REPUBLIC OF BOTSWANA

Central Medical Stores Botswana 2010 – 2012 Strategic Plan

May 2010

BATSWANA AND AMERICANS
IN PARTNERSHIP TO FIGHT HIV/AIDS

SCMS

Acknowledgements

We would like to acknowledge the Botswana Central Medical Stores team, the Ministry of Health and the Supply Chain Management System (SCMS) team in Botswana for making time and providing valuable insights into this process.

About SCMS

The Supply Chain Management System (SCMS) was established to enable the unprecedented scale-up of HIV/AIDS prevention, care and treatment in the developing world. SCMS procures and distributes essential medicines and health supplies, works to strengthen existing supply chains in the field, and facilitates collaboration and the exchange of information among key donors and other service providers. SCMS is an international team of 16 organizations funded by the U.S. President's Emergency Plan for AIDS Relief (PEPFAR). The project is managed by the United States Agency for International Development (USAID).

Citation

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Acronyms

ARV	Antiretroviral
BEDAP	Botswana Essential Drugs Action Program
BOTUSA	Botswana & United States of America Government HIV/AIDS Partnership
CDC	Centers for Disease Control and Prevention
CTO	Central Transport Organization
CMS	Central Medical Stores
GPO	Government Purchase Order
HR	Human Resources
HIV	Human Immune-Deficiency Virus
LMU	Logistics Management Unit
MOH	Ministry of Health
MoLG	Ministry of Local Government
MDR-TB	Multi-Drug Resistant Tuberculosis
NaSCOD	National Standing Committee on Drugs
PEPFAR	The U.S. President's Emergency Plan for AIDS Relief
PPADB	Public Procurement and Assets Disposal Board
SCMS	Supply Chain Management System
SLA	Service Level Agreement
SOP(s)	Standard Operating Procedure(s)
TB	Tuberculosis
USAID	United States Agency for International Development
WHO	World Health Organization

Executive Summary

The Central Medical Stores (CMS) is the Government of Botswana's medical supplies provider, mandated to procure and deliver drugs and other essential health commodities to all public health facilities. In recent years, CMS has suffered from poor commodity availability and been perceived as inefficient and poorly managed. In 2007, the Cabinet of the Government of Botswana agreed in principle to transform CMS into a semi-autonomous (parastatal) agency.

In September 2009, the Ministry of Health (MOH) brought a new team of managers into CMS. The PEPFAR-funded Supply Chain Management System (SCMS) supports and coordinates this team at the request of the Government of Botswana. The decision to transform CMS into a parastatal was then put on hold by the Cabinet shortly afterward in favor of implementing organizational reforms within the government structure.

The purpose of this strategic plan is to create a detailed roadmap for CMS reform over a three-year period. It supports MOH's vision of 97 percent commodity availability, as stated in the MOH Strategic Plan 2010-2016. It also aims to position CMS as a high-performing, trusted and admired government institution capable of delivering on its key mandate of supporting health service delivery through commodity provision.

CMS reform within the government structure presents a number of challenges. Many stakeholders play roles in CMS operations, either as resource providers or process participants. This strategic plan recognizes the critical role of local partners to successfully procure and deliver health commodities to service delivery points. Stakeholder engagement in CMS performance is considered to be vitally important for its future success. Hence, this plan highlights the role of all stakeholders and monitors their input in product procurement and delivery fulfillment.

The strategy is split into four broad areas:

1. Developing detailed operational strategies for all CMS functions
2. Engaging stakeholders to create a framework of "shared accountability"
3. Implementing a performance measurement system across all stakeholders
4. Ensuring a structured transition from the existing management team to the replacement team

The CMS management team will lead the implementation of the strategies outlined in the primary document. However, successful and sustainable CMS reform will only be delivered with engagement and support from all stakeholders in pursuit of the common goal of continuous and reliable commodity availability.

Background

Central Medical Stores (CMS) is a government institution mandated to supply drugs, medical supplies and other health commodities to all public sector health facilities in Botswana. CMS's core functions are:

- Demand forecasting
- Procurement of commodities
- Quality control
- Warehousing of commodities, including inventory management
- Customer order management
- Order picking, packing and dispatch
- Delivery to more than 700 clinics and hospitals in Botswana

CMS maintains a stock catalog of more than 2,000 products comprised of drugs, medical and laboratory supplies and other essential health commodities. These "stock" items should always be available for customers to order. To that end, CMS holds buffer inventory in anticipation of customer needs. CMS operates on a monthly service cycle, which means all customers should order and receive stock once per month.

CMS is fully integrated within the Ministry of Health's (MOH's) organizational structure and reporting to the Department of Clinical Services. CMS is almost entirely reliant on MOH for financial and human resources through standardized government procedures. MOH also plays a major role in formulating a range of policies that CMS implements and adheres to in its regular operations. These policy areas include drug registration and importation, quality assurance and control of medicines, and medicine selection, among others.

CMS also interacts with a number of other stakeholders outside of MOH. Chief among them are the Public Procurement and Assets Disposal Board, which governs all public procurement activity in Botswana; the Central Transport Organization (CTO), which provides vehicles to CMS for its distribution service; the Department for Building and Engineering Services, which is responsible for maintaining government buildings and other large fixed assets; and the Department for Public Service Management, which employs all public servants and sets policy for appointments, remuneration and benefits, promotions, career development and disciplinary processes.

