



**Improving Supply Chain Management in the DGFP in  
Bangladesh through the Logistics Coordination  
Forum**

**March 2017**



**USAID**  
FROM THE AMERICAN PEOPLE

**SLAPS**   
Systems for Improved Access  
to Pharmaceuticals and Services



## **Improving Supply Chain Management in the DGFP in Bangladesh through the Logistics Coordination Forum**

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Gloria Twesigye  
Tanya Malpica-Llanos  
Abdullah Imam Khan  
Md. Abdullah

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## **About SIAPS**

The goal of the Systems for Improved Access to Pharmaceuticals and Services (SIAPS) Program is to assure the availability of quality pharmaceutical products and effective pharmaceutical services to achieve desired health outcomes. Toward this end, the SIAPS result areas include improving governance, building capacity for pharmaceutical management and services, addressing information needed for decision-making in the pharmaceutical sector, strengthening financing strategies and mechanisms to improve access to medicines, and increasing quality pharmaceutical services.

## **Recommended Citation**

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Systems for Improved Access to Pharmaceuticals and Services  
Pharmaceuticals & Health Technologies Group  
Management Sciences for Health  
4301 North Fairfax Drive, Suite 400  
Arlington, VA 22203 USA  
Telephone: 703.524.6575  
Fax: 703.524.7898  
E-mail: [siaps@msh.org](mailto:siaps@msh.org)  
Website: [www.siapsprogram.org](http://www.siapsprogram.org)

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## ACRONYMS

CMSD	Central Medical Stores Depot
DDS	drug and dietary supplement
DGDA	Directorate General of Drug Administration
DGFP	Directorate General of Family Planning
DGHS	Directorate General of Health Services Planning
FP	family planning
LCF	Logistics Coordination Forum
LMIS	Logistics Management Information System
MOHFW	Ministry of Health and Family Welfare
MSH	Management Sciences for Health
RH	reproductive health
SCCF	Supply Chain Coordination Forum
SCIP	Supply Chain Information Portal
SCM	supply chain management
SCMP	Supply Chain Management Portal
SIAPS	Systems for Improved Access to Pharmaceuticals and Services
TOR	terms of reference
USAID	US Agency for International Development
WB	World Bank

## **BACKGROUND**

The USAID-funded Systems for Improved Access to Pharmaceuticals and Services (SIAPS) Program, implemented by Management Sciences for Health (MSH), aims to improve access and availability of quality pharmaceuticals products and effective pharmaceutical services in Bangladesh. The main objective of the program falls under the strengthening of the overall supply chain management (SCM) systems of the Ministry of Health and Family Welfare (MOHFW) and its key Directorates General for Family Planning (DGFP), Health Services Planning (DGHS), and Drug Administration (DGDA). Under the program, SIAPS has been focusing on innovative ideas for systems strengthening and capacity building.

## **LOGISTICS COORDINATION FORUM**

### **Background of the Logistics Coordination Forum**

Since 2001, the DGFP has been responsible for the central procurement of reproductive health (RH) and family planning (FP) commodities using International Development Association credits, which requires compliance with World Bank (WB) guidelines and procedures. The United Nations Population Fund (UNFPA) managed the DGFP's procurement prior to 2001 and, following transfer of the procurement process to DGFP, poor adherence to WB guidelines resulted in major procurement delays, stock-outs, and shortages of commodities in subsequent years. The Logistics Coordination Forum (LCF) was established in 2005 by the DGFP with technical assistance from the USAID | DELIVER Project to coordinate with development partners and stakeholders on SCM issues related to RH/FP commodities; to build capacity of DGFP staff, including management of WB procurements; and to provide technical assistance. The SIAPS Program began hosting the secretariat and providing technical support to the LCF in 2010.

### **Objective**

The LCF is a platform to prepare, review, revise, and update the needs of contraceptives and the medical surgical requisite (MSR), consumption trends, stock status, pipeline positions, procurement status, SCM issues, etc., and to suggest capacity building and system improvements in the areas of procurement, storage, and supply management for DGFP.

### **Terms of Reference for the LCF**

- Review and suggest a method mix, considering the demographic goals and future programmatic inputs and priorities as set forth in the national plan documents
- Prepare and analyze current forecasts and prepare needs for the RH/FP/maternal and child health program
- Review consumption trends and recommend adjustments to the procurement plan
- Follow-up with donors on financial commitments for commodities and suggest new avenues for resources
- Review stock and pipeline position of contraceptives, MSRs, and drug and dietary supplement (DDS) kits and, in case of shortages, suggest remedial actions
- Review status of on-going procurement activities, including initiatives for capacity building and system improvement

