



USAID | **ETHIOPIA**
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Supply Chain for Health Improvement Program (SCHIP)

DRAFT

Statement of Work

Submitted by the HSS Project

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C - Statement of Work

C. 1 Title

The title of this development activity is Supply Chain for Health Improvement Program (SCHIP) (“the Activity”).

C. 2 INTRODUCTION and OVERVIEW

Introduction

USAID/Ethiopia’s health investments are focused on ending preventable child and maternal deaths; achieving HIV/AIDS epidemic control; malaria prevention, control, and elimination; increasing and sustaining access to safe, voluntary, high-quality family planning and reproductive health services; and combating infectious diseases such as tuberculosis. The provision of technical assistance interventions will strengthen the health supply chain and pharmaceutical services in select geographic areas in Ethiopia, both of which are cornerstones to achieve these critical life saving priorities.

The Activity will develop the capacity of local systems, institutions, and individuals to sustainably manage the health supply chain¹ and to strengthen pharmaceutical services², at all levels including the community level, thereby ensuring uninterrupted availability of life saving commodities at service delivery points. This will include a focus on a strategic shift in the public sector’s role in supply chain and pharmaceutical management from beyond being simply operators and service providers to becoming stewards of commodity and service availability and security, including strengthening private sector partnerships to provide operational support. In general, the focus of the activity will be supporting the Government Of Ethiopia (GOE), specifically the Ministry of Health (MOH) and the Ethiopian Pharmaceutical Supply Services (EPSS) and respective sub-national leadership, private sector, and other local actors to manage and implement the supply chain and pharmaceutical services to support delivery of quality, essential health services for Ethiopian citizens.

This activity emphasizes achievement of measurable, high-quality, and cost-effective results to support the objectives and priorities outlined in this Statement of Work (SOW). Additionally, this activity places a premium on strong financial management, and evidence-based learning and adaptation fueled by cost-efficiency, innovation, technology, and partnership with new and underutilized international, regional, and local partners including those from the private sector.

¹ Supply chain functions to be supported may include forecasting and supply planning; procurement; customs clearance; warehousing and inventory management; distribution and transportation; logistics and operational support; supply chain information system, data management and analysis, human resources and organizational management, performance management; as well as enabling environment factors including those related to policy, governance, and financing.

² Pharmaceutical services are an integral part of health services and programs and represent a process that includes i. Supply of medicines at each and every one of the constituent stages supply functions; ii. Maintenance and control of quality of medicines; iii. Safety and therapeutic effectiveness of medicines; iv. Follow-up and evaluation of usage; and iv. Procurement and dissemination of information about medicines.

The Supply Chain for Health Improvement Program (SCHIP) has the following three major objectives:

1. Ensure the consistent availability of high-quality health products³ for Ethiopian citizens at health service delivery points through an improved and more mature supply chain system and strengthened pharmaceutical management services.
2. Increase access to and rational use of quality pharmaceutical services and health products to achieve better health outcomes for Ethiopian citizens.
3. Improve the sustainability and efficiency of the health supply chain and pharmaceutical services sectors.

This activity intends to achieve the following key targets and outcomes at the end of its implementation period:

- Increased health program (including HIV, TB, malaria, family planning, nutrition and maternal and child health) product availability at Service Delivery Points (SDPs).
- Advanced maturity level of Ethiopian Pharmaceutical Supplies Services (EPSS) hub using standardized maturity measurement scale.
- Identified priority areas of supply chain functions and services outsourced to the private sector at any level of the supply chain system.
- Improved rational use of antimicrobials and anti-malarials at SDPs.

This award is approximately a \$40 million, five-year award, subject to the availability of funds. Sources of funding will include Maternal, Newborn and Child Health (MNCH), family planning (FP) HIV/AIDS, malaria, tuberculosis (TB) programs and potentially Global Health Security Agenda (GHSA).

OVERVIEW

USAID/Ethiopia has made considerable investments to strengthen the health supply chain and pharmaceutical services over the past 15 years. There have been substantial improvements in medicine availability and improved infrastructure capacity through an integrated supply chain system strengthening interventions based on priority GOE needs. However, challenges remain, particularly in the areas of sustainability, governance and ownership, and efficiency.

The primary scope of the Activity will be to provide technical assistance (TA) to the GOE, private sector and community actors to facilitate implementation through introduction of innovative, scalable solutions, rather than providing direct operational support (less doing, more supporting counterparts to do). It is not anticipated that the Activity will be involved in direct procurement of health products as procurement of USAID-procured health products will be handled by another award/mechanism. However, this activity is expected to closely coordinate with the central procurement mechanism and provide TA to MoH & EPSS on priority procurement needs (for example quantification, customs clearance, supplier relation management, in-country logistics, framework of contracting and contract performance monitoring).

³In this document, health products may include medicines and medical devices, vaccines, medical equipment and supplies, contraceptives, diagnostics, consumables, vector control products and other consumable/single use health products, insecticides, personal protective equipment, and general laboratory items.

While there have been improvements in product availability in Ethiopia, through this award a renewed focus will be placed on measuring supply chain system efficiency to support in-country priorities and strategies, specifically the financial and operational sustainability of EPSS (select hubs) and pharmaceutical services. For example, while inventory turnover and velocity is low, stockouts are common, as well as overstocking.

The focus of pharmaceutical services under this Activity will be targeted to support improved stock status at service delivery points by improving the quality of pharmacy services through, for example, scale-up an accountable pharmaceutical transaction system, rational drug use, and deployment and use of quality medicine information system. The Activity is not expected to provide support for pharmaceutical regulatory services supported through the Ethiopian Food and Drug Agency (EFDA) or for health products' quality control and assurance.

USAID/Ethiopia investments have balanced the need to adopt strategies tailored to the particular needs of priority program health products, ensuring accountability of USG resources, while also building strong integrated host country health systems. Illustrative issues, opportunities and challenges for specific program are listed below:

<u>Program</u>	<u>Illustrative Issues/Opportunities/Challenges</u>
HIV/AIDS	Multi-month dispensing, client centered supply chain solutions, new product introductions
TB	Drug resistance, introduction and scale-up of new diagnostics and treatment
Malaria	Seasonality, histidine-rich protein 2 (HRP2) deletion mutation, malaria elimination, medicine/pesticide resistance, campaign distributions of insecticide-treated net (ITNs)
Family Planning	New product introduction, method choice, financing and varying utilization across regions and geographies
Maternal, Newborn & Child Health (MNCH)	Integration into Integrated Pharmaceutical Logistics System (IPLS), funding for product procurement, cost recovery

C.3. BACKGROUND

C.3 (a) The Context of Ethiopia's Pharmaceutical and Supply Chain Sector

The [Health Sector Transformation Plan II \(HSTP II\)](#) for Ethiopia developed by Ministry of Health (MOH) includes a focus on strengthening the health supply chain and pharmacy services to ensure uninterrupted availability and accessibility of safe, effective, and affordable medicines

and health commodities needed to address the health problems of the community and ensure that they are used rationally and properly. This includes reduction of pharmaceutical wastage, systematic and environmentally friendly disposal of expired and damaged pharmaceutical products.

The pharmaceutical sector in Ethiopia is regulated by the EFDA, which is responsible for ensuring the safety, quality and efficacy of medicines imported and produced in the country, and with regional offices responsible for enforcing regulatory policies in respective regions. Some regions in Ethiopia may also have a regional structure, known as Food, Medicine and Health Care Administration and Control Authority (FMHACA), for enforcement of medicine regulation at the regional level.

The EPSS is the national central medical store, responsible for ensuring an uninterrupted supply of quality-assured health products and devices to the public at affordable prices through efficient procurement, improved warehousing and inventory management, and efficient distribution to health facilities. Currently EPSS has 19 regional hubs that function as its branches distributed throughout the country.

