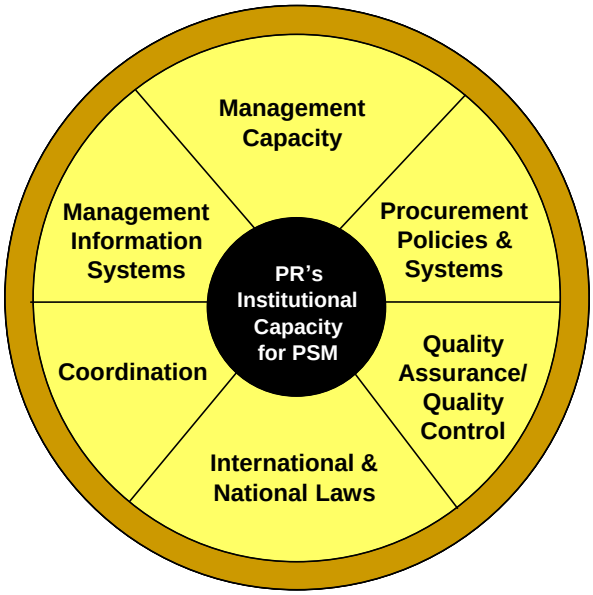
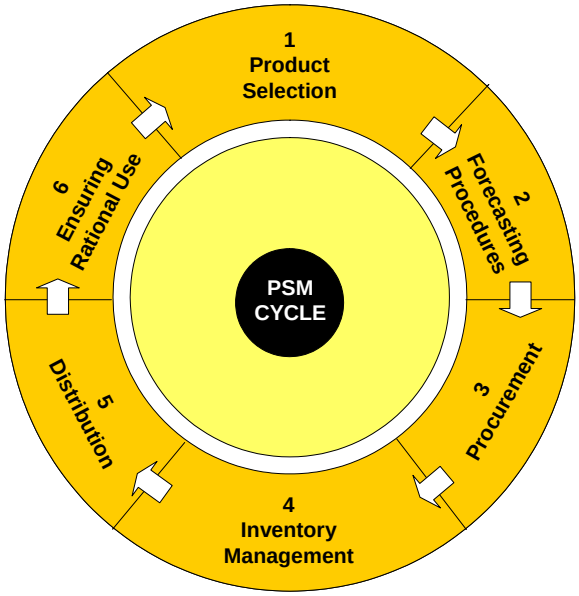
Investing in our future
The Global Fund
To Fight AIDS, Tuberculosis and Malaria

Guide to Writing the Procurement and Supply Management Plan

Version A:
For Principal Recipients/Sub-Recipients that conduct some or all their procurement in-house





Version	Types of PSM Plans
Version A	PSM plan for Principal Recipients/Sub-Recipients that conduct some or all their procurement in-house
Version B	PSM plan for Principal Recipients/Sub-Recipients that completely outsource procurement to a procurement agent
Version C	PSM plan for Principal Recipients that coordinate procurement conducted by Sub-Recipients

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The front page should include the following information:

Procurement and Supply Management Plan

For a period of one year from to

Proposal/grant title:	
Principal Recipient:	
Country:	
Component:	
Round:	
Phase 1 or Phase 2:	
Grant number:	

	Product category	Year 1 (US$)	Year 2 (US$) (optional)	Total 2 years (US$)
1	Pharmaceuticals			
2	Health products & commodities (excluding pharmaceuticals)			
3	Health equipment (X-rays, laboratory equipment, etc.)			
4	Services (related to PSM e.g., QA, MIS, RUD, etc.)			
5	Non-health products and services (e.g., vehicles, computers, construction, financial consultants, etc.)			
Total				
Total grant size (US $)				
Total procurement as % of grant				

Person (name, title, department) with overall responsibility for this grant. Provide name and contact details (tel., e-mail, etc.).	
Person (name, title, department) with overall responsibility for all PSM activities. Provide name and contact details (tel., e-mail, etc.).	
Date of submission(s):	

Introduction

- Provide a brief introduction of no more than one page, including key objectives of this Global Fund-financed project, and a brief overview of key implementing partners and their respective roles and responsibilities.
- Provide an organizational chart of the PSM unit and indicate how it fits into the overall structure of the PR, NDRA, MOF, MOH (indicate all relevant dependencies).
- Address any other relevant issues.

1. PRs' capacity to conduct Procurement and Supply Management – PSM

1.1 Management capacity

This section is intended to assess the PR's capacity to manage and implement various activities.

