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USAID GLOBAL HEALTH SUPPLY CHAIN PROGRAM  
PROCUREMENT AND SUPPLY MANAGEMENT

ARV Sourcing Strategy

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## SCMS's sourcing strategy included ...

- Pooling of demand to leverage economies of scale
- Annual framework agreements and quarterly spot tenders
- Use of RDCs in three sub-Saharan African countries (Ghana, South Africa, Kenya) to:
  - Aggregate demand and shipments
  - Enable rapid response to emergency requests
  - Minimize impact of vendor delivery delays
  - Implement cost-effective ocean shipments
- Long shelf life, minimum remaining shelf life
- Standardized labeling and packaging
- Multi-vendor awards

... contributing to significant ARV cost reductions over past several years

Current GHSC-PSM ARV demand is nearly 70% TLE ...

## GHSC-PSM ARV Country Demand Forecast

Product Description	Total Q4'16 - Q3'17		
	Volume (Qty)	Value (\$)	% of Total
Efavirenz/Lamivudine/Tenofovir Disoproxil Fumarate 600/300/300mg, tablets, 30 Tabs	21,591,980	194,327,823	68.1%
Lamivudine/Nevirapine/Zidovudine 150/200/300mg, tablets, 60 Tabs	6,168,660	49,349,284	17.3%
Lopinavir/Ritonavir 200/50mg, tablets, 120 Tabs	460,353	8,746,708	3.1%
Lamivudine/Zidovudine 150/300mg, tablets, 60 Tabs	1,333,625	8,668,565	3.0%
Abacavir/Lamivudine 600/300mg, tablets, 30 Tabs	340,976	4,432,693	1.6%
Efavirenz 600mg, tablets, 30 Tabs	1,345,274	4,035,822	1.4%
Lamivudine/Tenofovir Disoproxil Fumarate 300/300mg, tablets, 30 Tabs	759,387	3,037,548	1.1%
Lamivudine/Nevirapine/Zidovudine 30/50/60mg, dispersible tablets, 60 Tabs	766,432	2,490,904	0.9%
Atazanavir/Ritonavir 300/100mg, tablets, 30 Tabs	135,364	2,436,552	0.9%
Lopinavir/Ritonavir 80/20mg/ml [Kaletra], oral solution, cool, DG, Bottle 5 x 60 ml	43,127	1,329,174	0.5%
Other Products		6,613,225	2.3%
<b>Total</b>		<b>285,468,298</b>	<b>100.0%</b>

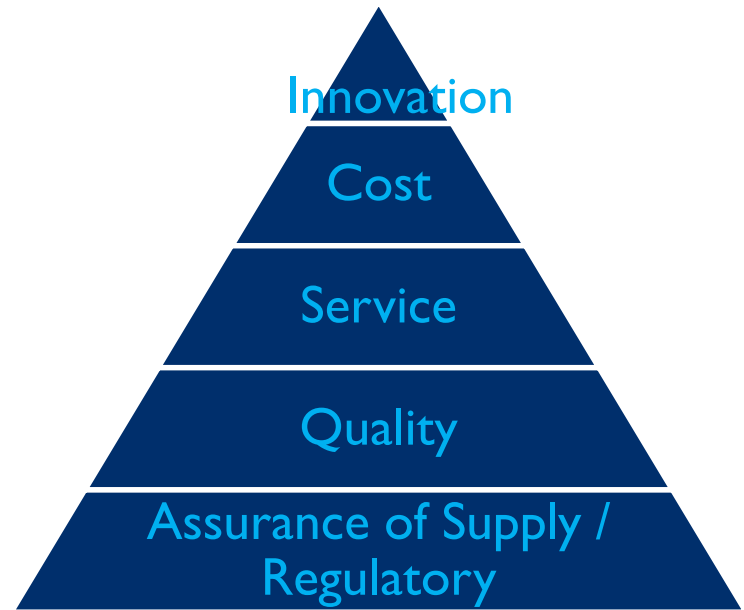
## New GHSC-PSM ARV sourcing strategy will ...

