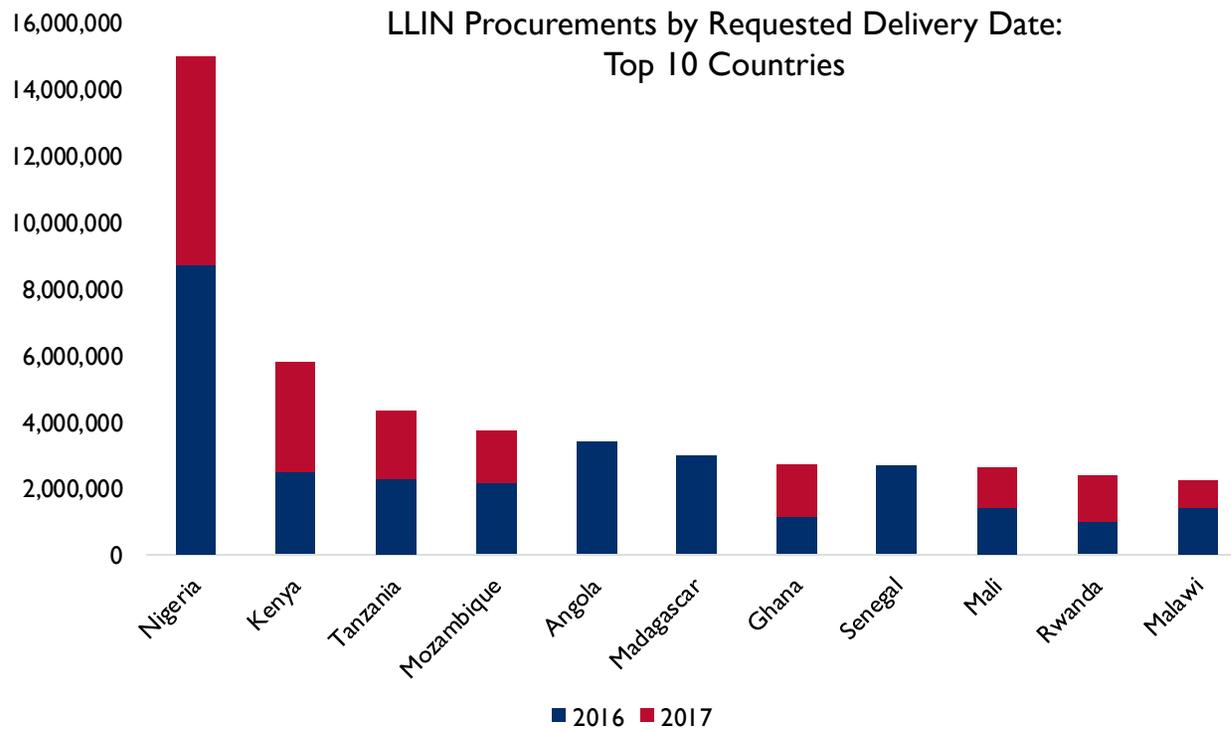
USAID HISTORICAL ORDERS & FORECASTED DEMAND



Notes

- For 2016 and 2017 orders to date, the top 10 procuring countries account for approximately 75% of the total LLIN orders
- Forecasts include MOP targets for Ethiopia, which has not recently ordered via GHSC-PSM