- Review activities undertaken in warehousing, distribution, transportation, logistics management training, Logistics Management Information Systems (LMIS), etc. for improving SCM
- Review progress on on-going technical assistance and determine requirements of additional support for overall improvement of LMIS
- Meet four or more times a year
- Provide technical and secretarial support to the LCF
- Co-opt experts as members and form subcommittees, if it is necessary

## **Coordination Mechanism**

### ***Purpose***

Improve the supply planning process for the national RH/FP program by:

- Reviewing and advising on procurement and logistics management activities
- Forecasting RH/FP commodities based on consumption trends
- Reviewing commodity stock and pipeline status
- Aligning and following up on donors' financial commitments for commodities
- Identifying and coordinating capacity building within the DGFP for SCM planning

### ***Membership***

The chair of the committee is the director general of the DGFP and the LCF reports to the Logistics and Supply (L&S) Unit director in the DGFP. There are 26 members—15 government representatives (13 DGFP and 2 MOHFW), 8 donor representatives, and 3 representatives from other organizations (Social Marketing Company, Engender Health, and MSH). SIAPS replaced USAID | DELIVER Project as the secretariat in 2010, and Engender Health has been regularly involved in LCF activities, though neither were included when the original terms of reference (TOR) were drafted.

### ***Coordination Mechanism Functionality***

As of July 2016, 18 meetings had been held since the inception of LCF. The meeting notes are readily available for discussion and review and are usually accepted at the following meeting. In general, they provide a clear record of meeting proceedings, including decisions and recommendations made, and the review indicates that the LCF is achieving its purpose and objectives as per the TOR. Meetings are guided by a presentation to update members on consumption trends, stock status, procurement, SCM issues, etc. Discussions focus on issues raised in the presentation and identifying and planning remedial actions such as redistributing stock, reviewing SCM activities and progress made in building capacity and improving performance, and following up on previously recommended actions.

Staff turnover, political unrest, and the heavy workload of DGFP's (or not perceiving the need to meet quarterly) were the primary reasons for meeting less often than originally intended. The chair of the LCF, the director general of the DGFP, attended every meeting; the L&S Unit director, to whom the LCF reports, also attended most meetings. Donors do not attend every meeting.

### ***Achievements***

Since SIAPS became involved with the LCF, the findings indicate that the LCF is achieving its purpose of increasing the availability of RH/FP commodities through enhanced stakeholder coordination and other comprehensive improvements in the procurement and supply management processes.

#### *Improved Leadership/Management*

- Better quality data availability: The Supply Chain Management Portal (SCMP) and Supply Chain Information Portal (SCIP) are used to generate data to inform the LCF's decision making.
- More informed decision making: Decisions are made after presentation of data generated by the SCMP, SCIP, and stakeholder inputs. For example, in 2011, information demonstrating the increased use in long-acting and reversible contraceptives led to a donor initiating a procurement order for injectable contraceptives to meet the higher-than-forecasted demand.
- More effective stakeholder alignment/mobilization: Because stakeholders are meeting regularly, problems are shared earlier and solutions are identified and actions planned more quickly. For example, when the stock of certain FP commodities was low in 2010, partners identified sources of emergency stock and planned subsequent steps to secure the commodities before stock-outs occurred.

#### *Improved Governance*

- Greater stakeholder representation and participatory decision-making: Stakeholders share their opinions, advocate, and provide advice to inform the final decision making process, which is made by the DGFP.
- Greater accountability: SIAPS' staff follows up on action items with members before and after each meeting. Members identified as responsible for taking action share updates at later meetings. For example, in 2010, the WB advocated to the DGFP for increased competition in the bidding process for procurement, and by the following meeting, the WB, MOHFW, and SIAPS had organized a bidders orientation workshop for potential bidders and suppliers on the national competitive bidding process (which included discussions on framework agreements) to encourage bidder participation.

#### *Improved Program/Activity Implementation*

- Greater synergy/coordination between stakeholders: LCF members routinely use data to identify where stock-outs and overstocks are occurring and to jointly plan and coordinate

redistribution of commodities accordingly. In 2013, for example, DDS kits<sup>1</sup> were found to be over- and understocked throughout the country, leading to a joint decision on how to redistribute the kits.

- Accelerated identification and implementation of interventions: The value of the LCF is that it provides a forum for members to raise issues and collectively problem solve on how to quickly address them. For example, LCF members worked together to identify critical bottlenecks in the procurement planning process within DGFP and strategized how to overcome bureaucratic obstacles and avoid procurement delays. Additionally, LCF members jointly developed a plan to properly dispose of expired/unusable commodities to create additional storage space in central and regional warehouses.
- Reduced duplication/waste: As a result of LCF discussions, a DDS kit committee was formed in 2014 to create a more efficient system that procures medicines based on regional disease profiles, rather than the “push” system used at the time and, by doing so, reduced the procurement of unneeded commodities, while increasing those that are needed.

