IMPROVING CONTRACT MANAGEMENT TO IMPROVE MEDICINE AVAILABILITY

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Global Health Supply Chain – Technical Assistance
Problem Statement

As part of the Global Health Supply Chain Technical Assistance (GHSC-TA) Program, Improve the performance of the Contract Management Unit (CMU) within the Affordable Medicines Directorate (AMD) at the SA National Department of Health.

The Contract Management Unit (CMU) is central to the ongoing provision of medicine along the supply chain continuum. Future interventions and initiatives related to ARV replacements and enhanced cost effective HIV treatment will require a CMU department that is functionally fit for purpose, focused on outcomes and able to measure performance credibly and accurately. All of this will require a departmental strengthening exercise that aligns the following:

- **Processes**: Efficient processes with no duplication aligned to clear agreed to SOP’s;
- **Technology**: Tools available to the CMU must be appropriate, functional and aligned with the requirements of the CMU and the strategy of the Department;
- **People**: Clear job descriptions, performance measures, structures, development plans and capacity planning is entrenched.

**Key Principles:**

1. SCTA must ensure that the strengthening intervention at CMU are sustainable beyond the lifespan of the SCTA project;
2. The technical functions of the department must align with the structure, the KPI’s, staffing mix and required outcomes; and
3. The intervention at CMU level must ensure consideration in terms of the interaction with Provincial Departments and contract management functions.
The Approach used

ASSESS

- Undertake Situational AS-IS Assessment
- Create an Options analysis
- Workshop options analysis with CMU
- Agreed options signed off
- Develop material

DESIGN

- Material reviewed by CMU
- Sign off on material obtained
- Develop Implementation Plan
- Test and adapt SOPs as required
- Develop ‘to be’ process maps and SOPs
- Create Policy and legislative reference framework

IMPLEMENTATION & MONITORING

- Implement plans and change management
- Implement Monitoring & Evaluation Plan
- Implement project plan
- Collect and analyse data in line with M&E plan and KPIs
- Provide Feedback and Lessons learnt
- Undertake regular evaluation and impact assessments

Governance and Processes

- Review current organisational design; roles & responsibilities, JD’s, PDMS, Development plans, Induction material, Interaction Framework, skill and capacity
- Create revised organisational structure (CMU)
- Create revised roles and responsibilities
- Consider HR Implications for different options
- Agree Resources required for implementation
- Develop implementation plan
- Implement revised organisational structure (CMU)
- Implement HR activities
- Undertake regular evaluation and impact assessments

Situational Analysis

- Identifying all dependencies and barriers
- Engage stakeholders and analyse feedback on Options Analysis
- Develop Stakeholder Engagement Plan
- Implement Stakeholder Engagement Plan
- Undertake regular evaluation and impact assessments

Financial Management

- Review current budget and expenditure process and
- Review current financial reporting structures and systems
- Review current training and education material
- Review reporting structures and formats
- Review current stakeholder engagement processes and systems
- Identify Stakeholders and
- Analyse feedback on Options Analysis
- Develop Stakeholder Engagement Plan
- Develop Communication Plan and Pack
- Implement Stakeholder Engagement Plan
- Undertake regular evaluation and impact assessments

Education and Training

- Review current training and education material
- Review reporting structures and formats
- Review current stakeholder engagement processes and systems
- Identify Stakeholders
- Engage stakeholders and analyse feedback on Options Analysis
- Develop Stakeholder Engagement Plan
- Develop Communication Plan and Pack
- Implement Stakeholder Engagement Plan
- Undertake regular evaluation and impact assessments

Engagement & Stakeholder

- Review current stakeholder engagement processes and systems
- Identify Stakeholders
- Engage stakeholders and analyse feedback on Options Analysis
- Develop Stakeholder Engagement Plan
- Implement Stakeholder Engagement Plan
- Undertake regular evaluation and impact assessments

Information Systems & Technology

- Review RSA Pharma and Dashboards functionality (Conducted as part of projects 3 and 4)
- Consider IT implications and interactions with the SOP, process flows and JDs in the Department
- Review current stakeholder engagement processes and systems
- Identify Stakeholders
- Engage stakeholders and analyse feedback on Options Analysis
- Develop Stakeholder Engagement Plan
- Implement Stakeholder Engagement Plan
- Undertake regular evaluation and impact assessments