In September 2009, MOH introduced a new senior management team at CMS. The team was comprised of six expatriate experts and was provided through the PEPFAR-funded Supply Chain Management Systems (SCMS). The team's mandate is to improve CMS's core performance by addressing a number of operational issues in the short term and managing CMS's transformation from a government department to a semi-autonomous body (a "parastatal") in line with a 2007 Cabinet Directive. The overarching aim of this major intervention is to create a sustainably high-performing organization capable of meeting its obligations to the public health service.

In December 2009, the Cabinet communicated its decision to put its previous directive on hold. MOH was instructed to concentrate on reforming CMS from within the Ministry's structure. The parastatal question may be addressed again in the future, depending on how the reform initiative progresses. The CMS management team asked SCMS to support a strategic planning process that would help CMS pivot in this new direction and outline clear strategies for successfully implementing organizational reform.

Strategic Planning Methodology

SCMS engaged a small external team to drive and facilitate the strategic planning exercise. The process encompassed four distinct phases:

1) Preparation
This phase included a review of selected relevant documents, the selection of a suitable planning framework and the preparation of workshop materials.

2) Stakeholder Interviews
The team conducted face-to-face interviews with key personnel from MOH, the PEPFAR team at BOTUSA and CMS. All interviewees were given the opportunity to state their expectations of the CMS transformation process. (A list of interviewees is included in Annex 1.)

3) Workshop
A three-day workshop was held in Gaborone from February 24-26, 2010, facilitated by the external team and attended by the full CMS management team. The workshop culminated with the presentation of findings to MOH and PEPFAR representatives.

4) Strategic Plan Preparation
This document is the synthesis of work completed throughout the process and stakeholder feedback received at the end of the workshop, and is now the final CMS strategic plan for 2010-2012.

Situational Analysis

Product availability and expiry are the two indicators by which CMS performance is measured.

Product availability is an important measure which indicates the range of products that health facilities can access from CMS at specific points in time. It supports the continuous treatment of patients and is the ultimate objective of this particular supply chain.

Product expiry is acceptable at minimal levels, and is sometimes a necessary bi-product of ensuring product availability in situations where demand is difficult to predict. Excessive expiries, however, point to system deficiencies and waste valuable resources.

Drug Availability and Expired Stock

CMS reports weekly on the percentage of drug "stock" items that are available centrally with at least one month's worth of stock. This report is categorized into vital, essential and non-essential items (commonly referred to as V, E and N). The targets for each category are:

- V — 97 percent availability
- E — 80 percent availability
- N — 80 percent availability

The graph below demonstrates CMS drug availability at weekly intervals from September 2009 to April 2010:

Figure 1. CMS Drug Availability, September 2009–April 2010

CMS Drug Availability

Chart showing CMS Drug Availability from 7-Sep to 3-May with three data series: Vital, Essential, Necessary, plus V Target and E + N Target lines. Y-axis: 0% to 100%. Annotations: "Review of CMS drug list by NASCOD" and "New 10/11 Budget Received". End values labeled: 62%, 50%, 39%.

Legend: Vital — Essential — Necessary — V Target — E + N Target
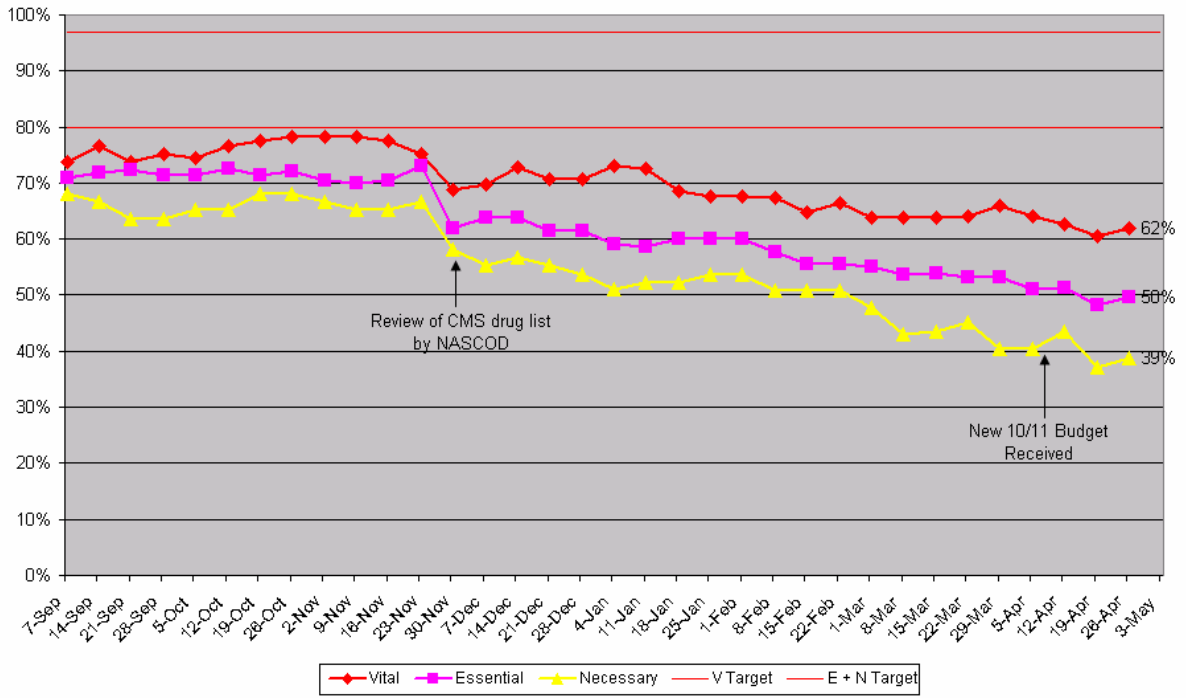
CMS reports monthly on the value of stocks that have expired in its warehouse. The target for expiries is set at 3% to 5% of the procurement budget, which is in line with WHO guidelines. The monthly expired stock value for financial year 2009/2010 is reported in Figure 2.