Activity	Which organization and/or department is responsible for this function? If this function is being outsourced, then indicate this in the table (if more than one, include all organizations).	What type of organization is responsible for this function? (PR, SR, Procurement Agent or Other)	Indicate if there is need for additional staff or technical assistance[1] (Yes/No)
Procurement policies & systems	**e.g., MOF, MOH,**		
Quality assurance and quality control of pharmaceuticals			
International and national laws (patents)			
Coordination			
Management Information Systems (MIS)			
Product selection			
Forecasting			
Procurement and planning			
Inventory management			
Distribution to other stores and end-users			
Ensuring rational use			

[1] Include the costs in the budget

1.2 Procurement policies, systems and capacity

- Does the organization that will conduct the procurement have written and detailed regulations and manuals that emphasize the need for transparency and competitiveness? If not, indicate how and when this gap will be addressed. Ensure the manual is available for LFA to review.
- Indicate the estimated total value of procurement conducted by this department during the past 12 months (include all products and all sources of funding).
- Indicate the estimated value of total procurement to be conducted over the next 12 months including all new sources of funding (including procurement to be financed by the Global Fund). Express the numbers in US$ and as a percentage of current procurement capacity. Explain how the PR will manage this increase in procurement efficiently.
- Please provide any additional comments or information.

1.3 Quality assurance systems and capacity

It is the responsibility of the PR to ensure that products being purchased with Global Fund financing meet NDRA requirements in terms of registration, GMP, etc.

- Is there a functioning National Drug Regulatory Authority (NDRA) with capacity for registration of drugs, GMP inspections, etc.?
- Are all single- and limited-source pharmaceutical products that are to be purchased prequalified by WHO or registered for use in ICH or PIC/S countries? This information is required for ARVs, ACTs and TB drugs, and should be included in the Annex 2.
- If drugs are being purchased, are there adequately equipped and staffed laboratory facilities available for testing products being purchased under this grant? What is the highest level of laboratory rating in the country (from levels 1-3, as per WHO). If adequate laboratory facilities are not available, will this activity be outsourced? Where?
- What is the procedure in case of product failure?

1.4 International and national laws

PRs are responsible for adhering to international and national laws, in particular with regard to Intellectual Property Rights (IPR) or patents. Please describe how the PR will ensure adherence to Global Fund policies.

1.5 Coordination

- If a country/PR is receiving other sources of funding to target the same disease, indicate how the various streams of funding will be utilized (e.g., PEPFAR funds for second line ARVs, MAP funds for additional states/districts not targeted by Global Fund, etc.). It is not necessary to provide amounts of funding being provided by other donors.
- Explain how the procurement and supply management of these products will be coordinated.

1.6 Management Information Systems (MIS) capacity

- Describe type of MIS that currently exists at the central and regional levels, and whether the MIS is able to gather information related to procurement values and timing, inventory values at different sites, numbers of people treated, etc.
- If there is no comprehensive MIS in place, indicate if, when and how the PR intends to obtain and implement such a system.

2. Procurement and supply management cycle

2.1 Product selection

- Please fill out the applicable columns of the following table. For example, if the products were selected based on National STG, then simply fill out that one column only. Information is only required for the product categories indicated.

Product Category	Product (Generic Name)	WHO		National		Institutional	
		Listed in EML (Yes/No)	Listed in STG (indicate 1st/2nd line treatment)	Listed in EML (Yes/No)	Listed in STG (indicate 1st/2nd line treatment)	Listed in EML (Yes/No)	Listed in STG (indicate 1st/2nd line treatment)
ARVs							
Anti-Malarials							
Anti-TB							

2.2 Forecasting procedures

- Describe the forecasting process to determine quantity of products required, and indicate which methods were applied to forecast product requirements (e.g., morbidity, consumption, health service capacity). Indicate how many patients are to be targeted during years 1 and 2. How were buffer-stocks calculated?

2.3 Procurement and planning

The focus of this section is to understand which goods and services are being purchased, when they will be purchased, who will purchase, which procurement procedures will be used, and what would be their expected total cost. All this information should be provided in Annexes 1a and 1b.

- Provide a short summary of related financial issues, such as total value of procurement, additional products included in the PSM plan that were not listed before, etc. Ensure that the budgets in the workplan, annexes and on the front page are all consistent.

2.4 Inventory management

- Is sufficient storage space available at all levels of the distribution chain? Provide estimates of total storage space that exists, is available, and will be required due to additional procurement under this grant. If there is not sufficient space, indicate an alternative solution. Link this part to the projected increase in procurement with Global Fund funding (for example, if total procurement is expected to double, is there sufficient space?).
- Are adequate cold chain facilities available? Explain.
- Briefly describe your policy for reducing loss and wastage through expiry, theft, damage, etc.

- Does the inventory management system allow collection of inventory data at each distribution and treatment site?