The Pharmaceuticals and Medical Equipment Directorate (PMED) under the Medical Services Directorate within the MOH was established as a unit in 2012 and then upgraded to a directorate level in 2015, following a sector review that identified major gaps in pharmaceutical services and medical equipment utilization at SDPs. PMED was tasked with overseeing the implementation of reforms to the national health supply chain and pharmaceutical services, including the medical equipment management system, to improve the availability, quality, and proper use of essential medicines, medical devices, and other health commodities. However, a recent comprehensive organizational capacity [assessment](#) of PMED in 2020 revealed that lack of clarity on its mandate has negatively impacted the ability of PMED to effectively play its role.

In addition to the public sector institutions, there are numerous private sector actors that play pivotal roles in setting and influencing policy on educating and promoting ethical, transparent and quality pharmaceutical services in the country. The largest private sector actor is the Ethiopian Pharmaceutical Association (EPA).

Despite major investments and significant improvements in supply chain and pharmaceutical management over the past few years by all actors, there are still several gaps affecting supply chain systems and pharmacy services at health facilities and SDPs.

Among the documented achievements, product availability is one which has improved significantly over the past few years; however, stockouts still occur. An [IPLS Survey](#) conducted in 2018 showed average availability for a basket of essential medicines was just under 80%. Essential medicines availability varied significantly by level of SDP. While availability of most items had improved since in 2015 documented in a similar survey, in the recent survey about 93% at hospitals, 77% at health centers and just under 70% at health posts reported availability of essential medicines. In addition, availability was recorded higher in health facilities implementing an electronic LMIS as compared with those using paper-based LMIS (82% and 78%, respectively). The IPLS survey also identified challenges in availability of logistics forms (for example only 59% of health posts had blank bin cards, versus 84% of health centers and

100% of hospitals). The average use of bin cards for tracer items was 90% at hospitals, 55% at health centers and only 27% at health posts. This is due to shortage and high turnover of pharmacy professionals at health facilities. Despite major efforts to train more pharmacy professionals in the past investments, 15% of health facilities still have no pharmacy professionals on their staff list. Nearly 24% of hospitals and health centers had no IPLS trained staff on their pharmacy units, with in-service training remaining the most common training modality (96%). At health posts, less than 10% of Health Extension Workers (HEWs) reported receiving on-the-job (OJT) IPLS training, while 1% reported receiving pre-service training. Hence, training of existing pharmacy professionals on IPLS and commodity management (in service, pre-service and recently online training), was not as successful as it was intended due to the mentioned high turnover of these cadres. Another gap identified in the survey was related to storage practices at health facilities. The percent of health facilities with acceptable storage practices in hospitals, health centers and health posts were 71%, 45% and 27% respectively. Additionally, a recent programmatic evaluation of rational use of medicine conducted by USAID partner on ARVs and MCH products shows gaps in use of the product standard treatment guidelines at health centers and hospitals.

In terms of leadership, governance and coordination of pharmaceutical services by PMED, a comprehensive [assessment](#) of the PMED's organizational capacity and its role conducted in 2020 showed gaps in medicines availability, pharmacy workforce quantity and motivation, and other important pharmaceutical services such as pharmacy services at SDPs within health facilities, drug supply management, clinical pharmacy and drug information services and supply chain performance. The assessment showed wide regional variations in product availability: Oromia 90%, SNNPR 82%, Tigray 73%, Amhara 69%, and Afar 50%. Implementation status of IPLS measured by Report and Requisition Form (RRF) reporting rate, also varied from region to region, with the highest reporting rate in SNNPR (90%) and the lowest in Gambella (55%). The assessment also identified a lack of collaboration and coordination mechanisms between the public sector and other non-governmental stakeholders like local manufacturers, private sector, associations, and universities.

C.3 (b) Overview of the Ethiopian Pharmaceutical Supply Chain system, roles and responsibilities of key stakeholders

The MOH is responsible for ensuring an efficient and high-performing public healthcare supply chain that provides equitable access to affordable medicines and related supplies for all Ethiopians. The MOH utilizes the EPSS as the lead organization in managing the healthcare supply chain system.

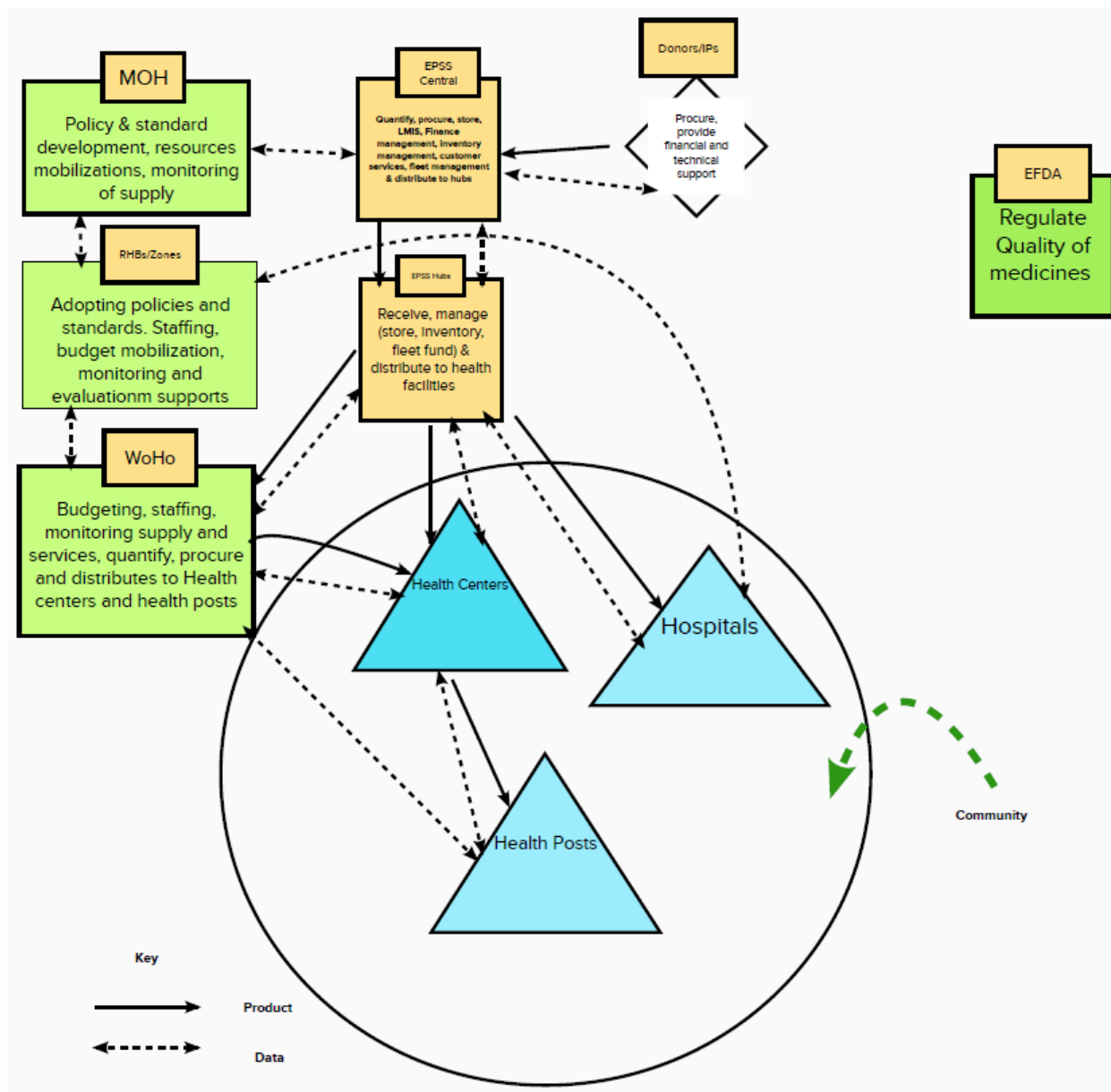


Exhibit 1. Schematic diagram of Ethiopia health supply chain showing product and information flows and key institutional/stakeholder functions

The EPSS mandate is to “avail affordable and quality pharmaceuticals sustainably to all public health facilities and ensure their rational use”. In recent years, significant progress has been made to increase the availability, accessibility, and affordability of quality essential medications. However, many challenges remain, resulting in inadequate supply, low standard storage conditions, weak stock management, and high levels of waste and stock-outs.