Figure 2. CMS Expiries, FY 2009/2010

Month	Expired value as % of monthly procurement budget	Target %	Value of Expired Stock (Pula)	Monthly Procurement Budget (Pula)
Apr-09	3.7%	5%	934,574.92	25,000,000.00
May-09	1.7%	5%	430,546.63	25,000,000.00
Jun-09	5.9%	5%	1,463,437.70	25,000,000.00
Jul-09	5.9%	5%	1,472,106.71	25,000,000.00
Aug-09	8.5%	5%	2,134,508.66	25,000,000.00
Sep-09	6.1%	5%	1,531,415.48	25,000,000.00
Oct-09	3.5%	5%	886,142.00	25,000,000.00
Nov-09	11.4%	5%	2,842,026.00	25,000,000.00
Dec-09	2.5%	5%	631,406.00	25,000,000.00
Jan-10	26.5%	5%	6,623,533.00	25,000,000.00
Feb-10	4.4%	5%	1,088,711.00	25,000,000.00
Mar-10	6.7%	5%	1,671,221.00	25,000,000.00
YTD	**7.2%**		**21,709,629.10**	**300,000,000.00**

These indicators clearly demonstrate that the drug supply system suffers from the twin problems of stock shortages and expiries. Funding shortages in the second half of financial year 2009/2010 had a major impact on drug availability; however, the existing system contains a number of structural and procedural problems that need to be addressed if sustainable improvements are to be achieved. Closer analysis of the drug supply system is therefore required to understand these problems.

B) Drug Supply Cycle

Figure 3 is a graphical representation of the elements of the drug supply cycle and the stakeholders involved in managing these elements on Botswana. The process of selecting, buying and using medicines is cyclical, with each function having a significant impact on the other functions' operations. This cycle requires many different stakeholders to work together in pursuit of the same objective.

Figure 3. The Drug Supply Cycle, Botswana Public Health System
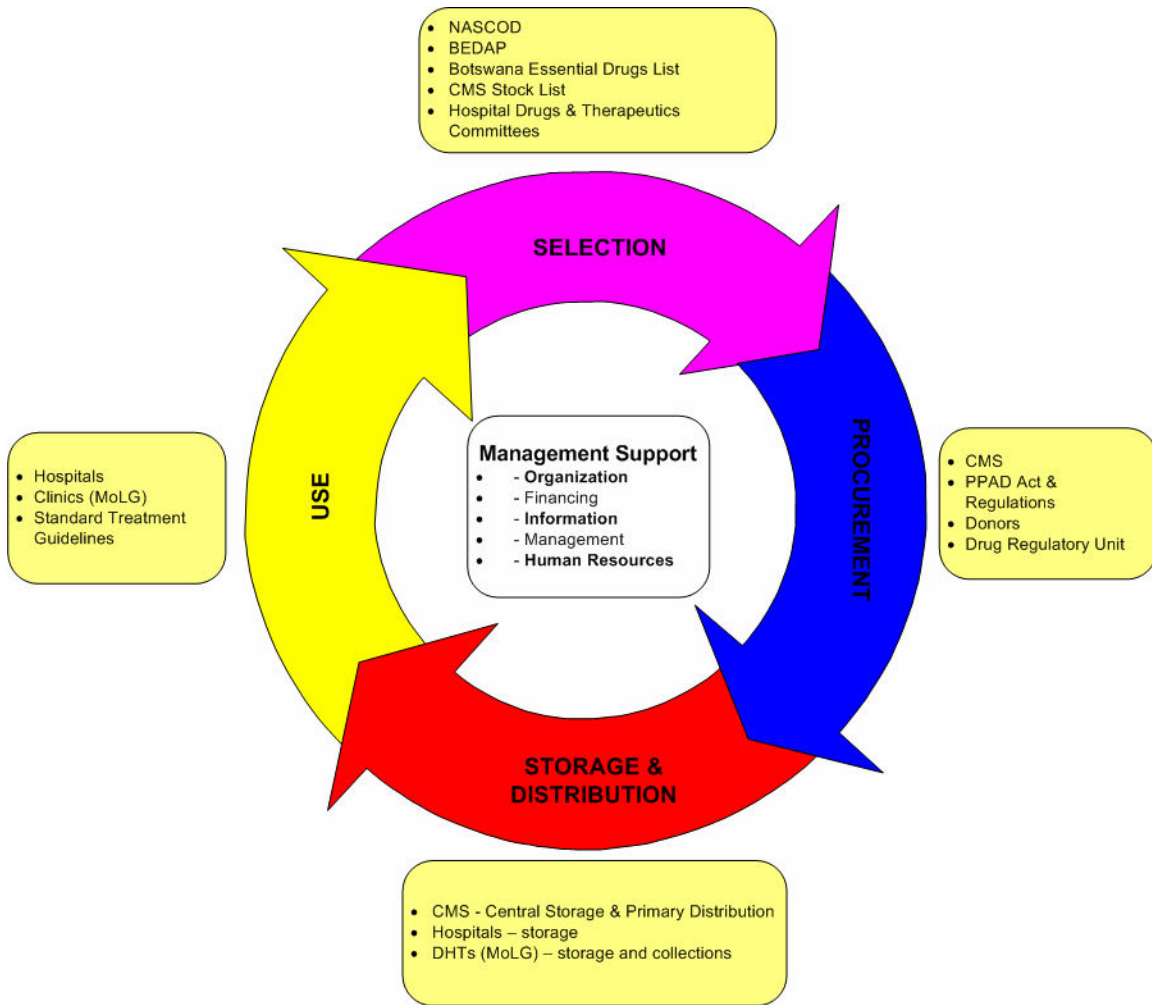
CMS is positioned within the drug supply cycle between two sets of forces: those that affect demand for commodities from users and those that affect the domestic and international markets' ability to meet that demand. CMS's task, in simple terms, is to ensure that customer demand is satisfied at all times and wastage through expiry is minimized.