TOP 10 USAID COUNTRIES BY VOLUME 2016-2017



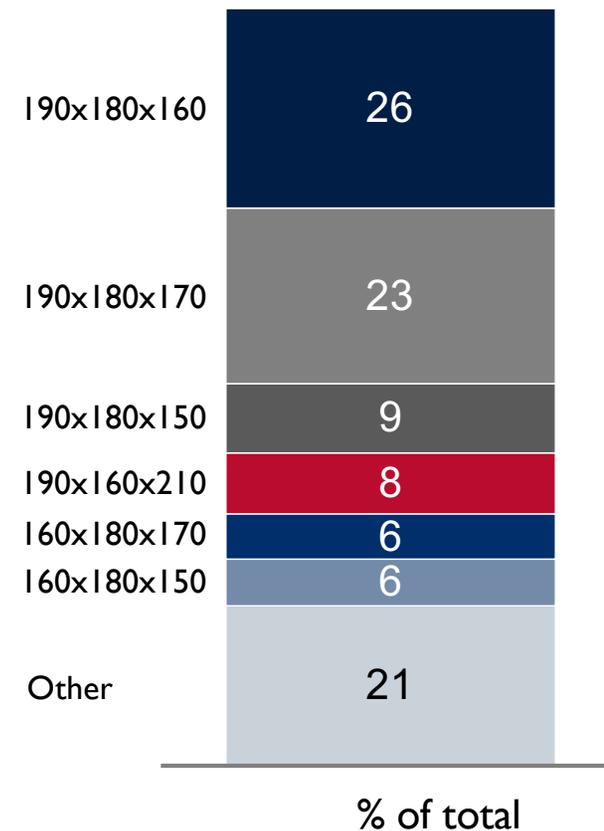
LLIN PROCUREMENT VOLUMES VARY BY NET SIZE

- PMI procured 18 different size combinations in 2014 and 2015; down from the 30 sizes offered since 2010
- 18 countries have procured one of the top **6 net sizes**, which **make up 80% of PMI demand**
- **The most popular sizes are 190Lx180W at 160/170H, which make up 50% of all nets**
- **PMI** recently stopped offering 210 height nets and is **going to be firmer on only offering 5 net sizes and not considering non-standard requests²**

¹ GHSC-PSM team analysis of 2014-15 LLIN procurement (LxWxH)

² Recommendations for PMI ITM Specifications (June 2016 and Beyond)

2014-15 Sizes (cms) for PMI Provided Nets¹



GHSC-PSM LLIN VENDOR PRE-SELECTION PROCESS

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EXPRESSIONS OF INTEREST (EOI)

- GHSC-PSM issues a request to identify potential suppliers for pre-selection to support malaria prevention.
- Suppliers who produce LLINs must have a World Health Organization Pesticide Evaluation Scheme (WHOPES) interim recommendation (Phase II) as a minimum requirement.

TECHNICAL REQUIREMENTS

The physical characteristics of the LLINs must adhere to international standards.

| | Test | Description/Specification | Standard |
|---|-----------------------|--|---|
| 1 | Fabrication | Warp knitted | |
| 2 | Dimensional Stability | Shrinkage or expansion less than 5% in both dimensions | ISO 3759 (1994) ISO 5077 (1984) ISO 6330 (2000) |
| 3 | Bursting Strength | >250 kPa | ISO 13938-1 (1999) ISO 13938-2 (1999) |
| 4 | Seam Strength | >250 kPa | ISO 13938-1 (1999) ISO 13938-2 (1999) |
| 5 | Fire Safety | Meets non-flammable Class I requirement | 16 CFR 1610 |

GHSC-PSM PROCUREMENT OF LLINS

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LLIN TECHNICAL REQUIREMENTS

- Must use one of the six WHOPEs-recommended pyrethroid treatments:
 - ✓ Alpha-cypermethrin
 - ✓ Deltamethrin
 - ✓ Permethrin
 - ✓ Cyfluthrin
 - ✓ Etofenprox
 - ✓ Lambachalothrin
- Expected to retain biological activity for up to 20 washes under laboratory conditions and up to three (3) years of recommended use under field conditions, defined by WHOPEs.
- Produced in a factory that has stringent quality assurance procedures in place and that is operating with proper safety and environmental controls.

PROCUREMENT STRATEGY

Current State

- EOI (June 2016) resulted in pre-selected LLIN manufacturers
- For each requisition order:
 - Conduct simplified Request for Quotations to receive best prices, lead time, etc.
 - Evaluate bids with AQSCIR-P methodology
 - Award subcontract