EPSS has both central and branch (hub) warehouses. The central EPSS warehouse is based in Addis Ababa, with 19 hubs across the regions. The hubs do not fall under the Regional Health Bureau (RHB) administrative structure and are managed centrally by the EPSS head office. Hubs are not bound to regional borders and may supply facilities in another region to maximize efficiency. The 19 hubs are located with the goal that every health facility can access them within a radius of 180 to 300 km⁴. Exhibit 3 below describes the roles and responsibilities as well as the functional relationship of the government stakeholders at all levels.

In 2018/2019, EPSS procured medicines, medical and laboratory supplies, and equipment valued at 13.3 billion ETB (or approximately US\$280 million). This includes more than US\$100 million of HIV, malaria and TB medicines and supplies with direct grant disbursements from the Global Fund. Since the start of the COVID-19 pandemic, EPSS and the Government of Ethiopia (GOE) have received substantial in-kind donations. EPSS continues to procure COVID-related commodities and supplies for infection prevention and control (IPC), personal protective equipment (PPE), and COVID-19 testing using domestic funding.

As a government entity, EPSS is under the GOE’s civil service regulations and must follow civil service policies and procedures for job classification, salary scales and hiring. However, unlike other government-owned central medical stores, EPSS does not receive funding from the MOH for its operations. EPSS’s operations are paid for through the Revolving Drug Fund (RDF) and by generating revenue from sales and service fees. Additional procurement of medicines is done through the SDG donor-pooled funding for a predetermined essential medicines list, including a subset of MNCH program commodities, through Global Fund direct cash transfer, and through USAID in-kind donation. EPSS also receives seconded TA and other additional system strengthening grants from development partners including the Global Fund, UNICEF, and USAID. Key roles and responsibilities of government stakeholders and development partners are stated in the table below:

Exhibit 2. Primary Roles and Responsibilities of key stakeholders of government Managed Health System in Ethiopia

Structure	Roles and responsibilities
Ministry of Health (MOH)/PMED and other program directorates such as National Malaria Elimination Program (NMEP), National TB Program (NTP), Maternal, Newborn and Child Health (MNCH), HIV/AIDS Control Office (HAPC)	<ul style="list-style-type: none"> ● Develop policies and standards ● Advocate for financial support ● Coordinate donor contributions ● Monitor stock levels and program performance ● Process payment to EPSS for delivery of program products ● Communicate program plans and activities that affect demand for pharmaceuticals

⁴ Business Process Reengineering for Pharmaceuticals Fund and Supply Agency, October 2019

<p>EPSS</p>	<ul style="list-style-type: none"> ● Forecasting national demand; procure, store, distribute and determine stock levels ● Coordinate and lead partners working on supply management and rational pharmaceutical use ● Monitor and evaluate system performance
<p>EFDA & regional FMHACA</p> <p>Local pharmaceutical manufacturers</p>	<ul style="list-style-type: none"> ● Develop medicine regulatory policies, manuals, SOPs and directives ● Monitoring medicine safety and quality at entry and exit ports ● Monitor safety of imported and locally manufactured health products ● Perform post market surveillance on medicines ● Conduct laboratory quality and safety testing on products ● Combat illegal medicine trade ● Supervise and monitor proper medicine utilization
<p>Development Partners & implementing partners, professional associations, Universities & CSOs</p>	<ul style="list-style-type: none"> ● Development Partners support implementation of policies, guidelines and SOPs ● Engage in different coordination platforms ● Provide financial support ● Technical assistance ● Providers and accreditor for professional development ● Advocate for better health services especially medicine utilization and policy implementation
<p>Regional Health Bureau/ Zonal Health Department</p>	<ul style="list-style-type: none"> ● Enforce policies and guidelines related to pharmaceutical logistics management ● Monitor and evaluate the implementation of the pharmaceutical system, availability, and budget ● Provides TA supply chain management to hospitals and Woreda health Offices (WoHOs). ● Monitor and oversee annual pharmaceutical quantification at woredas
<p>Woreda Health Office</p>	<ul style="list-style-type: none"> ● Monitor pharmaceutical budget and availability as well as system performance (reporting rates, consumption rates, stock levels, storage conditions) ● Supervise stock management, ordering, and reporting functions of health posts & health centers ● Ensure the right pharmaceuticals are provided at health centers & health posts

Health Facility (Hospitals, health centers, health posts)	<ul style="list-style-type: none"> ● Plan commodity need, budgeting, store & manage inventory, Logistics Management Information System (LMIS), and dispense to clients ● Implement different facility-based standards (Ethiopian Hospital Reform Implementation Guideline (EHRIG), Ethiopian Health Center Reform Implementation Guideline (EHCRIG), Integrated Pharmaceutical Logistics System (IPLS), Auditable Pharmaceutical Transactions and Services (APTS), Drug and Therapeutic Committee (DTC)) ● Establish coordination platforms in facilities ● Provide proper medicine dispensation to patients and the community.
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The IPLS is a documented and standardized integrated product management system supported by USAID that improves resupply decision-making, health facility inventory management, storage management and data visibility of program health commodities. However, the system still faces challenges on implementation including inadequate integration of some supplies and commodities such as laboratory reagents and supplies, HIV rapid test kits, and other products in the IPLS. Revolving Drug Fund (RDF) products, subject to cost recovery, are not also reported and resupplied through the IPLS.

EPSS has developed a ten-year plan Pharmaceuticals Supply Transformation Plan II (PSTP II) to improve customer satisfaction, improve financial capacity to operate the supply chain, implement a flexible and reliable operational model, and become a learning organization with skilled and talented staff. PSTP II has four strategic themes: (1) Excellence in Customer Service, (2) Financial Sustainability, (3) Operational Excellence, and (4) Excellence in Human Resource Management, Leadership and Governance.

Overview of USAID’s Historical Support to the Supply Chain System in Ethiopia

For more than 15 years, USAID has played a pivotal role in strengthening supply chain and pharmaceutical services in Ethiopia through technical assistance, infrastructure development and procurement of essential health commodities. USAID has provided over \$400 million in supply chain support over the last ten years through its key supply chain projects, Supply Chain Management System (SCMS), USAID | DELIVER Project, AIDSFree, SPS, Systems for Improved Access to Pharmaceuticals and Services (SIAPS), and currently Global Health Supply Chain Program: Procurement and Supply Management (GHSC-PSM) and the Digital Health Activity (DHA). These projects procured and supplied USG-funded pharmaceuticals and provided technical assistance and material resources to strengthen the pharmaceutical supply chain system to ensure the continuous availability of high-quality HIV/AIDS, TB, malaria, family planning (FP) and reproductive health (RH), and maternal, newborn, and child health (MNCH) products, and their appropriate use. In addition to significant impact on health outcomes and lives saved, USAID’s support in this area resulted in an overall improvement and

transformation of the supply chain system.

Some key accomplishments of USAID’s support include: the institutionalization of an integrated supply chain for health facilities (IPLS), increased national warehousing capacity from 48,000 square meters to about 300,000 square meters, an increase in EPSS regional hubs from 11 to 19, and development and implementation of several electronic logistics management systems, all of these have significantly improved access and quality of essential medicines. USAID’s support has introduced and executed several initiatives and program innovations including APTS implementation and expansion to more than 300 high load hospitals and health centers, Drug Information Services (DIS) and supported establishment of Drug and Therapeutic Committees (DTC) at health facilities that have improved medicine utilization. A Center of Excellence (COE) for warehouse operations and several “Quick Win” initiatives, including a Quality Management System (QMS) for EPSS have been implemented. Several Standard Operating Procedures (SOPs) were developed and implemented at EPSS. USAID’s support for national procurement has achieved significant economies of scale while also reducing repetitive tendering and consequently, reducing procurement lead times from over 300 days to the current 90 days.

C.4 GENERAL PROGRAM PARAMETERS

The following operational guidance is critical for the successful and sustainable implementation of this Activity. These principles relate to (a) Collaborating, Learning, and Adapting; (b) coordination with external stakeholders; (c) commitment of global stakeholders and (d) additional parameters including geographic focus, financial sustainability, local capacity development, gender, and private sector engagement.