Figure 4. Supply, Demand and CMS Impact on Drug Availability

Demand Issues	CMS Management	Supply Issues
• Rational Drug Use • Availability of Consumption Data • Drug Management	• Strategy, Planning, Measurement • Resource Management • Order Fulfilment	• PPAD Act/Regulations • Market Size • Registration • Local Suppliers

DRUG AVAILABILITY / DRUG EXPIRY

Strong performance at CMS and throughout the drug supply system, therefore, depends on:

- Understanding and controlling/managing the factors that affect user demand
- Ensuring that no barriers exist to procuring high-quality, competitively priced drugs and commodities in high volumes and at high frequencies
- Effective coordination among all stakeholders in pursuit of common goals
- Strong and effective internal management of all CMS resources and processes
- Provision of adequate financial resources for commodity procurement

In addition to declining availability and high expiry, CMS suffers from a legacy perception as being a corrupt organization, with a track record of failing to adequately deal with procurement fraud and substantial commodity pilferage.

CMS needs to demonstrate that it is improving operational performance toward its availability target and toward a more positive perception among civil society, government and indeed its own staff and managers as a transparent, upstanding organization.

C) Human Resource Development at CMS

CMS performance in delivering its goals is heavily dependent on the ability to manage its staff by doing the following:

- Implementing an appropriate structure with posts aligned to performing key functions and delivering organizational targets
- Installing and retaining people with the right skills in each post
- Aligning and linking individual, departmental and organizational targets

Figure 5. Target Alignment

The management of poor and good performance of individual staff posts is the foundation of departmental and organizational performance.

Underpinning all of the above, CMS must be able put in place the necessary counterpart managers, within an appropriate structure, with the right management tools and systems to ensure skills, expertise and responsibility can be progressively and sustainably transferred.

CMS staff and managers are covered by the Government Scheme of Service and as such are not selected, recruited or employed in post by CMS itself. This means CMS managers are not fully able to select staff with the appropriate skills, match these to the needs of each post, and manage performance and develop staff within these posts. Staff is often imposed from outside or promoted to other government posts outside CMS, regardless of CMS's operational need. CMS is almost totally reliant on the Department of Clinical Services and the Department of Public Service Management to deliver all key HR functions, including low-level administration, in a manner appropriate to CMS's operational needs.

The CMS management team's progress to date can be summarized as follows:

An interim management structure was developed with MOH agreement, and it has been in place since November 2009. The structure was designed to clarify roles and responsibilities across the organization in preparation for the transition to a parastatal.

Following the Cabinet decision in December 2009 to put CMS's parastatal transition on hold, a new management structure was prepared, discussed with the Permanent Secretary and submitted for formal presentation to the Department for Public Service Management. This new structure recognizes that CMS will, for the foreseeable future, remain completely within MOH's management structure. The structure includes several new management

positions at middle and senior levels, which the team believes will make a substantial difference in the quality and efficiency of CMS's output.

A full audit of skills within CMS was carried out as a first step toward matching skills available to skills required to deliver a successful CMS. A CMS training plan was subsequently prepared to address the most pressing needs for financial year 2010/2011. Work is underway to create a model scheme of service for CMS, which will create a structure for staff progression suitable to CMS's needs.

D) Procurement and Other Supply-Side Issues

Creating a responsive, demand-driven procurement process could have the most immediate effect on availability. However, procurement is the business process with the greatest dependence on other factors and stakeholders outside CMS's control. CMS is required by law to follow the provisions of the Public Procurement and Assets Disposals Act; however, the Act is restrictive in many ways and does not clearly support the creation of responsive, dynamic procurement arrangements. Weak skills and systems at the end-user level create a poor picture of demand and an unreliable basis on which to plan and execute procurement. In the medium term, CMS has the ability to work with end users to strengthen skills and systems to improve the planning basis and thereby improve and regularize procurement.

A long-term CMS procurement strategy was developed and submitted to the Public Procurement and Assets Disposal Board (PPADB) for comment and joint development. The aim was to seek full engagement and buy-in from PPADB, ensure compliance with the PPAD Act and avoid the lengthy decision making and episodic supply associated with open tendering. Strong collaboration is necessary to create a responsive and dynamic procurement process.

Lengthy and bureaucratic drug registration processes (which can take two or more years) and the relatively small market available to suppliers provide a disincentive to market entrants, inhibiting competition and creating quasi-monopolies. Thirty-three percent of the essential drugs list has no registered products. Ninety-four percent of the essential drugs list has fewer than five suppliers, despite the standard regulatory requirement to include five suppliers for open tenders. Reviewing the registration system would help identify ways that competition for contracts can be intensified among many more firms without compromising product quality.

