Reforming Ghana’s Supply Chain: Procurement Efficiency, End-to-End Logistics Management System Design, and Distribution Optimization
Agenda

• Historical Background and the Role of The Global Fund (GF) in Ghana Supply Chain Reforms
• Ghana Supply Chain Reforms
• Impacts of Supply Chain Reforms on Procurement, Logistics Management, and Distribution
• Questions
Supply Chain Master Plan (SCMP) 2015-2020

The strategic objective of the SCMP is to ensure that good-quality health commodities are available, accessible, and affordable to all people living in Ghana. The Master Plan covered seven thematic areas:

- Organization and coordination, human resources and supervision
- Financing, resources mobilization, and commodity pricing
- Procurement
- Distribution – storage, inventory management, transport, and waste management
- Information systems and processes
- Quantification and product selection
- Policy, legal, and regulatory environment

National Health Priorities

01
Achieve Universal Health Coverage by 2030

02
Increase modern contraceptive prevalence rate (MCPR) amongst married women to 29.7% by 2020

03
Reduce the malaria morbidity and mortality burden by 75% by the year 2020

04
Achieve 90:90:90 by 2020

Achieve Universal Health Coverage by 2030

Increase modern contraceptive prevalence rate (MCPR) amongst married women to 29.7% by 2020

Reduce the malaria morbidity and mortality burden by 75% by the year 2020

Achieve 90:90:90 by 2020
Global Fund Support Background

• Ghana SCMP developed in 2012 with implementation challenges
• 13\textsuperscript{th} January 2015, Fire at Central Medical Stores (CMS)
• 2015: National Security investigation (February 2016 – Report)
• GF estimated value of GF-financed health products: $27.4M (February 2016)
• 2015: Ghana Supply Chain Master (SCMP) revised to address implementation challenges and the impact of the CMS Fire
• Take this opportunity to drive SCMP implementation focusing on high-impact supply chain interventions: “CMS fire agreement”
• Proposed SCMP focus areas and milestones (April/May 2016)
• Negotiations with Ministry of Health (MoH) and Ghana Health Service (GHS) (June 2016)
• Implementation started in Quarter 3 2016
## Global Fund Milestones

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>Phases</th>
<th>Milestone/Deliverable</th>
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<tbody>
<tr>
<td><strong>Last-Mile Distribution (LMD)</strong></td>
<td>Milestone 1</td>
<td>50% of health facilities (HFs) at Service Delivery + Plan for extension of LMD to lower level <em>(Achieved)</em></td>
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<tr>
<td></td>
<td>Milestone 2</td>
<td>75% of HFs at sub-district + Plan for extension of LMD to lower level <em>(Achieved)</em></td>
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<tr>
<td></td>
<td>Milestone 3</td>
<td>100% of HFs at sub-district + Plan for extension of LMD to lower level <em>(Achieved)</em></td>
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<tr>
<td><strong>Logistics Management Information System (LMIS)</strong></td>
<td>Milestone 1</td>
<td>Interim LMIS solution to report HIV consumption data <em>(Achieved)</em></td>
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<td></td>
<td>Milestone 2</td>
<td>Definition of user data requirements and system design <em>(Achieved)</em></td>
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<td>Milestone 3</td>
<td>Develop LMIS RFP, select a vendor, and award a contract <em>(Achieved)</em></td>
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<td>Milestone 4</td>
<td>Provision of Ghanaian government funding for LMIS training and equipment <em>(Delayed)</em></td>
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<td>Milestone 5</td>
<td>LMIS rollout to Regional Medical Stores (RMS)/zonal WHs, THs, regional and DHs <em>(On schedule)</em></td>
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<td><strong>Warehousing &amp; IHS Transition</strong></td>
<td>Milestone 1</td>
<td>Take a decision on the most efficient, effective, safety and security warehouse and distribution strategy <em>(Achieved)</em></td>
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<td>Milestone 2</td>
<td>Improve warehousing infrastructure in the RMSs basing on recommendations of the FDA report, to meet FDA requirement <em>(Achieved)</em></td>
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<td>Milestone 3</td>
<td>Implementation of the warehousing and distribution strategy <em>(On schedule)</em></td>
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<tr>
<td><strong>Framework Agreements</strong></td>
<td>Milestone 1</td>
<td>Signature of long-term framework agreements (FA) for essential medicines <em>(Achieved)</em></td>
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<tr>
<td></td>
<td>Milestone 2</td>
<td>Evidence of use of FAs by all regions <em>(Achieved)</em></td>
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## Performance: Supply Chain Reform Milestones (Debt Waiver)