C.4.a. Collaborating, Learning and Adapting

USAID uses an approach called Collaborating, Learning and Adapting (CLA) to achieve better development results. This approach involves strategic collaboration, systematic and continuous learning, and adaptive management. CLA asks:

- Do you take the time to think critically about your work?
- Are you strategic in who you collaborate with, what you are learning; and
- Do you use those learnings to change accordingly?

While CLA is not a new approach, these practices often do not occur regularly, are not systematic, and not deliberate. CLA is not a different work stream or done for its own sake. It’s a different way of approaching activity design and making implementation as effective as possible to maximize development impact. Strong CLA practices vary with organizational culture, project contexts, and their enabling environments. CLA practices need to be tailored where investments at different levels of the health sector and the enabling environment are implemented by different implementing partners.

Partners can achieve this intentionality by identifying knowledge gaps in their activity’s theory of change or by filling gaps in the evidence that designers used when creating the activity. The intentionality may be achieved by creating and taking opportunities for stakeholders to track progress, discuss challenges, opportunities, and changes in context. Another opportunity to be

intentional emerges as collaboration opportunities are created or required, especially if USAID/Ethiopia or Washington stakeholders get involved.

ADS 201.3.4.10.B describes potential approaches to CLA that include, but are not limited to:

- Having partners identify knowledge gaps in the theory of change for their activity or in their technical knowledge base and supporting them in identifying and implementing ways to fill these gaps.
- Planning for and engaging in regular opportunities for partners to reflect on progress, such as partner meetings, portfolio reviews, and after-action reviews. These opportunities may focus on challenges and successes in implementation to date, changes in the operating environment or context that could affect programming, opportunities to better collaborate or influence other actors, and/or other relevant topics.
- Encouraging or requiring partners under a project to collaborate, where relevant. Collaboration activities may include joint work planning, regular partner meetings that facilitate knowledge sharing, and/or working groups organized along geographic or technical lines. These activities require time and resources, and appropriate resources should be budgeted.
- Involving implementing partners in the USAID learning activities, such as portfolio reviews or stock taking efforts, as appropriate; and
- Using the knowledge and learning gained from implementation, opportunities to reflect on performance, monitoring data, evaluations, knowledge about the context, and other sources to adjust interventions and approaches as needed.

These practices need to drive decision-making and activity adjustments in an intentional way that responds to new information and changes in context.

C.4.b Coordination with external stakeholders

Services and deliverables under the Contract whenever possible should be developed and implemented through collaboration and coordination consistent with the parameters and guidance established. Technical guidance will be provided through the Contracting Officer's Representative and any direction that involves a change to the Contract, including, but not limited to, changes to the Statement of Work and funding levels, can only be provided by the Contracting Officer.

Other Stakeholders

The following are some of the key external stakeholders that are actively engaged in the health supply chain and pharmaceutical services in Ethiopia:

- **Global Fund to Fight AIDS, TB and Malaria (GFATM)** - procures pharmaceutical drugs and health commodities for HIV, TB, and malaria, supports system strengthening and infrastructure, and provides strategic technical assistance
- **Global Access to Vaccines Initiative (GAVI)** - Procures vaccines and supports cold chain supply chain management including technical assistance. (EPSS manages the EPI

supply chain down to woredas and health facilities)

- **Bill and Melinda Gates Foundation (BMGF)** provides support in human resources capacity building at EPSS central and hubs, and supports the deployment of LMIS digital tools developed by USAID partners
- **Foreign, Common Wealth and Development Office (FCDO)**: Despite drastic reduction of funding compared to the past, they still provide some level of support to FP product procurement through UNFPA.
- **United Nations Population Fund (UNFPA)**: Procures family planning commodities and provides technical support.
- **United Nations Children's Fund (UNICEF)**: Support in EPI logistics, procurement, storage and distribution of vaccines and Nutrition products provides technical support to strengthen the emergency supply chain system.
- **Private sector**: The desired expanded role of the private sector will be defined during the co-creation stage of the activity design. Potential roles expected include strengthening last mile delivery of products including implementing Decentralized Drug Distribution (DDD), and medical equipment maintenance.
- **Community**: will play a key role through community led monitoring of services.
- **Associations and Civil Society Organizations (CSO)** – activity oversight and advocate for quality health services.

Other USAID Funded Activities

The Contractor will collaborate and work with USAID activities that are being implemented as well as new USAID awards that will start during the project lifetime including:

- **Digital Health Activity (DHA)** is responsible for the development and implementation of electronic information systems as well as related governance issues. SCHIP will work closely with DHA to identify gaps, and support development of electronic solutions that fulfill business needs. They will also work jointly to identify and resolve implementation issues for electronic systems.
- **Human Resource for Health Improvement Project (HWIP)** is responsible for the development, deployment and quality assurance of the Ethiopian health workforce. SCHIP will work closely with HWIP to strengthen the capacity of the pharmacy health workforce through competency based curriculum development and introduction of innovative learning mechanisms such as e-courses as continuous professional development (CPD) in collaboration with selected Higher Education Institutions (HEIs).
- **Health Financing Improvement Project (HFIP)** designed to support health financing reforms and financial protection of Ethiopian citizens through implementation of health insurance schemes throughout the country. SCHIP will work closely with HFIP to ensure access to quality medicines to all citizens without financial hardships and also ensure financial sustainability of the supply chain system strengthening program.
- **Public Health Emergency Management (PHEM) Project** is an upcoming new activity that will strengthen health emergency preparedness and response within the health sector to mitigate current and future shocks affecting Ethiopian citizens. SCHIP will collaborate with PHEM to ensure adequate capacity of GOE in executing emergency drug and commodity supply chain systems during any form of crisis in the country.

- **USAID NextGen** is an upcoming global supply chain award to support global procurement and delivery of health products to Ethiopia.
- **USAID PEPFAR community partners** to improve HIV/AIDS services for key populations ⁵.
- **Other future awards** that support service delivery include the Improving Quality of Healthcare, Improving Nutrition through Community-based Approaches (INCA) and Pastoral Primary Health Care (PPHC) activities. This will help to avoid any possible duplication of effort and increase synergy across different mechanisms.

Supply Chain and Pharmaceutical Services-Related Coordination Platforms

The MOH and EPSS lead the supply chain donor coordination efforts through several different platforms. These include the Supply Chain Donors Group that meets monthly to address key high-level strategic supply chain issues; the Supply Chain Partners Technical Working Group (TWG) that discusses pharmaceutical service improvement initiatives; and the Priority Program Supply Chain TWG led by EPSS that convenes monthly to address program-specific commodity concerns.

C. 4. c Other Parameters

Geographic focus: SCHIP may be implemented in most regions of Ethiopia with a **basic package** of support. However, more innovative, specialized and intensive support should be provided to select sites, hubs, woredas and regions called the **intensive package**. For each of the expected results, the term basic or intensive has been indicated by expected results for clarity for offerors to submit a technical and cost proposal. The Contractor will be expected to propose an approach to segment support based on the principles of maximizing results, cost-effectiveness, scalability, sustainability, equity and promoting learning to ensure that successful approaches can be tested in select regions and then, if successful, scaled with support of other partners to additional regions. During a co-creation process, the Contractor will work with USAID and other partners to design an approach to select 2-3 regions (inclusive of woredas and facilities) for this intensive/innovative support along with appropriate modalities for such technical assistance. The Contractor will be expected to be cutting-edge in introducing new, innovative strategies within a structured technical assistance framework, which will also be informed by historical initiatives supported by USAID and other partners. It is not anticipated that the Activity will have staff working at SDP level in regions receiving basic support; rather they will provide regular technical support to regions and woredas. In all regions, the Activity will focus on establishing sustainability measures, including specific indicators/milestone/benchmarks that demonstrate high performing woredas and SDPs graduating from receipt of intensive support by the end of Year 4 of the activity (if not before).

