

Updates on VL Global Framework Contracts

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USAID/OHA/SCH
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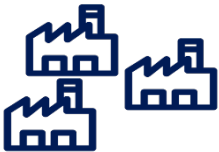
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The Global VL Procurement Initiative aims to deliver better service at lower prices to all PEPFAR countries

We hope to achieve a better deal for all countries by leveraging all PEPFAR volume to:



Increase competition



Move to transparent, low, all-inclusive reagent-rental prices



Standardize service levels, KPIs & operational data connectivity

Single global exworks base pricing for reagents and consumables negotiated for all PEPFAR countries

Focus is on **SLAs** for 6 ‘wave one’ priority countries¹ (Kenya, Mozambique, Nigeria, Tanzania, Uganda, Zambia) before rolling out to other countries and POC testing

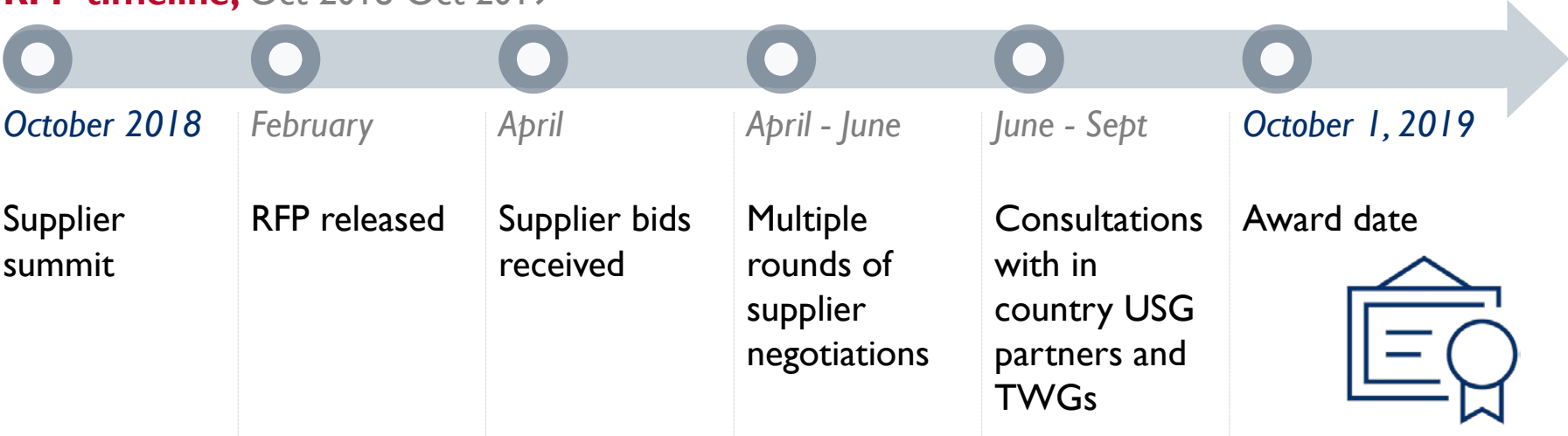
Supplier performance will be **mandated across 10 KPIs** across a range of measures (*details later*)

Global RFP awards should be finalized **within a month**, putting these benefits into place

¹ R&C pricing for all PEPFAR countries will be affected through the initial RFP work

The global RFP is nearing the final award date

RFP timeline, Oct 2018-Oct 2019



Multiple rounds of negotiations with both suppliers and country TWG representatives have improved RFP outcomes and increased the expected savings

Outcome and savings will be shared to our partners at this time

Next Steps: Leveraging Optimized Networks for Additional Gain

There is still work to do...

Continued focus on **network optimization** exercise for all PEPFAR countries to address the following indicators:

Implementation of optimized networks will proceed in Kenya, Uganda, and Nigeria.