### *Contributions to Improved Program Performance*

The combined efforts of the LCF with other SIAPS’ interventions, including revised procurement policies and procedure manuals, establishment of the SCIP and SCMP, and capacity building efforts, have improved procurement processes for RH/FP commodities in Bangladesh.

- Procurement has been completed on time for the last couple of years.
- The lead time for procurement decreased by 42%, from 78 weeks in 2010 to 33 weeks in 2013.
- Savings of USD 6.48 million because of improved quantification for RH/FP commodities
- No countrywide stock-outs of RH commodities have been reported over the last five years.
- Reductions in stock-outs at the subdistrict level and service delivery points from 7% and 2% to 0% and 1%, respectively.

## **Factors Enabling and Constraining the Functioning of the LCF**

### ***Enabling Factors***

The factors listed below were identified by SIAPS’ staff, with inputs from key DGFP officials, as having supported the effective functioning of the LCF and achievement of results.

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<sup>1</sup> A DDS kit is a collection of 27 commodities and essential medicines made available at DGFP-supported service delivery points.

- Shared vision and priorities: SIAPS staff identified these factors, as well as the DGFP's commitment to the LCF, as important enabling factors. The DGFP's support is demonstrated by the perfect attendance of the director general and near-perfect attendance of the L&S director.
- Committed secretariat: SIAPS' secretarial support has also been essential to LCF's management and ensuring that LCF meetings are regular, foster accountability, and are structured to achieve its objectives.
- Priority setting based on national health program priorities: Having a forum guided by the priorities of the national health program enabled the LCF to focus its actions and ultimately improve the availability of RH/FP commodities. These aims formed the objectives for the LCF.
- Collective decision making: Good governance practices were further demonstrated as stakeholders opined and consulted during the decision-making process.

### ***Constraining Factors***

- Lack of clear roles and responsibilities: The lack of clarity on the roles of LCF members, specifically with regard to decision making, was identified by both SIAPS' staff and key DGFP officials as a hindering factor. As mentioned earlier, membership roles are not clarified in the TOR, which reportedly has contributed to a misunderstanding of the functions and mandate of the LCF among its members, specifically whether members are there in an advisory capacity or to contribute to decision making. It is also difficult to hold members or the committee accountable if responsibilities are not clear.
- No criteria for membership: The consequence is that, on occasion, members may lack the requisite technical experience.
- Performance indicators not identified or tracked: Lack of robust indicators to track the LCF's performance and achievements has made it difficult to determine whether the government's and donors' investments of time and funding, including secretariat duties, are resulting in tangible improvements.

## LESSONS LEARNED AND WAY FORWARD

The primary lesson is the need to create clear guidelines on decision making and responsibilities when establishing the coordination mechanism. Ultimately, better clarity would enhance accountability of the LCF and strengthen its mandate to achieve its objectives. Another lesson is the importance of communicating successes to stakeholders outside of the LCF, as this demonstrates and validates the LCF and the activities it supports.

The LCF TOR has not been updated since the creation of the committee in 2005, and although it has many useful components, it could benefit from a review to improve certain areas. Specifically, there is no information on member qualifications, roles, and responsibilities, nor are there specifics on determining a quorum, agenda setting, and conducting meetings, including how decisions will be made, followed up, and documented. Last, there are no indicators identified in this or companion documents to track the performance of the LCF.

The government already has full ownership of SCIP and is in the process of fully managing SCMP, including generating data to inform discussion and decision making at LCF meetings. In addition, partners now have access to SCIP and SCMP, thereby further increasing transparency and promoting accountability. The DGFP is committed to continuing the LCF after the end of SIAPS and has been working with the SIAPS Bangladesh team to institutionalize the committee by identifying a permanent secretariat and creating a budget for management/secretariat functions and trainings. In addition, the high-level commitment provided by the director general's backing will contribute to maintaining stakeholder engagement and ensuring that interventions continue to focus on national priorities.

## SIAPS' RECOMMENDATIONS

- 1) Review/update the TOR to include:
  - a) Members' roles and responsibilities, as questionnaires indicated that the lack of clarified member expectations was a hindering factor, and remedying this would increase the LCF's effectiveness, transparency, and accountability.
  - b) Criteria for membership and, where possible, address technical competency in procurement or SCM more broadly, because productive discussions and sound decision making rely on members' expertise.
  - c) Details on how meetings will be structured, the decision-making process, the number of members necessary for a quorum, etc., to enable better management of meetings.
- 2) Develop a template for reporting meeting minutes/notes to simplify the secretariat function, contribute to transparency, and to keep the LCF action-oriented and members accountable.
- 3) Identify indicators to track the LCF's performance to allow for results monitoring and provide evidence for feedback to LCF's management.