Private Sector Engagement: Currently, the private sector in Ethiopia has limited engagement in the health supply chain and the delivery of products and pharmaceutical services. USAID believes that a larger role for the private sector can improve system performance and increase

⁵ Key Population (KP) - are individuals who are highly exposed to HIV infection, they account for the majority (65%) of new HIV infections globally and are 25-35 times more likely to acquire HIV than non-key populations.

sustainability. The Contractor will support the GOE in identifying potential priority supply chain functions for private sector engagement and then provide technical assistance to GOE's design and implementation of its private sector partnerships. The Contractor may also be asked to support current initiatives by private sector entities in the pharmaceutical sector.

Financial Sustainability: Sustainable financing for health commodities and other supply chain costs is critical to ensure uninterrupted supply. The Contractor will support the GOE and communities in domestic resource mobilization efforts. This will require innovation, co-creation and drawing on existing successful global models to create government and community ownership of programs that deliver sustainable finance for the public health system. Strengthening the current RDF will be a pivotal part of this support.

Gender: In Ethiopia, men occupy most supply chain jobs for all job types and levels, but to a greater extent at higher levels. The Contractor will work with the public and private sectors to promote more women in the health supply chain and pharmaceutical sectors including to leadership and management positions. The Contractor should also demonstrate gender balance in its own staffing, including key personnel positions. The activity should work to address the needs of men and women within its scope and incorporate gender specific indicators to measure results.

C.5 SERVICES AND TASKS REQUIRED

The Contractor shall provide the services and deliverables specified below to achieve the objective set forth above, subject to the guidance and limitations specified herein. Specific services, activities and deliverables that are required will be established in the annual workplan which is approved by the Contracting Officer's Representative (COR) and, when necessary, through modifications to workplan specified in writing by the COR. Such technical direction must be consistent with all the terms and conditions of the Order and the determinations of the Contracting Officer.

C.5.a Management and Administrative Services

The Contractor will provide all general management and administrative support necessary to perform the Contract. The services to be provided may include, but are not limited to:

- i. Overall management and administration of the Contract, including both expatriate and home office support and administrative services. The Contractor will provide all personnel including key personnel specified in the Contract necessary to meet recurring general management and administrative support needs under the Contract.
- ii. The Contractor shall provide the facilities, supplies and services necessary to perform the required activities.
- iii. The Contractor shall provide the planning necessary for performance of the contract and submit all required plans and documents as presented in this document. The Contractor is required to provide oversight, quality control and general technical support of all services and deliverables provided pursuant to the Contract.

- iv. The Contractor is required to provide and assure the proper, efficient, and uniform use of modern management and administration, accounting practices, information technology (IT), communications, reporting, human resource management, property control, security, records and other administrative processes and systems required under the Contract.
- v. Manage the overall reporting needs of the program as specified in the Contract and developed in work plans in conjunction with the COR.

C.5.b Technical Services

The Contractor shall provide technical services to achieve the objectives and results outlined in the next section. As discussed above, annual work plans and/or modification to the work plans will establish the specific services, activities and deliverables required. In addition, the performance milestones in the work plans will establish the baseline on which performance will be evaluated, in addition to the objective specified in Section C.2 above.

Through targeted, data-driven, innovative, technical assistance to the MOH and EPSS (and other actors), the performance of the supply chain and pharmaceutical systems in focus geographic areas will improve. Hence, consistent availability and equitable delivery of quality health products, commodities, and pharmaceutical services will be ensured for better health outcomes.

For each of the priority program areas - HIV/AIDS, malaria, TB, family planning, and MNCH- the Contractor should clearly outline how they will identify and respond to particular challenges while at the same time ensuring a focus on overall health systems strengthening for the supply chain and pharmaceutical services.

The sections below reflect broad areas of results to be achieved by the end of the award. For each objective and intermediate result listed below, the technical approach (including both short-term and long-term technical assistance solutions) should be clearly defined in the offeror's proposal. However, more specific results and other details will be further refined through a co-creation process with the prospective awardee.

For each intermediate result, the Contractor will detail the expected targets, results and deliverables along with anticipated costs to allow cost-benefit reviews. Additionally, the Contractor must propose how it will monitor implementation of activities at different levels: Central MOH, RHBs, Central EPSS, EPSS hubs and the contractor's TA/responsibilities to achieve these expected results. The Contractor will indicate how proposed activities build and learn from previously implemented and complementary interventions by the MOH, USAID, and other cooperating partners, in addition to building on lessons learned from previous HSS activities (USAID and non-USAID supported). The Contractor must support and define key activities that will achieve the expected results below and that will drive the technical assistance approach. The Contractor will be expected to propose strategies to improve the efficiency of the supply chain including new key performance indicators (KPIs) and activities focused on

increasing inventory turnover and velocity.

Proposed approaches will maximize value for money through strategic partnerships potentially with the private sector and other non-traditional partners and must integrate gender considerations into all aspects of future programming. The activity is expected to accelerate improved decentralized management of supply chain and pharmaceutical services with a focus on local ownership and enhanced leadership among those leading implementations. The Contractor will develop and be measured against region-specific work plans which target specific bottlenecks to improving regional and local capacity and supply chain and pharmaceutical services outcomes, including reduced stockouts.

Specific illustrative results are listed below for each Objective and Intermediate Results (IR) that the Contractor must support achievement of per the stated timeline. The Contractor can propose revised percentage achievements outlined below with sufficient justification explaining the rationale for the revised results. Targets and indicators for each year will be developed after the co-creation process and completion of assessments to define baseline data. This should occur within the first six months of the award.

Exhibit 3 below summarizes the goal, objectives and sub objectives of the project.

Goal: Attain sustainable access to and rational use of quality health products at all levels of the system		
<p>Objective 1: Maturity of the Supply Chain Functions and Operations Improved</p> <p>1) Standardized measurement and tracking of supply chain maturity improved</p> <p>2) The Supply Chain Workforce Capacity Strengthened</p> <p>3) The technical oversight and coordination system of the pharmaceutical supply chain sector strengthened</p> <p>4) Subnational level management and governance capacity improved</p>	<p>Objective 2: Access to and Rational Use of Medicines and Supplies at Health Facilities and Communities Improved</p> <p>1) Health Center, Hospital and site-level pharmaceutical supply and services and practices improved</p> <p>2) Access to community-based pharmacy services and community ownership enhanced</p>	<p>Objective 3: Supply Chain Systems and Pharmaceutical Services sustained and its efficiency improved</p> <p>1) The engagement of the private sector in the pharmaceutical and supply chain services increased</p> <p>2) Financial sustainability of the supply chain sector increased</p>

The approaches, constraints, expected activities and results under each of the project objectives and sub objectives are illustrated below.

C.5 (b) (i) Objective 1: The Maturity of Supply Chain Functions and Operations Improved

Inconsistent supply chain and pharmaceutical service performance in Ethiopia resulting in stockouts, waste, poor quality products and services, and irrational drug use, reflects a supply chain that has a low level of maturity. This low level of maturity is characterized by suboptimal

warehouse and inventory management capacity, weak risk management, lack of proactive planning, and lack of product visibility.

The primary objective of this intervention is to improve maturity of supply chain functions to ensure consistent availability of high-quality health products for Ethiopian citizens at service delivery points.

Under this IR, the Contractor will focus primarily on assessing overall maturity level of various supply chain and pharmaceutical functions at central and hub levels to identify weaknesses and develop activities to drive improvements. The activity will be directly linked with the [I-Supply Strategy](#), the [Pharmaceuticals Supply transformation Plan II \(PSTP\)](#) and [Health Sector Transformation Plan II](#). Under this intervention, the Contractor will also provide basic technical support to MOH/PMED, EPSS, RHBs, and related supply chain entities to improve the supply chain functions and systems. Targeted basic technical support will be extended to up to nine out of thirteen hubs (hubs to be selected during co-creation) to further advance their maturity level. Details of the basic and intensive technical support packages are further explained below.

IR 1.1: Supply Chain Maturity Improved through Standardized Measurement and Tracking (BASIC)

According to a recent [assessment](#) conducted in 2019, the maturity level of the overall supply chain functions managed by EPSS and MOH/PMED identified opportunities for growth and further development. This is manifested in intermittent stockouts of health products at health facilities. Meanwhile, according to the 2018 [IPLS survey](#), the inventory turnover rate – an important efficiency measure - remains suboptimal at 1.6 for RDF products and 2.3 for health program products. The Contractor will support supply chain operations and systems to increase overall and hub level maturity through this activity.