PEPFAR optimization activities are prioritized for Tanzania, Mozambique and Zambia

Optimization Criteria:

1. Number and location of laboratories
2. Instrument type (conventional/ POC) and throughput
3. Sample transportation systems
4. Data systems and connectivity
5. HR
6. Supply chain

PEPFAR will continue to negotiate toward the South Africa pricing target.

- Lower negotiated pricing via Global Framework contracts acts as the **current baseline per test price** to elicit significant savings as network optimization proceeds.

PEPFAR will continue to collaborate with other stakeholders within the Integrated Diagnostic Consortium (IDC) to **accelerate optimization exercises** and **increase volume based leverage**

- Further coordination with GF/UNDP on Malawi and Zimbabwe on implementation of optimized networks and accumulated pricing reductions is necessary.

For increased future success, more collaboration between stakeholders and procurement partners is key

Lessons learned

Global RFP approach is effective but labor-intensive

- Extensive interaction with both global and country stakeholders is needed to drive alignment

Opportunity to capture real cost savings

- Increasing market competition helped reduce pricing and costs of operations
- Further opportunity exists as we move to include other countries and collaborate with partners

Need for explicit service level agreements to be put into place, even in high volume countries

- A big gain from RFP is simply putting a standardized set of SLAs in place to drive supplier accountability

Opportunity to improve the way we collect and utilize operational data from the instruments

- Greater data visibility will make both ongoing management and future sourcing efforts easier
- Enable data collection through suppliers, until coverage and standardization of LIMS systems improves

Need for greater coordination across partners

- “United front” on new placements based on network analysis
- Improving planning and handoff of funding responsibility for machines given lead time for procurement

For ‘wave 2’ countries, where PEPFAR may be the minority procurer, there exist opportunities to improve impact through collaboration

- Are there potential models for joint sourcing initiatives with other procurers, or with other procurers taking lead?
- How do we maximize our collective impact to get the best outcomes for Wave 2¹ countries?

¹ Wave 2 countries include: Cameroon, Cote d'Ivoire, DRC, eSwatini, Ethiopia, Haiti, Lesotho, Malawi, Rwanda, South Sudan, Ukraine, Vietnam, and Zimbabwe

Monitoring Supplier Compliance: Key Performance Indicators

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This initiative has established 10 rigorous KPIs that all suppliers have agreed to meet

Category	Indicator	Standard Target
Maintenance, insurance, and ongoing end user training	1 Percentage of machines that are serviced with 2 preventative maintenance visits per contract year	100%
	2 Mean time to response for equipment breakdown: time lapsed from time issue first reported to the time a follow-up plan is communicated to the customer	48 hours
	3 Mean time to repair: average # of calendar days lapsed from time issue first reported to job completion	≤ 5 days
	4 Percent of instruments that experience ≤2 outages which occur less than 3 months after any scheduled / unscheduled maintenance work, per year	100%
	5 Percentage of machines that are operational >85% of days each quarter	100%
	6 Average percentage of failed tests due to machine or human error	<5%
Connectivity / reporting	7 Percentage of Quarterly Reports submitted on-time per the terms of the subcontract	100%
	8 Average percentage "uptime" of automated reporting system	>95%
Commodity supply chain management	9 Of batches with committed goods available date (C.GAD) in the month, percentage of batches that comply with the shelf life terms in the Basic Ordering Agreement (BOA)	100%
	10 Percentage of line items delivered in full and on time. In-full is measured against agreed ordered quantities. On-time is defined based on incoterm as either 7 days prior/3 days after or 14 days prior/7 days after the current committed goods available date	>90%

Suppliers will be contractually obligated to meet these KPIs and will be monitored regularly by both PSM, country TWGs, and procurement partners

Data collection and data sharing (see next page) will enable these targets to be tailored at the country level (already done for Kenya)