The preference for locally registered suppliers also restricts competition and ultimately drives up prices. Locally registered entities frequently represent an unnecessary middleman between the international supplier and CMS that delivers no additional value through local stockholdings or preferential pricing, as all goods are imported. Dramatically improved pricing and service delivery could be achieved by removing this requirement.

The CMS management team's progress to date can be summarized as follows:

Procurement data is now "clean" and available. The value of open government purchase orders (GPOs) was reduced from P650m to P14m. The accumulation of GPOs was caused

by unfulfilled orders being repeated. CMS now has a more accurate picture of genuine orders as part of the basis for procurement planning.

CMS has worked closely with NASCOD to review and update the national essential drugs list for the first time since 2005. This work is now complete and provides an improved basis for planning future procurement and inventory.

Programme specific commodity pipeline reports have been developed for use by programme managers in MOH. These reports are helping the programmes plan their activities better and are providing a more robust basis for CMS to use in its procurement decisions.

CMS has pursued a number of specific procurement initiatives with PPADB:

PPADB approved a key strategy for the procurement of vital drugs, which will give CMS the ability to manage these products more effectively with a more manageable administrative workload. The strategy will involve the use of framework contracts with a small number of wholesalers.

CMS has also worked with the TB Programme in MOH to gain PPADB approval for the use of a new WHO mechanism, known as the Green Light Committee, for the supply of second-line TB drugs. These drugs are used for the treatment of multi-drug resistant tuberculosis (MDR-TB) and are in scarce supply globally. This new mechanism provides guaranteed prices from prequalified manufacturing sites.

PPADB delivered a tailored training session at CMS for all staff involved in drug procurement. The session reinforced the key principles of the PPAD Act in the context of CMS operations. Further training sessions will be scheduled at regular intervals throughout the financial year.

PPADB agreed to CMS's request to form a dedicated CMS Procurement Board with the same authority as the main board. This is an important step forward in streamlining procurement processes and ensuring a more responsive service for users.

E) Operations and Demand-Side Issues

The drug supply system has suffered in the past from weak communication and collaboration between CMS and users of its service. Visibility of demand data from service delivery points, as covered above, is a key component of a strong supply system and must be addressed as a matter of priority. CMS has also been criticized for operating a poorly planned distribution service, with customers unsure of when to place orders and when to expect deliveries, and for communicating poorly with its customers on basic issues such as stock availability. Many customers have also expressed a desire to receive more frequent deliveries from CMS to release pressure on storage space and have a more responsive service. CMS has received further criticism for holding inaccurate stock records, which has led to a lack of confidence in CMS's professionalism and integrity.

The list of drugs used by CMS as a basis for making replenishment decisions was developed in 2005. NASCOD completed a review in December 2009 at CMS's request, and a new list was developed that more accurately reflects the health system's needs and clinicians' prescribing preferences. This list will help CMS procure in line with users' needs, and it must be regularly reviewed in the future.

The CMS facility in Gaborone is rightly judged to be one of the best-equipped warehousing operations in Southern Africa. The structure's quality and size are suitable for CMS's needs, and it has high-quality mechanical handling equipment. Further, CMS premises provide a high level of protection against pest- and climate-related damage. This provides an excellent physical platform on which CMS can build a successful operation.

Management of transport resources presents a major challenge to CMS's operations. All vehicles are provided by the Central Transport Organization (CTO); CMS does not have the range and type of vehicles it needs to cater to all its customers' needs. Maintenance is also controlled by CTO, which can lead to long periods of vehicle downtime due to relatively straightforward faults.

The CMS management team's progress to date can be summarized as follows:

Previously inaccurate stock records were largely reconciled, with a full stock count completed in December 2009. The count revealed more than 4.6 million stock units incorrectly recorded. Discrepancies and variances were either identified or corrected to provide an accurate picture of stock under management.

A detailed ordering and distribution schedule was developed for all end users, effective January 2010, showing when requisitions should be made and when they can expect deliveries. This intervention has improved end users' level of confidence in the supply chain and strengthened predictability and stability within CMS operations.

A proposal was approved to establish three distribution hubs over the next two years. The hubs will provide interim "cross-docking" points where stock can be collected by end users in each district, thereby increasing the frequency of delivery. The management team's intention is to provide a weekly delivery service to all areas that need it by the end of financial year 2011/2012. This will build on supply regularity and further enhance confidence in the system.

F) Quality Management

CMS must operate in accordance with a comprehensive set of standard operating procedures (SOPs) to keep its service standards and professional standards high. Building on the work of the Quality Management Systems project, supported by PEPFAR through SCMS, the new management team is now establishing SOPs across all functions. This work will be complete during the 2010 calendar year and will be supplemented by a comprehensive training program to ensure all staff understand the processes used in their day-to-day work.

G) Finance and Management Information

CMS requires accurate and up-to-date management information in all parts of its operations to enable decision making (resource allocation) and identify remedial actions required (e.g., addressing below-standard performance in particular functions or processes). Currently, information systems are fragmented across many different applications, and good management data is difficult to access.

MOH program managers also rely on CMS for accurate data on their specific commodity groups so they can make programmatic decisions and plan activities properly.

The CMS management team developed a suite of tailored reports to make management data pertaining to subjects such as budget status, available stocks and stocks on order easily available. Weekly reports containing availability and stock pipeline data are now shared internally and with all interested MOH staff. Some data related to internal activities, such as lines picked per day, are now available and used for planning resources.

CMS management has prepared an IT strategy that proposes the integration of all existing business applications within Oracle. This strategy will deliver more efficient processes and provide better management data.