It is anticipated that EPSS, in collaboration with relevant stakeholders, will conduct a comprehensive maturity assessment of the current supply chain functions. The identified gaps along with the plan for improvements will be shared and reviewed with all relevant stakeholders to ensure that activities are aligned and not duplicative. The Contractor will use the evidence generated from the maturity assessment as a baseline data and plan high impact interventions to improve the maturity level throughout the activity duration. The scope of Activity, based on the identified weaknesses from the maturity assessment, will include (but not limited to) technical assistance for quantification (forecasting and supply planning), inventory management, warehouse operations, distribution planning, transportation management, human resources, data use and analytics, and waste management.

Expected Results:

- Key areas of improvement identified and prioritized from the maturity assessment and used for designing high impact interventions by the contractor.
- Complete assessment results of maturity level for EPSS center and select hubs at midline and endline of project life submitted.
- Improved maturity levels of EPSS hubs and their supply chain functions objectively

increased.

Note: Specific KPIs, targets, indicators and baseline data for the expected results will be determined by the contractor after the official award.

IR 1.2: The Supply Chain Workforce Capacity Strengthened (BASIC)

Insufficient pharmacy workforce, with inadequate technical and management skills and low motivation, continues to be a significant barrier to improved pharmaceutical and supply chain services.

The Contractor is expected to provide support to MOH and EPSS to increase the technical and managerial capacity of the supply chain and pharmaceutical services workforce. The Contractor is also expected to support organizational strengthening to ensure the workforce has an environment that allows them to succeed. Moreover, the Contractor is expected to devise sustainable and effective approaches to address human resources capacity challenges including but not limited to mentoring, training and supportive supervision. The workforce capacity building should include personnel at RHBs, zonal health departments, woreda health offices, health facilities, and EPSS hubs. Innovative cost-effective approaches that move beyond classroom training are expected, including the use of technology and other innovations including potential for Grants under Contract (GUC) to local organizations with the capacity to provide innovative support.

Expected Results:

- Improved skills and abilities of supply chain and pharmaceutical workforce defined in alignment with competency framework and other assessment tool to be proposed by offeror
- Digital Continuous Professional Development (CPD) courses and other innovative, sustainable, and cost-effective workforce training modalities for the health supply chain and pharmaceutical sector developed.
- Motivation and retention schemes including career development path for supply chain and pharmaceutical workforce developed.
- Improved capacity of EPSS's procurement workforce on the international procurement system.

Note: Specific KPIs, targets, indicators and baseline data for the expected results will be determined by the contractor after the official award.

IR 1.3: Technical oversight and coordination of the pharmaceutical supply chain sector strengthened (BASIC)

Limited coordination among the many institutions and entities involved in Ethiopia's supply chain is a significant challenge as it negatively impacts system performance and product availability. Strengthening this area will improve communication and dialogue around challenges, needs, and strategies to improve the system and use of data for identifying risks.

Within its intensive support, the Contractor will provide technical and financial support for the implementation of standardized supply chain stakeholder coordination platforms and will create a cascaded technical oversight system of the public health pharmaceutical and supply chain sector owned and led by MOH/PMED and EPSS. This support will improve the planning, coordination, monitoring and evaluation (M&E) of MOH, EPSS, RHBs, woreda health offices, and health facilities in the supply chain and pharmaceutical services sector.

Expected Results:

- Improved skills and abilities of EPSS, MOH and RHB to manage coordination platforms effectively.
- Systematic, sustainable, responsive, and effective donor and stakeholder coordination mechanisms for the health supply chain established and led by MOH and EPSS at all levels (National and sub-national).
- Technical oversight and supportive supervision system for MOH- and EPSS-led supply chain and pharmaceutical services at all levels established and implemented.

Note: Specific KPIs, targets, indicators and baseline data for the expected results will be determined by the contractor after the official award.

IR 1.4: Capacity of sub-national Level supply chain management and governance improved (INTENSIVE)

Weak management and governance across all levels of the supply chain sector has hampered the ability of the system to provide consistent product supply. The MoH and EPSS are unable to adequately allocate budget, mobilize additional resources for procuring health products and have limited sustainable financing mechanisms that adjust to changes in product demand.

The Contractor is expected to provide innovative technical assistance to improve leadership and governance for supply chain and pharmaceutical services at all levels. The Contractor will work with relevant subnational level stakeholders such as RHBs, woreda health offices, and health facilities to improve facility-level health product quantification, advocate for increased budget allocations, and mobilize resources. The Contractor is also expected to strengthen core supportive supervision activities including conducting data analytics, performance management, and risk management. Increasing government and community ownership will be a central part of this activity and will require innovative approaches including strategic technical support to improve governance, leadership, planning, budget/resource allocation, and coordination.

Expected Results

- Improved capacity of select RHB, woreda and health facility leadership to lead, implement and finance key supply chain and pharmacy services systems and initiatives such as APTS, DTCs, IPLS and standards per the Pharmaceutical Module in the Ethiopian Health Center Reform Implementation Guidelines (EHCRIG) and the Ethiopian Health Standard Treatment Guidelines (EHSTG) to drive improved service delivery outcomes.

- Increased pharmaceutical governance for functions such as facility level drug selection, formulary preparation, storage and utilization.
- Improved transparency and accountability of pharmaceutical transactions (indicators TBD)
- Enforcement of supply chain and pharmacy service standards improved at SDPs.
- Improved regional and woreda level health product quantification and planning capacity.

Note: Specific KPIs, targets, and baseline data for the expected results will be determined by the contractor after the official award.

C.5 (b) (ii) IR 2: Access to and rational use (including measurement) of medicines and supplies at health facilities and communities improved

IR 2.1: Facility Level Pharmaceutical Supply & Services and Practices Improved (INTENSIVE)

The 2018 integrated pharmaceuticals logistics system (IPLS) [Survey](#) found significant progress in ensuring equitable access to affordable medicines and related supplies for all Ethiopians. However, it also identified critical gaps in IPLS implementation including: weak inventory management and suboptimal store management, inadequate recording and reporting of essential logistics data at all levels, staffing levels below the approved norms, and limited infrastructure. Irrational use of medicines was also identified as an ongoing concern.

This activity will primarily support improving access to and rational use of quality pharmaceutical services at health facilities and communities. Under this objective, the Contractor will support inventory management, store management and support for improved prescription and dispensing practices that ensure rational medicine use for selected health facilities included in the intensive support model (the two types of support models are explained in detail later). Health facilities under regions receiving basic-support model will get support through woredas health offices.

Expected Results

- Availability of health products for HIV, TB, malaria, FP, nutrition and MCH increased measurably from baseline by the end of the project.
- Increased rational use of antibiotics and Antimalarials (Artemisinin-based Combination Therapy (ACT) in health facilities
- Improved timeliness and quality of RRF reports submitted for resupply to EPSS hubs and other stakeholders
- Improved drug safety management system at SDPs.
- Implementation of the APTS system expanded to an increased number of health centers and hospitals.
- Drug and therapeutic committees strengthened and newly established.

- Number of facilities with standard LMIS implemented and maintained without external support.
- Strengthened Antimicrobial stewardship (AMS) implementation at designated health facilities.

Note: Specific KPIs, targets and baseline data for the expected results will be determined by the contractor after the official award.

IR 2.2: Access to Community-based Pharmacy Services and Community Ownership Increased (INTENSIVE)

Operating from health posts at the community level, health extension workers (HEW) provide a significant share of essential health services. Any weaknesses in the supply chain and pharmaceutical services have their most significant impacts, including product availability, at the last mile of the supply chain – the community level. The 2018 [IPLS survey](#) identified inadequate access to medicines at health posts as primarily due to poor recording and reporting of essential logistics data, limited funding, and inadequate community engagement and ownership.