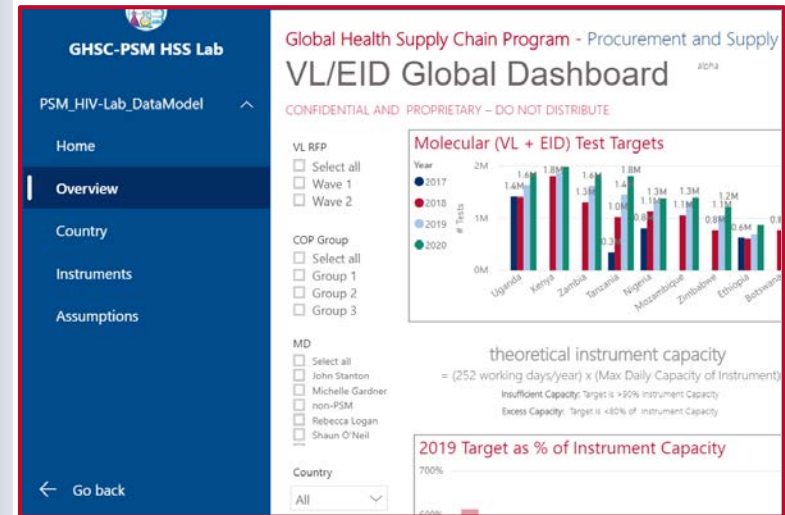
The data used to track these KPIs will also be visualized on a central dashboard allowing for more data-backed supply chain decision making

Our new contract requires suppliers to **enable connectivity and automated reporting of operational data** from each machine to the LIMS as well as to the suppliers

PSM will collect this operational data and visualize in **supplier agnostic, PEPFAR VL testing dashboard** (see right)

- The goal of the dashboard is to **utilize operational data** from each machine **to create a comprehensive view of consumption and inform supply chain decision making**
- Initially the focus of this dashboard will be the data collected from the focus 6 'wave 1' countries; however, eventually will include **data from all PEPFAR supported countries**

We are looking to share this data, as helpful, with our in-country procurers and partners, but need proper approvals in place first



Genexpert Service Level Agreement in Nigeria and Surcharge Model

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Challenges

- Alignment around volume commitments amongst donors that underpin the surcharge model – What will Nigeria’s surcharge be? \$0.84 or \$1.60?
- Inability to gain access to the GxAlert to enable direct monitoring of capacity utilization on GeneXpert machines across the testing labs. NTP Nigeria has not allowed external parties to access the reports
- Lack of internet and data bundle support for end users to submit correct & complete mandatory documents timely.
- Inadequate basic infrastructure for optimal functionality of GeneXpert machine (Functional air conditioners & uninterrupted power)
- Training on report generation and large internet bandwidth required for submission of mandatory reports.

Successes

- 90% increase since January in repairs other than module swap that were timely (<20 working days)
- 29% average increase in preventative maintenance performed on schedule since March
- Establishment of first national in-country service center with buffer modules in stock for prompt module swapping and repair within Nigeria
- 100% Replacement of faulty module & instrument parts within 10 days of receipt of all mandatory documents for three months in row, excluding security affected regions
- Ongoing monthly implementation report review with Cepheid and quarterly engagement with partners for continuous process improvement.
- Improved visibility, alignment, and measurement of KPIs by all stakeholders.
- Establishment of more zonal service/maintenance offices (Kano & Akwa Ibom) and employment of Technical services officer (Akwa Ibom) for prompt and timely response to fault notification.

Recommendations

- Cross-cutting coordination on forecasting and funding levels is critical to successful negotiations
- Strengthen advocacy for internet and data bundle provision to end users for prompt submission of required mandatory document.
- Continue to conduct regular monthly meetings with GeneXpert POCs of IPs.
- Periodic refresher training for users & IP GeneXpert leads to increase hands-on knowledge and improve efficiency of instrument usage
- Field monitoring of level of GeneXpert implementation by all stakeholders.
- Focus on infrastructure requirements (e.g. air conditioners) for optimal environmental conditions for GeneXpert machines operations.
- Monitor timeline for notification by GeneXpert facilities/IPs to Cepheid on faulty machines for immediate intervention.