<table>
<thead>
<tr>
<th>Category</th>
<th>Description and Targets</th>
<th>Current Status</th>
<th>Value Waived</th>
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<tbody>
<tr>
<td>LMD</td>
<td>LMD to health facility and place to reach GHS Community-Based Health Planning and Services (CHPS)</td>
<td>Targets for 2017 and 2018 fully achieved</td>
<td>$9.5M</td>
</tr>
<tr>
<td>LMIS</td>
<td>LMIS system design and rollout</td>
<td>Partially achieved; two milestones achieved and the remaining two rescheduled for Q4 2019</td>
<td>$5.0M</td>
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<tr>
<td>Warehousing</td>
<td>Deliver Warehousing optimization strategy and rehabilitation of RMS</td>
<td>Partially achieved; strategy developed but rehabilitation still ongoing</td>
<td>$1.4M</td>
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<tr>
<td>Procurement</td>
<td>Put framework contracts (FWCs) in place and demonstrate utilization of FWCs</td>
<td>Achieved</td>
<td>$4.0M</td>
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**Total Amount waived by GF** $19.9M

Total target amount is $27.4, therefore, a balance of $7.5 targeted to be achieved by end of 2019.
Priority Supply Chain Reform Areas

01 Last Mile Distribution
Scheduled distribution to gradually cover 100% of all health facilities up to subdistrict level with a plan for expansion to lower level (Clinics and CHPS)

02 Warehouse Optimization
Develop and implement a warehousing strategy for optimization of commodity management and distribution.

03 Framework Contracting
Implement and monitor framework contracting for a selected range of health commodities.

04 Logistics Management Information System
Define requirements; procure and implement an integrated logistics management information system that can capture, report, and analyze supply chain data.

05 Governance
Mechanism at central, regional, and health facility level for setting supply chain targets, monitoring performance and demanding accountability, in addition to resource mobilization and addressing challenges as they arise.
Establish procurement efficiencies by leveraging supply needs within the public health sector to procure quality health commodities at uniform best value prices for the entire supply chain through a centralized memorandum of understanding (MOU).
Procurement Efficiency Implementation Approach – Framework Contract

01 Planning Phase
- High-level stakeholder engagement to obtain process buy-in, determine product scope and quantities, procurement process/method, Standard Procurement/Tender Document, implementation plan and timeline, risk identification and mitigation strategy

02 Initiation Phase
- Launch of tender
- Pre-bid conference to engage with stakeholders including potential suppliers

03 Implementation Phase
- Tender submission
- Empaneling of tender evaluation team
- Public opening of bids
- Evaluation procedure
- Contracting to include signing of MOU at the national level

04 Transition Phase
- Respective sites sign contracts with recommended suppliers for each of the lots
- Draw down by respective sites
- Monitoring and evaluation for performance

05 Sustainability Phase
- Review of past performance
- Preparation for next contracting period
End-to-End Logistics Management System – Goal and Objectives

Overarching Mission

Design, build, and implement a computerized Logistics Management Information System that collects, records, and reports logistics data, providing decision-makers throughout the supply chain with data that is accurate, timely, and appropriate data and ensures the rights of a supply system by delivering the right products, the right quantities, in right time, in the right condition, for the right cost and to the right place.
End-to-End LMIS Implementation Approach

**Inception Phase.** The inception phase formed the foundation of the entire GhilMIS project. It included establishment of the project team, the set-up of the development and implementation environment and the clarification of the project scope.

**Elaboration Phase.** The elaboration phase included analysis of the GhilMIS domain, establishment of a sound architectural foundation, development of the detailed project plan, change management plan, and elimination the highest risk elements of the LMIS project.

**Construction Phase.** The construction phase, integrated all the remaining components and application features into the GhilMIS. All features that loaded in the GhilMIS will be thoroughly tested.

**Transition Phase.** The transition phase initiated the transition of the GhilMIS solution to the users. The transition phase was entered when the system baseline went through all the necessary testing and validated to be operational at the user level.

**Sustainability Phase.** This phase will focus on ensuring that the GhilMIS is as productive as required and that the MoH/GHS have the capability to sustain the solution.
End-to-End Logistics Management System Functionality

**Contracts Management**
- Carrier Contracts
- Fleet Management
- Invoicing Policies
- Rate Determination

**Order Management**
- Replenishment Planning
- Order Creation
- Order Collaboration
- Order Fulfillment

**Inventory Management**
- Lot Management/Tracking
- Issues and Adjustments
- Inventory Transactions (Consumption, Transfer, Wastage, Quarantine, Recalls)