Ongoing stakeholder feedback review

USAID

USAID FROM THE AMERICAN PEOPLE

Health:

REPUBLIC OF SOUTH AFRICA

Implement stakeholder engagement plan

Implement Communication Plan and Pack

Ongoing stakeholder feedback review

Please note: The diagram provides a high-level overview of the approach used, including key stages and processes involved in the ASSESS, DESIGN, and IMPLEMENTATION & MONITORING phases. Each phase contains specific tasks and activities that are outlined in detail. The diagram is designed to illustrate the flow and interconnections between these phases, with a focus on governance and processes, situational analysis, financial management, education and training, and information systems and technology. The approach emphasizes the importance of stakeholder engagement, continuous monitoring, and evaluation to ensure effective delivery of planned changes.
Voice of the Staff:

Visions

- Optimal systems and process integration along the supply chain
- Visibility and transparency along all areas of the integrated supply chain
- Optimal planning processes along the medicine supply chain
- Optimal management and support systems

Challenges

- Orders are not in line with processes
- Tender awards processes
- Supplier non-compliance
- Dependence on reports from stakeholders
- Lack of visibility of supply chain processes
- Poor adherence to deadlines by provinces for deadlines and reports
- Poor planning and stock management by provinces
- Lack of recourse at departmental level
- Poor administration and support processes
Our 6 Focus Areas

1. Workforce & Organisational Design
2. Governance & Process
3. Finance
4. Change Management & Stakeholder Engagement
5. Training & Development

“As Is” Analysis

Monitoring and Evaluation

Control
Workforce Management

"As Is" Analytical Framework

Workforce & Organisational Design

Finance

Change Management & Stakeholder Engagement

Training & Development

Governance & Process

Monitoring and Evaluation

Control
Roles and responsibilities

NdoH Internal

EDP
- Standard Treatment Guidelines
- Contract Administration

Database Administration/ MPC

Contracting
- Demand Forecasting
- Contract Administration
- Contractual Price Adjustments Administration
- Strategic Sourcing

Financial Management
- Buffer Stock

AMD
- Governance

CMU National

Forecasting and Planning
- In Contract Demand Forecasting Reporting

Supplier Performance Management
- Reporting and Escalations
- Supplier Risk management

Demand Performance Management
- Reporting and Escalations

Demander Risk management

Contract Administration
- Reporting

Contract Administration
- Contractual price adjustment compliance

Governance
- Contract Compliance

Sourcing and Procurement
- Non-awards

Financial Management
- Supplier Performance Management

Relationship Management
- Reporting

Performance Management

External to NdoH

National Treasury
- Bid evaluation
- Contract Administration
- General Conditions and contract establishment

CHAI
- Tender Documentation
- In Contract Demand Forecasting

CCMDD
- Supplier Performance Reporting

Supplier performance management

USAID
- From the American People

Department of Health
- REPUBLIC OF SOUTH AFRICA

PEPFAR
Priority areas identified by staff

**Governance - Priority for Change**

- Critical decisions
- Friction
- Appropriate BU
- Accountability
- Process adherence
- Governance / strategy
- Hierarchy
- #N/A
- #N/A

**Networks & Stakeholders - Priority for Change**

- Relationships
- Stakeholder feedback
- Knowledge sharing
- Time with stakeholders
- Stakeholder communication
- Stakeholder management
- Identification
- Stakeholder ownership
- #N/A
## Progress made