2.5 Distribution

- Approximately, to how many points are products being distributed? Distinguish between distribution points, for example, central medical stores, regional stores, and number of treatment sites, for example, hospitals and clinics.
- Approximately, what percentage of the country is being covered for distribution?
- Are there any significant challenges in distributing products to health facilities (e.g., lack of roads, war-zone, very long distances, etc.)?
- What is the average distribution schedule to the health facilities (e.g., monthly, quarterly, etc.)?
- Is there sufficient capacity to ensure products are distributed in a timely and safe manner (for example, in covered trucks, cars, sealed boxes on motorcycles, etc.?) If not, describe alternative solutions such as renting or purchasing additional vehicles, or outsourcing.

2.6 Ensuring rational use of medicines

- What strategies will be used to encourage initiation of, adherence to and compliance with treatment (e.g., use of fixed dose combination drugs, once-a-day formulations, blister packs, peer education and support, length of treatment, etc.)?
- Is there a system for monitoring adverse drug reactions and drug resistance? If yes, describe briefly how the system works. If no, describe plans to establish a system.

2.7 Other

- Will patients/clients be charged for products procured using Global Fund grant? If yes, indicate how much a patient will be charged and what the funds will be used for.

- Were patients/clients being charged for these products prior to the Global Fund grant (i.e. using other sources of funding)?

Annexes:

Insert organizational chart of PSM unit and how it fits into the overall structure of the PR, NDRA, MOF, MOH (indicate all relevant dependencies)

Annex 1a : List of products to be procured (prices and quantities may be estimates)

List all **pharmaceuticals** to be procured under this grant.

Product Category	**Product**	**Strength**	**Estimated unit cost** (US$) (indicate per tablet, per inj, per ml, etc) [2]	**Year 1** **Estimated quantity**	**Year 1** **Total cost (US$)**	**Year 2** **Estimated quantity (optional)**	**Year 2** **Total cost (US$) (optional)**	**Procurement to be conducted by**[3]	**Procurement method** [4]
ARVs									
Antimalarials									
Anti-TB									
All other pharmaceuticals	--NA--	--NA--	--NA--	--NA--		--NA--			--NA--
				TOTAL→		TOTAL→			

[2] Indicate whether PR/buyer is able to access any special prices (e.g. through Clinton Foundation, other)
[3] Indicate name of department or organization conducting procurement
[4] e.g. direct negotiation, national tender, international tender, etc.

Annex 1b: List of products to be procured (prices and quantities may be estimates)

List products and services to be procured under this grant.

Product Category	Product	Estimated unit cost (US$) [5]	Year 1 Estimated quantity	Year 1 Total cost (US$)	Year 2 Estimated quantity (optional)	Year 2 Total cost (US$) (optional)	Procurement to be conducted by[6]
Health Products	Rapid diagnostic test						
	All other diagnostic products, supplies, equipment						
	Bed nets (LLINs, other)						
	All other health products	--NA--	--NA--		--NA--		
Health Equipment	Various health equipments	--NA--	--NA--		--NA--		
Services[7]	MIS systems	--NA--	--NA--		--NA--		
	QA strengthening	--NA--	--NA--		--NA--		
	Other[8]	--NA--	--NA--		--NA--		
Non-Health Products	All non-health products and services[9]	--NA--	--NA--		--NA--		
			TOTAL→		TOTAL→		

[5] Indicate whether PR/buyer is able to access any special prices (e.g. through Clinton Foundation, other)
[6] Indicate whether in-house or being outsourced to a procurement agent; indicate name of department or organization conducting procurement
[7] the focus of this section is only for services related to procurement and supply management (e.g. consultants to strengthen PSM).
[8] Indicate type of assistance segmented into categories as listed on table 1.1 (do not provide information that is not related to PSM)
[9] It is not necessary to itemize this entry; provide a single line entry and include some large value product and service items as examples (e.g. vehicles, computers, construction, financial consultants, etc)

Annex 2:
Pre-qualification status of single and limited source pharmaceuticals to be procured

Product Category	Generic Name	Strength	Prequalified by WHO or registered for use in ICH/PIC/S country?[10] Yes/No
ARVs	Generic Name	100mg	Yes
Anti-malarials			This column is required for ACTs only
Anti-TB			This column is only required for some 2nd line TB drugs (single- and limited-source)

Abbreviations

ACT Artemisinin Combination Therapy
ARV Antiretroviral drugs
EML Essential Medicines Lists
GMP Good manufacturing practices
MIS Management Information Systems
MOH Ministry of Health
MOF Ministry of Finance
NDRA National Drug Regulatory Authority
PIC/S Pharmaceutical Inspection Cooperation Scheme
PR Principal Recipient
PSM Procurement and Supply Management
RUD Rational Use of Drugs
SR Sub-recipient
STG Standard Treatment Guidelines
WHO World Health Organization

[10] Get assistance from WHO—EDM Department, if required.