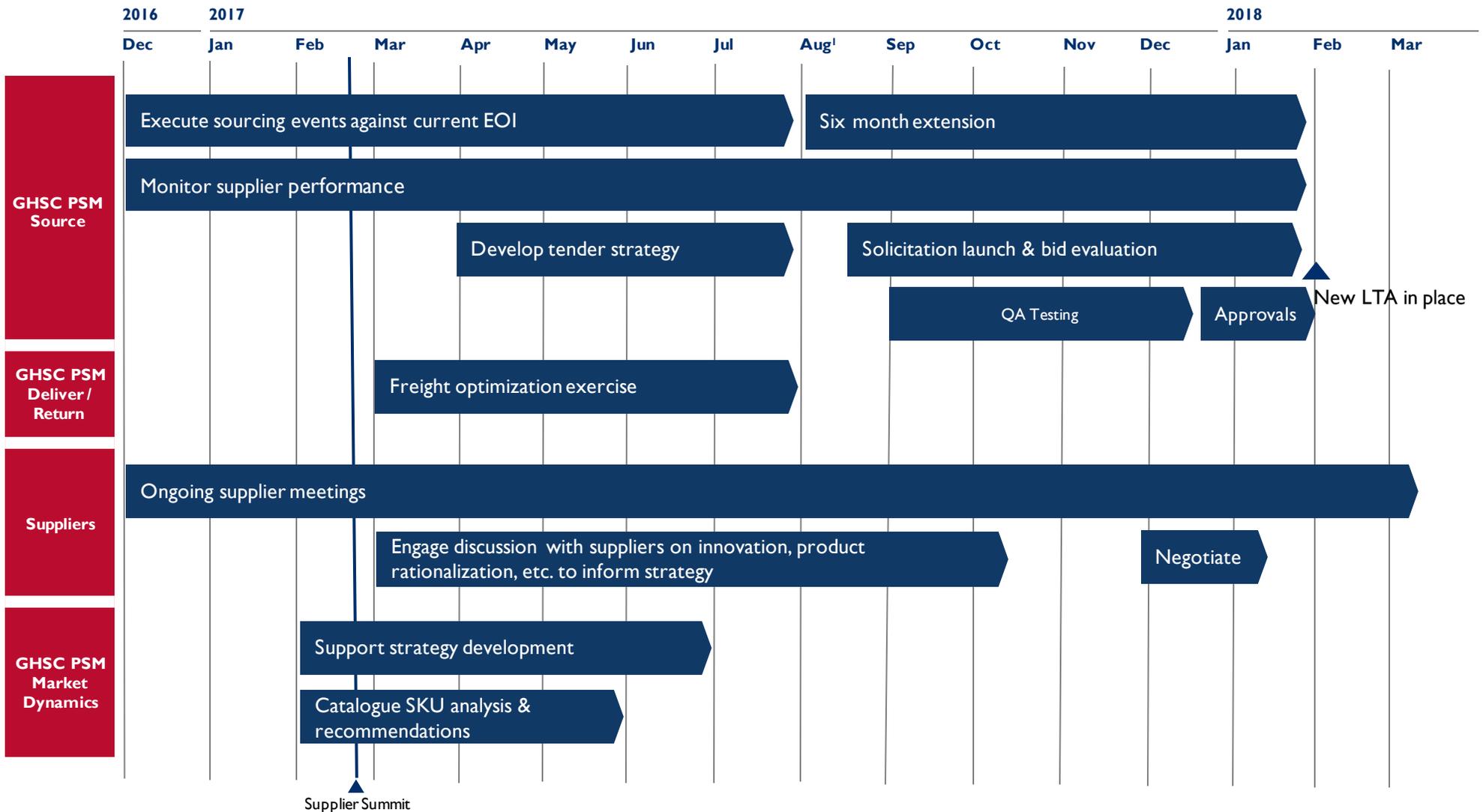


MID-TERM TENDERING APPROACH FOR LLINS PROCUREMENT

| | 2015-2016 | 2017 | Considerations for 2018 |
|---------------------|-------------|-----------------------------------|--|
| Tendering Mechanism | 100% spot | 100% long-term agreements (IDIQs) | 100% long-term agreements (IDIQs); exploring alternatives (e.g., volume allocations) |
| Price Structure | Ceiling | Ceiling | Exploring fixed price vs. ceiling price |
| Number of Suppliers | 7 suppliers | 7-10 suppliers | 7-10 suppliers |

LLIN SOURCING CALENDAR

For informational purposes only; subject to change



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EVALUATION CRITERIA (AQSCIR-P)