<table>
<thead>
<tr>
<th>Description of Impact</th>
<th>Baseline</th>
<th>Current</th>
<th>Target</th>
</tr>
</thead>
</table>
| **Enabling strategy**  
The organisation structure is designed with strategic priorities in mind and is focused on allowing strategic objectives to be met. The strategic contribution of each part of the structure can be explained. | 2        | 4       | 4      |
| **Hierarchy**  
It is clear what each level of hierarchy adds to the organisation, and unique tasks they perform. | 3        | 4       | 4      |
| **Constraints on structure**  
The CMU understands the constraints they face and have mitigating strategies in place to overcome them - these constraints are in terms of capacity, especially in demand. The effectiveness of these mitigating strategies should be reviewed on a regular basis. | 2        | 3       | 4      |
| **Management attention**  
Whilst the CMU structure is confirmed, management can make changes to allocate knowledge and resources to strategic priorities as needed during each performance cycle. | 2        | 3       | 4      |
| **Performance measures**  
The performance of each function is measured through suitable KPIs and functional accountability. Their contribution to the overall organisation strategy can start to be measured. | 2        | 3       | 4      |
| **Flexible**  
The CMU optimised structure allows for flexible, independent functions that can adapt to change. | 3        | 4       | 4      |
## Progress made

<table>
<thead>
<tr>
<th>Description of Impact</th>
<th>Baseline</th>
<th>Current</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governance / strategy</strong></td>
<td>2</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>The governance framework recognises that in order to have effective governance and decision making, strategic objectives must be led from the top of the organisation. The right governance structures and decision making forums are designed to ensure the strategic objectives are on track and not diluted.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transparency</strong></td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Business process decisions are shared with the workforce.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Critical decisions</strong></td>
<td>2</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>The organisation is able to clarify decision rights to promote decision making at the most appropriate level and from the most appropriate person in the CMU team.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Hierarchy</strong></td>
<td>2</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>The CMU has the structure in place to ensure that clear accountabilities and decision making processes within each function and governance body are critical for the achievement of the strategic objectives.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Appropriate BU</strong></td>
<td>2</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Decisions are made at appropriate levels to ensure that the right people are included and accountable.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Accountability</strong></td>
<td>2</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Decision making is monitored and supported. People have access to the right information to allow them to make an informed decision and support is available where needed.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Process adherence</strong></td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Processes are in place and should be implemented and monitored.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Managing conflicts</strong></td>
<td>1</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>The organisation understands that conflicts may occur. Defined processes should inform corrective actions.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Friction</strong></td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>There is somewhat ‘burden of governance’. It is there to support, provide direction and make decisions effectively, but not get in the way of people’s day to day roles.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Governance and Processes

1. Monitoring and Evaluation
2. Governance & Process
3. Control
4. Finance
5. Training & Development

“As Is” Analysis

Workforce & Organisational Design
Change Management & Stakeholder Engagement

Finance

Control

Monitoring and Evaluation

Governance & Process

“As Is” Analysis

Workforce & Organisational Design
Change Management & Stakeholder Engagement

Finance

Control

Monitoring and Evaluation

Governance & Process

“As Is” Analysis

Workforce & Organisational Design
Change Management & Stakeholder Engagement

Finance

Control
Governance and Processes

Number of times each process was carried out to date

<table>
<thead>
<tr>
<th>Process</th>
<th>Count</th>
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</thead>
<tbody>
<tr>
<td>NCL Issues</td>
<td>92</td>
</tr>
<tr>
<td>RFQ</td>
<td>89</td>
</tr>
<tr>
<td>Non award</td>
<td>51</td>
</tr>
<tr>
<td>PPQ</td>
<td>32</td>
</tr>
<tr>
<td>Sec 21 RFE</td>
<td>28</td>
</tr>
<tr>
<td>RTP</td>
<td>25</td>
</tr>
<tr>
<td>LUV C</td>
<td>19</td>
</tr>
<tr>
<td>RFE</td>
<td>15</td>
</tr>
<tr>
<td>HUV C</td>
<td>12</td>
</tr>
<tr>
<td>late payment escalation</td>
<td>1</td>
</tr>
<tr>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

Processes within CMU*

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of potential processes</td>
<td>20</td>
</tr>
<tr>
<td>Outdated SOPs with no process maps</td>
<td>5</td>
</tr>
<tr>
<td>Not Documented</td>
<td>5</td>
</tr>
<tr>
<td>SOPs without Process Maps</td>
<td>2</td>
</tr>
<tr>
<td>Process Maps</td>
<td>2</td>
</tr>
<tr>
<td>Work instructions</td>
<td>2</td>
</tr>
</tbody>
</table>
## Progress made