The Contractor will provide TA to EPSS, Regional hubs, Woreda health offices and health facilities as well as community stakeholders (including private sector) to increase availability of health products and pharmacy services at the community level including to vulnerable populations. The Contractor will strengthen community ownership by supporting model community-led pharmacy initiatives and supply chain monitoring. In addition, the Contractor will develop methods to assess community engagement and decision making in the governing boards of health facilities. Lastly, the Contractor will also support the MOH and EPSS in the development of innovative models to strengthen the health post resupply system.

Expected Results

- Improved health post community-based drugs and commodity supply chain system
- Increased product safety reporting at health post and community level
- Increased community ownership of the community-based drug and commodity supply system
- Strengthen competitiveness and standards of community pharmacies (rural) and or private pharmacies (urban) to serve as alternative outlets to receive products

Note: Specific KPIs, targets and baseline data for the expected results will be determined by the contractor after the official award.

C.5 (b) (iii) IR 3: Improved Sustainability and Efficiency of the Supply Chain and Pharmaceutical Services

This intermediate result aims to increase the efficiency and sustainability of the supply chain by improving domestic financing, financial management system and enhanced private sector engagement.

IR 3.1: Engagement of the Private Sector in Pharmaceutical and Supply Chain Services Increased (BASIC AND INTENSIVE)

Under this sub-objective, the Contractor will provide support to increase private sector engagement in the pharmaceutical and supply chain sector. Ethiopia's health supply chain is primarily governed and implemented by the GOE. Similar to other countries, the capacity of the current predominantly GOE owned supply and logistics management system is limited to reach every corner of the country and to successfully manage all aspects of the supply chain. The GOE only owned system resulted in inefficiencies and poor utilization of existing resources. Increased engagement of the private sector could potentially improve system performance and enhance cost-effectiveness through innovation, efficiency and its sustainability.

This activity will foster implementation of MOH's existing public-private guidelines (such as Public Private Partnership (PPP) guideline, Malaria Public-Private mix guideline) and support its policy development to define and increase private sector participation (e.g., outsourcing, training, etc.) in critical supply chain system areas. Such participation could include geographic expansion existing last mile delivery experience involving private sectors and generating evidence on potential supply chain functions that can be outsourced to private sectors such as warehousing, pooled procurement of non-Pharmaceutical Procurements List⁶ (PPL) products and devices, LMIS, and waste management.

IR 3.2: Ensured financial Sustainability of the Supply Chain System (BASIC WITH SOME INTENSIVE SUPPORT DEMONSTRATION OF SOLUTIONS)

Ethiopia needs to begin shifting away from donor dependence for health commodities and to become self-sufficient in meeting its health commodity needs. Under this sub-objective, the Contractor will work with stakeholders to increase the financial sustainability of the supply chain. This support will focus on two critical areas: 1) Strengthening the capacity of EPSS workforce on planning, generating and utilization of Revolving Drug Fund (RDF) generated from health facilities for procurement and other supply chain costs, improving efficiency of the supply chain system including rational use of those funds, and other appropriate strategies.; and 2) Support the GOE (MOH and EPSS) to develop a comprehensive sustainable financing strategy for health products such as advocacy for increase treasury fund allocation to health sector, direct taxing mechanism (sin-tax from alcohol and tobacco) and dedicate such funds to

⁶ Pharmaceutical Procurements List (PPL) is the narrow list of health products that EPSS focuses its procurement on. There may be non PPL products that certain health facilities want to procure.

health sector, strengthen health insurance schemes to invest in health product cost recovery. This support will be executed in collaboration with USAID's Health Financing Improvement Program (HFIP). As the later is a long term strategy and only attainable beyond the duration of this activity, donors and the private sector will continue to fill the gaps under GOE's stewardship and this Activity will focus on improving efficiency of donor funds towards the supply chain system through innovative financial management mechanisms.

Expected Results (IR 3.1 and IR 3.2)

- Strategy for engaging the private sector in the supply chain system developed.
- Last mile direct health product delivery approach through the private sector to health facilities is scaled up.
- Expanded private sector procurement and supply of non-PPL medicines to public hospitals, health centers, woredas and regions.
- Introduced model community pharmacy initiatives through public private partnership (PPP)
- Improved efficiency and sustainability of RDF mechanism for procurement of program products.
- Long term sustainable financing strategy for supply chain system developed and adopted by GOE.

Note: Specific KPIs, targets and baseline data for the expected results will be determined by the contractor after the official award.

Implementation Approaches

Considering the scale of challenges and the limited financial resources available to achieve the expected outcomes, this activity's interventions will be stratified geographically. Offerors are requested to propose innovative approaches to provision of technical assistance that balance the limited resources available with the need to maximize impacts, taking into consideration both USAID/Ethiopia and GOE priorities, equity, and the activity's comparative advantages.

As a starting point, USAID/Ethiopia is proposing a tiered package of support with basic support to most regions and more tailored, intensive support to selected facilities, woredas and communities in 2-3 regions to demonstrate true end-to-end supply chain functionality and intentional pharmaceutical service improvement. As noted, offerors should propose models for this tiered support, including selection criteria for regions, e.g., diversity (for example, urban/rural, predominantly agrarian or pastoralist populations); woredas and facilities within regions; and types and modalities for technical assistance. Offerors should also propose a strong learning agenda that outlines how lessons learned from intensive support can be leveraged and scaled-up across other regions. The two-tiered TA and support model's primary structure would be as follows:

- a) **Intensive Support Model**:- This model will drive and demonstrate models for end-to-end supply chain operationalization and systems requirements down to the last mile of delivery. Technical assistance provided in this model should drive supply chain

and pharmaceutical services improvements for reduced stockouts in all proposed facilities (e.g., hospitals, health center, health post) and for increased operational efficiencies, including on-time delivery and distribution. With both financial and technical sustainability in mind, the offerors should propose an implementation model of TA from Regional Hubs and RHBs in 2-3 regions. The Offerors should also propose an outline for a more comprehensive package of TA down to the health center/health post level (number and names TBD during co-creation). This comprehensive package should include suggestions for new and/or underutilized, context-appropriate approaches with proven success already demonstrated in other country contexts. This intensive support model would ideally include stakeholders at all levels of the system and possibly incorporate both direct support to SDPs and private sector and community engagement for potential solutions. See illustration below for intensive support model intervention points within the supply chain and pharmaceutical services.

- b) **Basic Support Model:-** This activity will provide a basic package of technical assistance for the supply chain and pharmaceutical services needs at different levels. The offeror will propose priority functions within these services for such support. In general, basic support will be delivered to select Central MOH Units (up to 10), Central EPSS (1), all other RHBs (up to 7-8), regional hubs (up to 17) and select woredas not identified in the intensive support model with little or no direct SDP support. It is expected that through this model of support, the mentioned units at central and regional levels will in turn build capacity of the woreda and SDP level stakeholders with their own resources and mechanisms.

Implementation Scale and Scope determination

There will be a pre-award co-creation meeting with the apparently successful applicant(s), relevant GOE representatives from various levels, donors, the private sector, professional associations, and other relevant stakeholders to refine the SOW and define clear TA models, results, and geographic selection. During this meeting, selection criteria for intervention areas (e.g., region, woreda, and health facilities) for both basic and intensive model support packages will be reviewed. Milestones and indicators to track progress towards success and to inform potential scale-up to other regions with GOE financial support.

Costs and implementation models of technical assistance will be documented throughout the life of the award by the offeror intentionally to inform scale-up of effective strategies and implementation approaches to other regions, woredas, and/or health facilities. Such information will inform MoH, EPSS and its hubs of the monetary resources required to inform their priority initiatives, annual budget planning, and advocacy and mobilization efforts within GOE for increased funding to the public health sector for health commodities.

C. 5.c. Responsive TA Fund (5%)

Establishment and Implementation of Responsive Technical Assistance (RTA) Fund (\$2 million and up to 5% of contract's LOE)

To support achievement of all three IRs, up to \$2 million USD of this award's total estimated cost (TEC), and approximately up to 5% of the contractor's level of effort (LOE), will be set aside for adaptive, responsive technical assistance to address gaps identified at either central, hub, regional, health facility or community levels. This includes post-conflict needs that are identified throughout the life of the award. Half of this supplemental technical assistance (STA) funding (up to \$1 million and up to 2.5% of contract's LOE) could support post-conflict recovery priority needs that could adversely impact (or possibly facilitate) the desired results for this activity.