CMS also needs to create confidence within the government and among its external partners that its systems ensure proper stewardship of public funds. This confidence-building exercise will include executing procurement efficiently and in line with procurement regulations, using funds only for their intended purpose, providing transparency in accounting for funds and obtaining value for money.

The management team developed ad hoc tools that will enable greater visibility of real-time budget and expenditure information, which are helping in the procurement planning process. Transparency is being addressed through sharing financial data with MOH and its partners. The management team strongly believes that the key to driving down commodity prices lies in encouraging new manufacturers and suppliers to supply to Botswana and using longer-term framework contracts, which provide greater volume to selected suppliers over a two- to three-year period.

G) Organizational Model

The creation of CMS as a sustainable, high-performing organization was originally based on transforming CMS into a parastatal organization. Legislation was envisioned that provided CMS with the necessary control over key business processes to deliver its business within the framework of government. These processes included:

- The ability to manage a drug supply budget, make payments and recover revenue from end users
- Selection, recruitment and management of people under terms specific to meeting CMS needs

- Procurement arrangements designed to provide flexible, responsive, demand-driven solutions and the ability to increase competition through access to a wider supply market
- Oversight of CMS management by a cross-government body

The Cabinet of the Government of Botswana's decided in December 2010 to seek an alternative model, one that is not autonomous but that draws on existing legislation and established government structures and processes. The decision was made against a background of concerns over:

- The proliferation of autonomous or parastatal organizations in Botswana
- The need for transparency and concern that such organizations deliver key government services but are seen to operate outside of full government oversight
- The potential for high salary and other associated costs against a backdrop of unproven value-creation for the government

This decision has a considerable operational impact on CMS. The originally proposed model gave CMS control over delivery of the majority of key business processes and the resources to deliver them. CMS would therefore have had greater assurance of making supplies available to the level envisioned and becoming a sustainable organization in its own right.

The decision to move to a model that is more integrated within government means that CMS business processes would now be dispersed through other ministries and organizations. The impact of this change is discussed in the text above, with special regard to human resource management and the procurement function.

Figure 6. Involvement of Stakeholders in CMS Processes
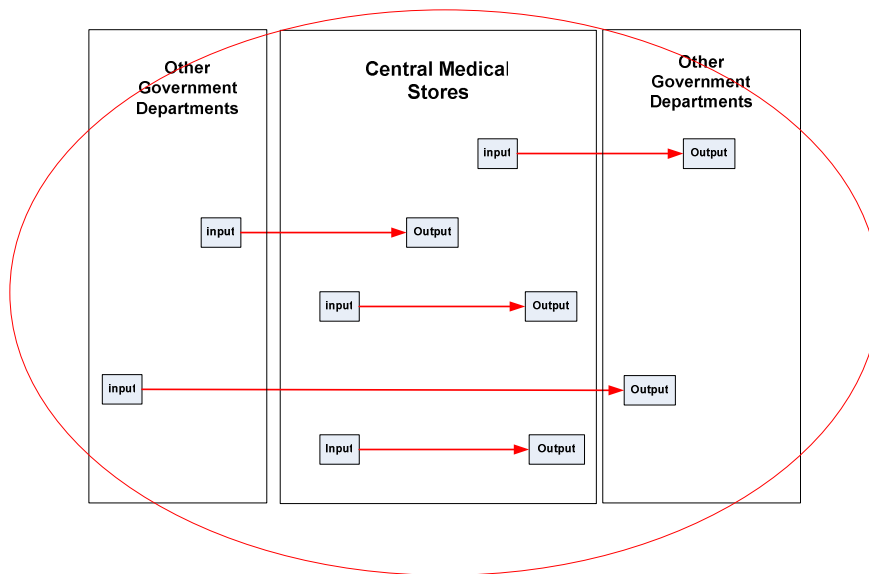
Under the new paradigm, accountability for the functions and processes envisioned for CMS would be spread across many other ministries and agencies. For the drug supply function to

be performed with equal effectiveness and transparency, other stakeholder departments would need to align their processes and standards to, and be accountable for delivering, the same performance target.

CMS currently reports to the post of Director of Clinical Services. This means that although it is situated within the senior levels of MOH management, escalation of decisions through layers of management risk being protracted or complex. This effect is likely to be particularly acute under the "shared accountability model" proposed below, where actions lie outside of CMS and MOH.

Figure 7. Summary of Strategy

Key Problem	Needs	Interventions	Outputs		Outcome
CMS underperforms against its commodity availability targets	Develop clear 3 year strategies across all CMS functions	**Procurement:** work with PPADB and DRU to use regulations in a way that supports effective and responsive drug procurement	(1) Appropriate procurement plans and methods are developed and implemented; (2) Registration policy aligned to needs of the drug supply system		**CMS delivers commodity availability in line with Ministry of Health targets**
		Operations: deliver continuous improvements to storage and distribution services	Distribution services aligned to needs of customers		
		Finance & IT: improve speed of finance processes & accountability, and provide high quality management information	Management Information Systems (1) supporting processes efficiently and (2) delivering reports in line with business need		
		Quality Management: continuously improve processes	Gain ISO accreditation		
		HR: create appropriately skilled workforce and structure	Appropriate skills and structure in place		
		Organisational Model: ensure CMS is appropriately positioned within MoH structure	CMS positioned within MoH structure so as to facilitate decision making and reform		
		Security: put in place security systems appropriate for a strategically important government institution	CMS recognised as a secure, dependable custodian of government resources		
		Customer Liaison: work to improve customer relations, develop understanding of demand for all commodity	Demand patterns understood through implementation of Logistics Management Information System (LMIS); customers able to access all data required from CMS		
	Create Shared Accountability Framework	**Stakeholders:** engage key stakeholders on the principles of shared accountability for drug availability	Stakeholders agree to share accountability for health commodity availability		
	Implement Performance Measures for all stakeholders	**Performance Measurement:** engage key stakeholders to agree on performance targets	Stakeholders agree on targets; performance reviewed on a regular basis to identify issues requiring attention		
	Develop and implement structured handover programme to new management	**Transition:** plan and implement a structured handover of management responsibility	Transition from SCMS team to new team implemented without disruption to CMS operations		

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Recommendations — Summary of Strategy

CMS Mission

The problems outlined in the analysis above present major challenges. None, however, are insurmountable. The technical expertise of the management team, combined with strong support from the government, provides an enabling environment for CMS to transform itself into a model drug-supply operation.