<table>
<thead>
<tr>
<th>Baseline</th>
<th>Current</th>
<th>Target</th>
<th>Description of impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Define Quality Processes</strong></td>
<td>2.75</td>
<td>3.75</td>
<td>4.00</td>
</tr>
<tr>
<td><strong>Measure Process Quality</strong></td>
<td>2.25</td>
<td>3.00</td>
<td>4.00</td>
</tr>
<tr>
<td><strong>Analyse Process Quality</strong></td>
<td>1.00</td>
<td>1.63</td>
<td>4.00</td>
</tr>
<tr>
<td><strong>Implement Process Quality</strong></td>
<td>1.88</td>
<td>2.43</td>
<td>4.00</td>
</tr>
<tr>
<td><strong>Control Process Quality</strong></td>
<td>1.97</td>
<td>2.54</td>
<td>4.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Baseline</th>
<th>Current</th>
<th>Target</th>
<th>Description of Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Manage Suppliers</strong></td>
<td>3.50</td>
<td>3.75</td>
<td>4.00</td>
</tr>
<tr>
<td><strong>Monitor Performance</strong></td>
<td>3.00</td>
<td>3.83</td>
<td>4.00</td>
</tr>
<tr>
<td><strong>Place Requests for Service</strong></td>
<td>3.17</td>
<td>3.67</td>
<td>4.00</td>
</tr>
<tr>
<td><strong>Improve</strong></td>
<td>2.50</td>
<td>3.00</td>
<td>4.00</td>
</tr>
</tbody>
</table>
Budgeting Process

1. "As Is" Analysis
2. Governance & Process
3. Finance
4. Change Management & Stakeholder Engagement
5. Training & Development

Monitoring and Evaluation

Control
Implement a consultative budget process during budget consolidation and prior to submitting to Finance.

Within the Cluster, in-year monitoring to be done on a Directorate level.
As Is Analytical Framework
Workforce & Organisational Design
Finance
Training & Development
Change Management & Stakeholder Engagement
Control
Governance & Process
Monitoring and Evaluation

“As Is” Analysis
Change and Stakeholder management

**Communications - Priority for Change**

- Audiences
- Stakeholder Engagement
- Consistency of Communication
- Effectiveness of External Communications
- Importance of Communication
- Change Impact
- Continuous Improvement
- Effectiveness of Internal Communications
- Systems
- Culture
Our change management and stakeholder engagement approach is designed to move people down the transition path to become ready, willing and able to change.

Levels of Engagement

**Awareness**
- Know why the change is critical and urgent
- See the goal clearly
- Understand what behaviors are expected and when

**Acceptance**
- Understand the benefits of success and the consequences of failure (personally and for CMU)
- Trust in the leadership

**Adoption**
- Having or acquiring the needed skills and attitudes
- Enabled by processes, systems, structures, and measures aligned with business objectives

Optimal planning processes and systems are utilized by CMU employees and lived out through daily decision-making and interactions with other stakeholders.

It all starts with a clear and compelling vision for the future.
Embedding the change
## Progress made