Throughout the activity, the Contractor, in consultation with key stakeholders including USAID/Ethiopia and through formal assessments, will identify programmatic gaps and will propose supplemental technical assistance that ensures accountability by all recipients of such support, technical delivery, and quality control of all products delivered under this award. .

The offeror's requests for RTA Funds will be reviewed and approved by USAID/Ethiopia and as applicable, with concurrence with other key stakeholders.

The RTA may include, but is not limited to, some of the following:

- Supporting critical post-conflict recovery priority needs that impact achievement of the results outlined in the SOW
- Standing up new technical systems or processes identified by USAID/Ethiopia, MOH, EPSS, RHB, private sector partners or others, not originally planned for at the beginning of the contract
- Developing sectoral monitoring, analysis, and assessments
- Support forecasting and quantification for health products needed due to a public health emergency, e.g., microplanning for supplemental malaria bednets given significant malaria outbreaks

Specific Results/Deliverables:

- Development of SOP to guide management of RTA Fund
- Funding and provision of targeted TA to respond to identified gaps

ANNEXES

Annex 1. Criteria on Geographic Selection

The Contractor will finalize the criteria for geographic and facility selection of “end-to-end supply chain and pharmaceutical support” with the USAID and key stakeholders. However, below are initial guidelines and attributes the Contractor may consider for selection.

SELECTION CRITERIA

Central Level:

1. Basic technical assistance at central EPSS level is included in this activity. The definition and results of basic TA is described under Annex 2.

EPSS Hubs

1. Hubs that have adequate levels of staff in line with the approved EPSS structure
2. Hubs that have adopted plans to advance their maturity level
3. Hubs with adequate infrastructure to operate
4. Hubs that have delivery route maps, higher proportion of direct delivery to SDPs
5. Additional criteria to be discussed during the co creation phase.

Health Facilities

1. Sufficient supply chain/pharmacy staff in health facilities to implement.
2. Health Facilities Selected Currently has DHIS/Dagu⁷ 1.0 or 2.1 and if not, USAID will make a determination to agree to install and train staff through DHA based on assessment findings
3. Sufficient coverage of DHIS/Dagu at health facilities and other important parameters to be used for proper implementation of the activity.
4. Currently implementing IPLS to an acceptable level
5. Currently implementing APTS to an acceptable level
6. Previously part of Center of Excellence⁸ implementation,
7. Strong commitment at various levels

It is expected that the Applicant will tailor support by region as needed. Selection of Woredas within the “end-to-end” support to regions will be in line with [DO4](#) “high” and “medium” integration woreda strategy, and in line with the Mission’s evolving Alternate Growth Poles strategy, as well as based on consultation with the Government and Regional authorities.

OTHER CRITERIA

8. Presence of other related USAID/USG investments including:

⁷ Dagu is the Ethiopian electronic facility level inventory management system

⁸ Center of Excellence was an initiative at select EPSS hubs to introduce world class warehouse and logistics management standards

- a. Digital Health Activity (DHA) to support digitization and data information needs
- b. Improving Quality of Health Care
- c. Pastoralist in Primary Health Care
- d. Provides HIV/AIDS Services supported by PEPFAR.
- e. Provides malaria services supported by PMI?
- f. Provides TB services supported by USAID and/or PEPFAR?

Annex 2: Illustrative Supply Chain Technical Assistance and Support Packages

The rationale for instituting a differentiated and stratified service support packages includes:

- To provide a more intensive support to high-case load hubs and facilities to increase impact
- To provide model sites and woredas to expand ownership and supply chain efficiency
- To respond to specific program needs (PEPFAR, PMI, MCH, FP) based on disease prevalence
- To ensure value for money through targeted support

The Contractor is expected to propose modalities for a stratified or differentiated model of support. This should include:

- Selection criteria for regions (2-3), and woredas and facilities within regions, that balances limited resources with maximizing health impact, equity, USAID disease priorities (HIV, TB, malaria, family planning and MnCH) and a learning agenda
- Suggested activities for both the basic and innovative/intensive package of services
- How the selection will be made
- How activities will be implemented
- How innovative activities and lessons learned will be leveraged in areas receiving basic support

In general basic support will be primarily support to regions, hubs and woredas to increase their participation in the supply chain and support to lower levels (health facilities and community), while intensive support can in addition include an element of direct support to select health facilities and health posts, and innovation including potentially support for new approaches for areas such as inventory management, warehouse operations, direct delivery and distribution.

Supply Chain Activities can include technical assistance and support for a number of functional areas including:

- Quantification (forecasting and supply planning)
- Procurement (TA, not direct procurement)
- Product Reception/Clearance
- Inventory Management
- Warehouse Operations
- Distribution Management
- Fleet and Transportation management
- Infrastructure Support

- LMIS⁹
- Capacity building and Organizational Strengthening
- Performance Monitoring and M&E
- Data Use and Analytics
- Reverse Logistics
- Waste Management
- Governance including increased role for private sector
- Financial Management
- Resource Mobilization
- Strategic Planning
- Supportive supervision
- Other aspects of commodity security (enabling environment)

Pharmaceutical Services support while often overlapping with supply chain management will focus on areas like:

- Product selection
- Rational medicine use
- Capacity building
- Medicine dispensing
- Information systems
- Governance

The type and level of support will vary according to local need and priorities, supply chain level, and type of support (basic or intensive).

Activities are intended to be both innovative and to build on previous activities and lessons learned. The Contractor should carefully look at lessons learned from previous support projects in Ethiopia: for example, seconded staff have been effective in increasing health product availability in the short term but have been less successful as a model for sustained supply chain strengthening and building local ownership

Annex 3: Definition of Terms

1. **Supply chain maturity models:** - attempt to drive best practices in supply chain management. The supply chain maturity model assumes increased supply chain maturity will lead to improved supply chain performance, which in turn will lead to improved financial performance. A number of maturity models exist; in Ethiopia, to benchmark its maturity level. USAID expects the Contractor to apply a model, agreed upon by all stakeholders, to assess EPSS operations.

⁹ Note USAID's Digital Health Activity (DHA) is leading the development and implementation of eLMIS; the Contractor will work closely with DHA on its LMIS work to identify priority activities and sites

2. **Drug and Therapeutics Committees (DTC)** are an essential component of a health care facilities' medicine selection, quantification, and use. They contribute to the goal of improving medicine selection and rational use of medicines. USAID has supported the creation of DTCs in Ethiopia for many years
3. **Auditable Pharmaceuticals Transactions and Services (APTS)** is a data driven package of interventions that deals with overall pharmacy operations and management. It addresses five result areas: (1) Effective workforce deployment and development (workforce number and mix), (2) Efficient budget utilization, (3) transparent and accountable pharmaceutical transaction, (4) produce reliable information for decision making including to the upstream supply chain, and (5) improved customer satisfaction.
4. **The Integrated Pharmaceutical Logistics System (IPLS)** is a standardized and documented system that integrates the management of all pharmaceuticals (storage, inventory management, recording, reporting and distribution) into one system. It includes program medicines that used to be managed vertically such as: HIV/AIDS, malaria, TB, leprosy, EPI¹⁰, and family planning. The integration of Maternal Neonatal and Child Health (MNCH) products is currently underway.
5. **Access to medicines and its measurement:** Access is the timely use of services according to needs. In Ethiopia, it can also be defined as having medicines continuously available and affordable at public or private health facilities or medicine outlets that are within one hour's walk of the population. Access to medicines in health systems encompasses five dimensions of access: (1) availability, (2) affordability, (3) accessibility (geographical proximity), (4) acceptability (rational selection and use) and (5) quality

¹⁰ Note the EPI supply chain is managed by EPSS down to woreda delivery, although due to the nature and specific requirements of vaccines many of their specific SC functions such as storage and distribution are vertical. Other functions like LMIS are "integrated".