The vision for CMS is based on the concept of the "Perfect Order," which is the ideal situation in which an organization responds to its clients. CMS will strive to eliminate all errors or aspects of poor service so all customer orders processed to meet the following criteria:

- All items ordered are supplied in the right quantities
- Products are delivered on time, at a time that suits the customer's needs
- Prices of the products and service supplied are competitive, in line with industry benchmarks
- Product expiry is maintained within WHO guidelines

To achieve these goals, CMS and the other stakeholders in the drug supply system will need to address all problems outlined in the Situational Analysis section of this document. All recommendations below are necessary for CMS to realize its vision as stated above. As a holistic approach will be required to tackle all the supply- and demand-side problems, not all of the recommendations can be implemented by CMS alone. Many recommendations will require significant support from other institutions.

In the achievement of its vision, CMS directly supports MOH's corporate-level goals of improving commodity availability and strengthening supply chain management at all levels of the structure as a means of improving service delivery.

Feedback from Stakeholders

The following is a summary of feedback received from stakeholders interviewed during this planning process (Annex 1 provides a full list of stakeholders):

The Government of Botswana remains committed to developing a high-performing and effective CMS organization, that is strategically an operationally vital to ensuring the government and donor response to the health care service delivery, particularly those addressing the needs of HIV/AIDS programs.

All parties agree that the strategy for CMS must be aimed at developing CMS as a transparent and admired organization, capable of achieving its target of 97% drug availability. MOH and PEPFAR stakeholders are also agreed that this objective's delivery is

dependent on CMS having the ability to manage the necessary resources (financial, material and human) to deliver the business processes that make up the organization.

There is consensus over the need for the organization to demonstrate visible progress toward meeting its objectives for long-term sustainability and, most importantly, toward delivering the target of 97% commodity availability.

CMS Strategies

The proposed strategy for CMS falls into four areas:

- **Strategy 1** — Implement a three-year activity programme of interventions necessary to deliver the desired outcome of 97% drug availability and the creation of longer-term sustainability.
- **Strategy 2** — Engage stakeholders to create shared accountability.
- **Strategy 3** — Create and implement an overarching performance framework.
- **Strategy 4** — Implement a structured transition of management responsibility from the interim team to a "permanent" team of managers, with no discernible effect on the standard of CMS operations.

Strategy One: Implement a three-year activity programme of interventions necessary to deliver the desired outcome of 100% drug availability, and the creation of longer-term sustainability.

The following tables show the interventions required over the three-year period to deliver immediate performance gains, build organizational capacity for CMS as one of the key stakeholders in the supply process and move to long-term sustainability beyond the tenure of the transitional management team.

As stated previously in this document, not all of the interventions planned can be delivered by CMS in isolation.

Figure 8. Summary of Strategies, April 2010-March 2013

Year	Start	End	Description	Objectives
1	April 2010	March 2011	Tactical gains Lay foundation for management handover Process improvement	Achieve substantial increases in drug availability (and other commodities) Initiate distribution hubs project Recruit middle management layer, training and development ME Complete process development
2	April 2011	March 2012	Sustain tactical gains Complete management handover Accreditation	Sustain commodity availability increases, with further gains Complete distribution hubs implementation Recruit new senior managers, transfer management responsibility to new team Apply for ISO accreditation
3	April 2012	March 2013	Mentoring, technical support	Mentor new management team Complete specific technical projects Structured withdrawal of interim management team

Key Assumptions

A number of assumptions have been made while developing the CMS three-year strategies. Chief among these are the following:

- All approvals and decisions required from MOH with regard to key policy issues are provided in good time
- Sufficient financial resources are made available for commodity procurement and all infrastructure maintenance/improvements
- CMS is able to implement an appropriate organizational structure and attract appropriately skilled staff into key positions
- CMS receives sustained support from key stakeholders outside MOH, such as PPADB, CTO and the Department for Building and Engineering Services (DBES), and CMS continues to receive PEPFAR support throughout the life of the project