<table>
<thead>
<tr>
<th>Area</th>
<th>Baseline</th>
<th>Current</th>
<th>Target</th>
<th>Description of Impact</th>
</tr>
</thead>
</table>
| Importance of communication | 2        | 2       | 4      | Communication model developed and introduced to the CMU team  
Introduction of huddle sessions                                                                                                                   |
| Change impact               | 2        | 2       | 4      | Change and communication strategy developed and implemented and aligned to the CMU department strategy. CMU team understands the priorities in terms of stakeholders, messages and channels and top leaders have a clear understanding of their role and operational plan. |
| Audiences                   | 3        | 2       | 4      | Communication model developed and introduced however it is not yet implemented for effective stakeholder management system for both internal and external stakeholders. |
| Stakeholder engagement      | 3        | 3       | 4      | Communication model developed and introduced however it is not yet implemented for effective stakeholder management system for both internal and external stakeholders. |
| Consistency of communication | 2        | 2       | 4      | Communication not effectively roll out consistently across the department and provinces                                                               |
| Effectiveness of internal communications | 4 | 4 | 4 | Key messages are linked to the strategy and developed by the communication function. Other levels of management see it as part of their role to reinforce and apply messages in their own areas. |
| Effectiveness of external communications | 3 | 2 | 4 | Communication not effectively roll out consistently across the provinces and with external stakeholders                                                |
| Systems                     | 2        | 2       | 4      | There are numerous channels to address opinions and channel feelings and thoughts. People are open and honest about constructive feedback. The huddle sessions and engagement sessions have also opened up new channels for engagement. |
| Culture                     | 2        | 3       | 4      | Communication is seen as strategic and essential to business operations. Channels are well used and people are generally satisfied about the communication they receive and their ability to participate. |
| Continuous Improvement      | 2        | 2       | 4      | Evaluation is built into the huddle sessions however the metrics are still unclear. A combination of methods are used including surveys, engagement tools, focus groups and huddle sessions. All communications still need to go through a feedback opportunity. |
Training and Development

“As Is” Analytical Framework

Workforce & Organisational Design
Change Management & Stakeholder Engagement
Finance
Governance & Process
Monitoring and Evaluation
Control
Training & Development
Identifying training needs

SPECIALIST SKILLS USAGE VS TRAINING COMPLETED

<table>
<thead>
<tr>
<th>Specialist Skills</th>
<th>USE DAILY %</th>
<th>TRAINING DONE %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislative knowledge</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>Knowledge on Standard Treatment/EDP</td>
<td>100</td>
<td>60</td>
</tr>
<tr>
<td>Monitoring and evaluation skills</td>
<td>100</td>
<td>60</td>
</tr>
<tr>
<td>Contract management: Basic skills</td>
<td>80</td>
<td>60</td>
</tr>
<tr>
<td>Supply chain management: Basic skills</td>
<td>100</td>
<td>40</td>
</tr>
<tr>
<td>Contract management: Advanced skills</td>
<td>100</td>
<td>40</td>
</tr>
<tr>
<td>Supply chain management: Advance skills</td>
<td>100</td>
<td>40</td>
</tr>
<tr>
<td>Statistical forecasting and planning skills</td>
<td>80</td>
<td>60</td>
</tr>
<tr>
<td>Demand planning skills</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Supply planning skills</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Distribution management skills</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Procurement management skills</td>
<td>60</td>
<td>40</td>
</tr>
<tr>
<td>Predictive analysis skills</td>
<td>40</td>
<td>0</td>
</tr>
<tr>
<td>Project management skills</td>
<td>60</td>
<td>60</td>
</tr>
</tbody>
</table>

PERCENTAGE %
Pre and post training assessment
Pre and post training assessment

Management skills
How do you rate your knowledge?

PHC and Hospital Dashboard
How do you rate your knowledge?

Finance, analytics and problem solving
How do you rate your knowledge?
Overall impact:

2.13 to a 3.05 average on a maturity matrix
What were the tangible outcomes?

**PAT Supplier Reporting**

<table>
<thead>
<tr>
<th></th>
<th>Feb</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAT REPORTING AVE %</td>
<td>76</td>
<td>84</td>
<td>85</td>
</tr>
<tr>
<td>TYPE A #</td>
<td>63</td>
<td>69</td>
<td>70</td>
</tr>
<tr>
<td>TYPE B #</td>
<td>61</td>
<td>69</td>
<td>70</td>
</tr>
</tbody>
</table>
What were the tangible outcomes?

Deliveries Reporting %

- Feb: 28%
- May: 71%
- June: 74%
What were the tangible outcomes?

AGE ANALYSIS REPORTING %

Feb May June

AGE ANALYSIS REPORTING %
Debt:  Current %
Debt:  >30days%
Keys to success

- Clear direction and vision from the NDoH
- Co-creation with team members
- Collective responsibility for KPI’s and team success
- On going re-inforcement and correction

Ongoing Contract Management improvement and sustainable implementation of processes, governance, training curriculum, decision making structures and an interactive stakeholder engagement matrix.