- Provide annual minimum volume guarantees for TLE
  - Enable TLE manufacturer production efficiency
  - Quarterly commitment forecasts to support production planning
  - Multi-vendor awards
- Request manufacturer support and innovation
  - Increased VMI
  - Maximizing shelf life
  - Proactive ARV regulatory submissions in all PEPFAR supported countries
- Ensure full and open competition / transparency
  - Conduct e-RFX events efficiently through PSM integrated information system (ARTMIS)
  - Use “Best Value Source Selection” RFX evaluation methodology (AQSCI)

Greater commitment, collaboration and innovation will enable healthier ARV market

# GHSC-PSM uses AQSCI model for RFX evaluation ...

Evaluation Criteria	Weight (DRAFT)
Assurance of Supply / Regulatory	##%
Quality	##%
Service	##%
Cost	##%
Innovation	##%
Price	##%
Total	100%



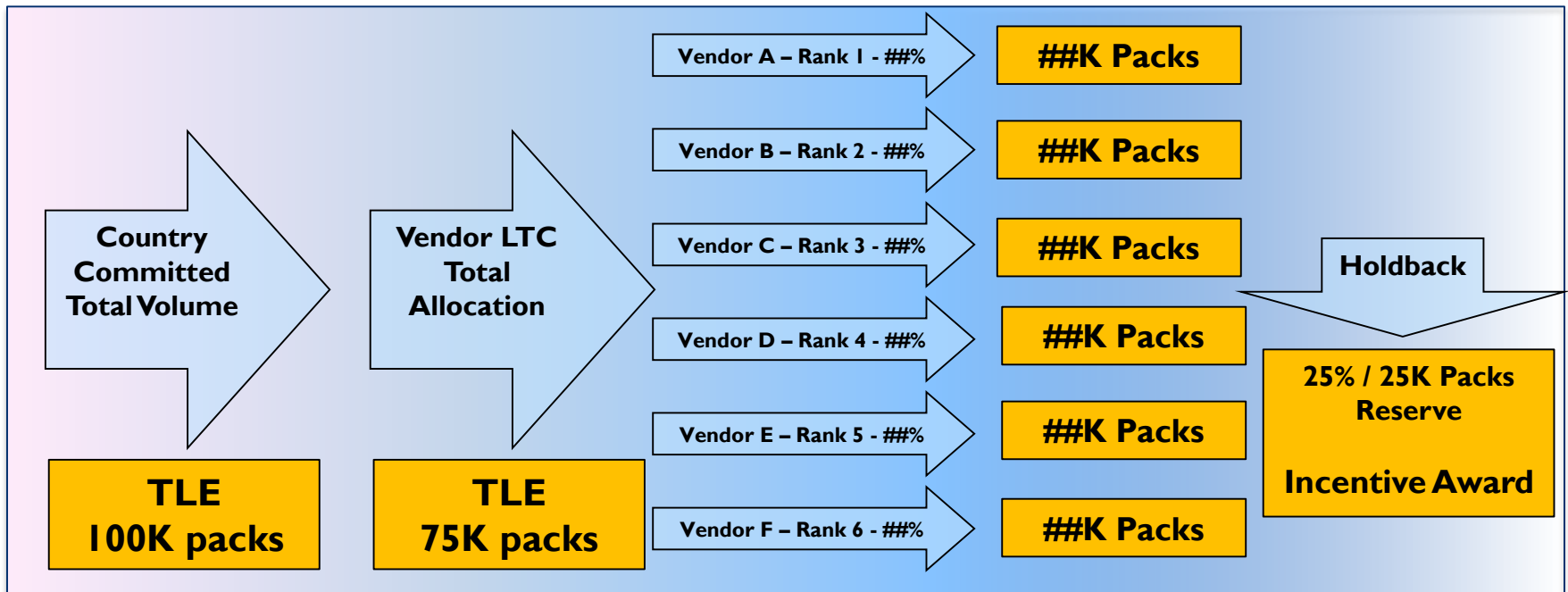
ARV LTC RFQ team will establish requirements and technical questions aligned with AQSCI model

# Our approach to allocating annual volume guarantees ...

## Volume Long Term Commitments (LTC)

Allocate 75% of 'committed' country annual volumes of select ARV pharmaceuticals among vendors employing the AQSCI evaluation model to evaluate offers and allocate contracts

### Example:



Multi-vendor award allocations based on ARV LTC RFQ evaluation rankings

## Successful implementation will be enhanced by ...

- Annual country forecasts, adjusted quarterly
- Committed country volumes and funds
- Harmonization with WHO standard treatment and IATT pediatric guidelines
- Pool of reliable FDA approved vendors
- Availability of in-country fast track registration or waiver mechanisms
- Availability of multiple reliable API sources

Greater commitment, collaboration and innovation will enable healthier ARV market

## Next Steps and Follow-up Actions

- ✓ Meeting with ARV Manufacturers (14-15 Sep)
- Collaborate with global donors (Sep/Oct 2016)
- Release PSM ARV LTC RFQ (Oct 2016)
- Award PSM ARV LTC RFQ (Dec 2016)



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