**In-bound Insights**
- Procurement Plans
- Incoming Shipments
- Predictive Analytics

**Warehouse Management**
- Logical warehouse setup including management policies like Activity Based Costing (ABC)
- Capacity Management
- Receipt and Put Away
- Pick and Pack
- Pick List Generation
- Stock Taking

**Transportation Management**
- 3PL Management
- ASN Generation
- Scheduling and Route Optimization
- Movement/Load Consolidation
End-to-End Logistics Management System Benefits

End-to-End Visibility
- Simplifies processes and reduces lead times and increases visibility
- Real-time inventory and order visibility (daily vs. monthly)

Data Integrity
- Elimination of redundant data entry and quality data integrity
- Harmonized data and centralized data management
- Compliant with GS1 data standards

Accurate Quantification and Demand Planning
- Captures all critical elements of demand and supply planning
- Predictive and historic analytics

Low Inventory Operation Costs
- Reduction in cycle time, LOE, expiries, and stockouts
- Optimized transportation management
- Enterprise-wide batch inventory control and expiry management

Increased Management Efficiencies
- Single system capable of efficiently managing multiple supply, demand, and logistics transactions
- Improved agility level - flexible and responsive to meet the changing supply chain requirements
- Proactive alerting and notification of important supply chain events

Stakeholder Commitment
- Increased data integrity
- Data integrity
- Data integrity

Increased Management Efficiencies
- Increased management efficiencies
- Data integrity
- End-to-end visibility

Low Inventory Operation Costs
- Low inventory operation costs
- Low inventory operation costs
Distribution Optimization – Goal and Objectives

Address MoH Vision for Commodity Distribution
Develop a distribution system that reflects the MOH’s vision for the supply chain, providing efficient and reliable commodity support to public sector health facilities.

Effective Distribution System
Ensure that the distribution system is predictable, reliable, and responsive, with quantity decisions being made from user data.

Warehouse Management Optimization
Optimize warehouse management processes and inventory holding operations

Product Integrity
Ensure product integrity and safety of health commodities during transit

Operational Efficiencies
Utilize effective distribution strategy to increase operational efficiencies and effective utilization of available resources
Distribution Optimization (LMD) – Implementation Approach

1. Stakeholder Engagement
2. Develop Implementation Roadmap
3. Engage 3PLs
4. Initiate Capacity Development
5. Process Orders and Requisitions
6. Deliver Items to Facilities

LMD Implementation Monitoring and Evaluation
Procurement Efficiency (Framework Contracting) - Impacts

- Pre-selected essential items
- Pre-selected vendors
- Negotiated prices
- Harmonized procurement processes
- Effective contracts management

- Implemented framework contract for 54 selected products

- Reduced transaction costs and established continuous improvement opportunities within supplier relationships

- Supplier fill rate ranged between 13% to 73%, with an average of 41%

- Pre-competitive route to the local market providing essential medicines to centralize procurement spend

- Shared procurement expertise, resource, risk, and contract management

- Reduced administrative burden

- Achieved economies of scale through the pooling of resources

- Leveraged framework contracting to procure commodities at reduced prices

- Reduction in the level of effort expensed for procurement function at the RMSs and the teaching hospitals

- Security of supply
Impacts of GhiLMIS will include:

- Providing digital eHealth solution to optimize in-country supply chain, supporting rational selection of medicines, and providing quality data leading to better-informed decisions.

- Enhancing visibility leading to proactive actions and efficiencies in Ghana value chain, resulting in minimization of stockouts, expiries, and reduction in cost of health products.

- Synchronization of Ghana supply chain processes through the tracking of flows of goods and information.

- Management of these interrelations will significantly reduce inventory operating costs, ensuring effective allocation and utilization of resources, and increasing easy accessibility to medicines.
Questions
Distribution Optimization (LMD) Impacts

% Facilities reached through LMD at least once 2017 & 2018

All Facilities | Jun-17: 36.0% | Jun-18: 83.0% | Sep-18: 90.0%

Hospitals, Polyclinics & Health Centres | Jun-17: 56.0% | Jun-18: 92.0% | Sep-18: 99.7%

CHPS& Clinics | Jun-17: 29.0% | Jun-18: 78.0% | Sep-18: 85.0%

Benefits
- Accountability
- Optimized distribution routes
- Leveraging private sector capacity
- Improved order process management
- Enhanced service delivery
- Streamlined planning for commodity management
- Insurance cover for commodities in-transit
- Improved product availability at service delivery point

- Implementation in all 10 regions of the country (USAID-4, GF-4, RMS Own Resource-2)
- Validation of LMD conducted November 2018 revealed 99.7% of hospitals, polyclinics, and health centers had been reached at least once
- 85% of CHPS and clinics have been reached at least once since the implementation of LMD