EXAMPLES

| | |
|---------------------|--|
| Assurance of Supply | <ul style="list-style-type: none">• Production capacity• Quantity in stock (when required)• Past performance |
| Regulatory | <ul style="list-style-type: none">• Administrative requirements• Registration in country |
| Quality | <ul style="list-style-type: none">• QA requirements (USFDA, WHO, GHSC-QA)• Shelf life• Stability studies/climatic zone standards |
| Service | <ul style="list-style-type: none">• Lead time (stock, fresh production)• Customer service• Product Identification |
| Cost | <ul style="list-style-type: none">• Specific/Unique label language• Unique Distribution requirements |
| Innovation | <ul style="list-style-type: none">• Serialization• Packaging optimization• New/improved products |
| Price | <ul style="list-style-type: none">• FCA unit price |

Criteria and % Weights are Tailored to the Commodity and/or Product and Specific Sourcing Strategy

BEST VALUE AWARD STRATEGY TO ACHIEVE DESIRED MARKET OUTCOME

GHSC-PSM QA MALARIA OVERVIEW

ROLE OF GHSC-PSM QA ROLE IN THE PROCUREMENT PROCESS

Establish List of Preferred Suppliers

- Clear eligibility criteria
- Recommendation based on evaluation of proposals with respect to meeting and exceeding quality requirements

Establish Quality Terms and Conditions Included in RFX Events

- Detailed description of QA/QC requirements

Execute QC Requirements as Outlined in Terms and Conditions

- Concurrent or pre-shipment testing on each batch (depending on manufacturing site/delivery destination)

FOUR KEY STEPS IN THE QC PROCESS

1. Supplier Communicates Goods Are Ready

- Provide packing list, invoice and CoAs to GHSC-PSM QA
- Sampling/inspection location and point of contact

2. GHSC-PSM Executes Sampling and Inspection

- SGS representative will inspect and sample goods and ship to testing lab

3. Qualified Labs Test Samples

- FHI 360 (USA)

4. GHSC-PSM QA Makes Final Determination

LOOKING AHEAD

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STRATEGIC PRIORITIES OVERVIEW

- SKU rationalization
- Shipping optimization
- Reduction of lead times
- Adopt global standards for product identification

SKU RATIONALIZATION

The Challenge

- Significant variations in product presentation lead to variable product prices and higher operational costs.
- Long order submission-to-procurement lead time due to need for clarifications

Goal Is To:

- Reduce variation in product prices
- Reduce operational costs associated with customization
- Reduce need for ongoing clarifications with the field

Discussion

- How do we get there?

SHIPPING OPTIMIZATION

The Challenge

- Freight costs significant as a proportion of total cost of procurement
- Freight costs are highly variable among suppliers, packaging presentation, and shipping routes

Goals Is to Achieve

- Lower shipping costs as a proportion of total order value

Discussion

- How do we get there?

REDUCE PROCUREMENT LEAD TIMES

The Challenge

- Little flexibility in delivery timeline to meet country program needs (i.e., campaign and distribution schedules)
- Long lead times reduce supply chain agility to respond to changing needs or priorities

Goal Is To Achieve:

- Lower supply-side/manufacturer lead times

Discussion

- How do we get there?

ADOPTION OF GLOBAL STANDARDS FOR IDENTIFICATION AND DATA CAPTURE AND EXCHANGE

Implement global standards for:

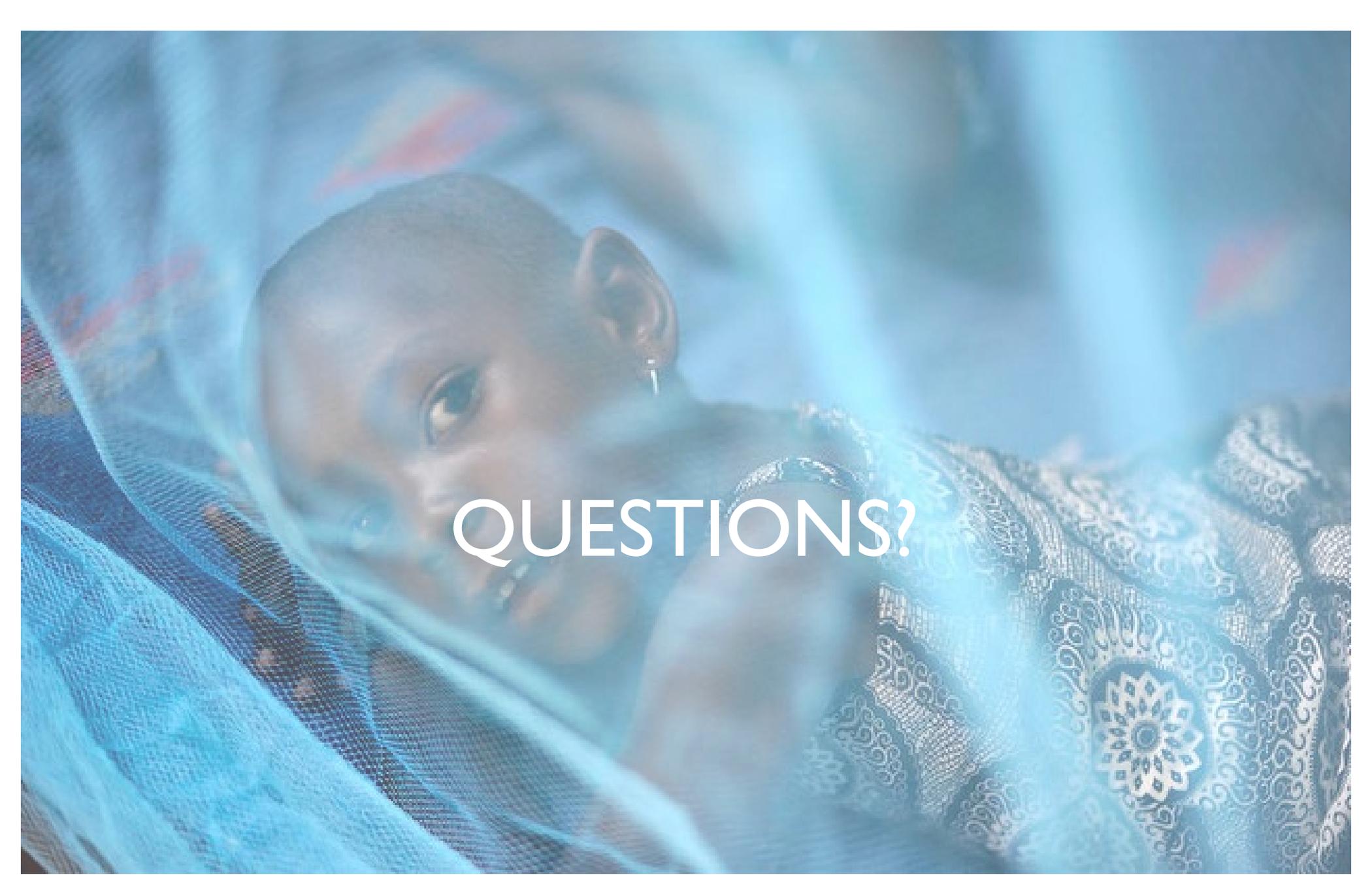
- Product and location identification
- Packaging, presentation, and data capture
- Data exchange of orders, shipment status, and delivery notification

Goal is to achieve:

- End-to-end data visibility
- Supply chain efficiency
- Supply chain security

For more information, we suggest you attend the following sessions:

- Implementation of GSI Global Standards for Product Identification
- Data Exchange with GHSC



QUESTIONS?

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RESOURCES

- [U.S. President's Malaria Initiative](#)
- [Malaria Operational Plans \(MOPs\)](#)
- [USAID GHSC Product Catalog](#)
- [World Health Organization Pesticide Evaluation Scheme](#)

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The USAID Global Health Supply Chain-Procurement and Supply Management project provides commodity procurement and logistics services, strengthens supply chain systems, and promotes commodity security. We support USAID programs and Presidential Initiatives in Africa, Asia, Latin America, and the Caribbean, focusing on HIV/AIDS, malaria, maternal and child health, and population and reproductive health commodities.

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