Strategy 1.1: Year 1 Tactical Interventions and Performance Improvements

	Needs	Description of Intervention to Deliver	Timings
#	Year One Human Resources/Organizational Development		
HR1.0	High level need: Move toward sustainability		
HR1.1.1		Design three-layer organogram that reflects the positions and grades (in line with government bandings) required for sustainability	Q1-Q2
HR1.1.2	Improve role definition such that the right people are doing the right job	Identify core skills and competencies required for three-layer structure and design job descriptions (in government template) that reflect the activities and responsibilities	Q1-Q2
HR1.1.2		Design and complete organogram that reflects the full picture of CMS (all positions/job titles/grades)	Q1-Q2
HR1.2	Ensure CMS has sufficient numbers of staff in all functions to sustain service delivery in the short to medium term	Recruit to existing vacancies, including re-alignment of available positions to match needs where appropriate	Q2
HR1.3.1	Ensure the sustainability of organizational structure and HR	Write a motivation for three-layer organogram, present this to MOH to gain commitment and approval; proposal motivates design of organogram and how this will provide sustainability for the future of CMS	Q2
HR1.3.2		Design and propose a scheme of service that reflects CMS's unique needs, in conformance with government grading and promotion system; to include job descriptions	Q1-Q2
HR1.4	Strengthen management capacity	Recruit to new middle management positions following approval of three-layer structure	Q2-Q4
HR1.5	Ensure uniform HR policies across CMS	Gather information to establish the extent of HR involvement in the establishment of distribution hubs and act accordingly	Q4
HR2.0	High-level need: improve performance to achieve target		
HR2.1	Create shared performance framework	Create a shared performance framework for all CMS stakeholders, with clear KPIs; to be done in consultation with stakeholders, led by CMS	Q1

	Needs	**Description of Intervention to Deliver**	**Timings**
HR2.2.1	Gain more accurate picture of skills, needs and gaps	Identify current skills gap against performance measurements	Q2-Q4
HR2.2.2	Gain more accurate picture of skills, needs and gaps	Assess current performance measurements and establish whether failure to meet targets is due to lack of training	Q2-Q4
HR2.2.3		Work with managers to identify core skills needed and deliver training in these areas	Q2-Q4
HR2.3	Establish holistic training plan	Work with all directors to produce a training plan for FY 2010/2011 to address the most pressing needs	Q1
HR2.4	Strengthen management skills	Design and deliver management training that fills the immediate skills gap of existing managers and supervisors	Q2
HR2.5.1	Reinforce a performance culture	Oversee the completion of all performance appraisals and target setting for 2009/2010 to reinforce a performance culture	Q1
HR2.5.2		Reinforce a performance culture by ensuring that government performance appraisals are completed for 2009/2010	Q1
HR2.5.3		In liaison with managers, ensure objective setting has been done for 2010/2011	Q1
#	**Year One Procurement**		
PR1.0	High-level need: improve short-term order fill to achieve target		
PR1.1.1	Rapidly improve availability levels of stock	Apply for direct procurement (three months' stock) for critical, life-saving drugs and TB drugs	Q1-Q2
PR1.1.2		Engage a world-class wholesaler (for 12-18 months) to procure vital drugs	Q1-Q2
PR1.1.3		WHO Green Light Committee: 2nd-Line TB Drug Initiative	Q1-Q2
PR1.2.1	Ensure CMS list for non-drug items is updated	Review of CMS non-drug catalog	Q1-Q2
PR1.2.2		Integration of NHL laboratory products to CMS and clarification of the MEMS product catalog and the role of CMS in purchasing MEMS items	Q2-Q3
PR1.3	Ensure maintenance of adequate stock levels at CMS	Run large tenders (12 months' stock) for the following groups: ARV drugs, essential and necessary drugs, laboratory supplies, medical and surgical supplies and medical equipment	Q2
PR2.0	High-level need: increase competition and choice of quality drug suppliers		

PR2.1	Improve market/choice access	Run supplier prequalification to engage high-quality suppliers who are responsive to CMS needs	Q3-Q4
PR2.2.1	Improve supplier competition	Engage DRU and jointly review existing system and plan/implement short-term improvement measures (e.g., abridged and proxy registration)	Q2
PR2.2.2		Complete analysis of local supplier performance and present to MOH for agreement on action	Q2
PR2.3	Improve engagement and performance of suppliers	Establish supplier management structure including segmentation, measurements, benchmarking and quarterly review	Q2
PR3.0	High-level need: improve confidence through demonstrable performance gains		
PR3.1.1	Engage procurement stakeholders	Establish list of key stakeholders and their needs	Q1
PR3.1.2		Design reports and begin regular reporting to stakeholders	Q1
PR4.0	High level need: develop, agree upon and implement, with PPADB, a sustainable procurement strategy		
PR4.1.1	Engage and gain support of PPADB	Gain PPADB buy-in to CMS procurement strategy and annual procurement plan	Q1-Q3
PR4.1.2		Ensure compliance with regulations; initiate and maintain regular feedback with PPADB	Ongoing
PR4.1.3		Six monthly procurement workshops to be facilitated by PPADB	Ongoing
PR5.0	High-level need: improve quality and reliability of end-user data		
PR5.1.1	Improve end-user data	Establish working group: SCMS, CMS, MOH, MLG, Costing & Forecasting Group	Q2-Q4
PR5.1.2		Training and awareness plan developed and agreed	Q2-Q4
PR5.1.3		Tools designed and disseminated	Q2-Q4
PR5.1.4		Put in place data capture and processing unit within CMS (LMU)	Q2-Q4
#	**Year One Operations**		
OPS1.0	High-level need: improve warehousing and distribution		

		operations	
OPS1.1.1	Establish distribution hubs	Plan and implement distribution hubs as per proposal	Q4 (2 hubs completed)
OPS1.1.2		Inform CTO of any additional vehicle requirements	Q1

OPS1.1.3	Establish distribution hubs	Inform HR of any additional staffing requirements	Q1
OPS1.2	Improve cold-chain management	Complete needs assessment of cold-chain management compliance and provide recommendations and action plan	Q3
OPS1.3	Update and configure IT systems	Complete gap analysis on Pulse WMS system current configuration vs desired state, including prioritization of needs, implementation timelines and cost estimates	Q2
OPS1.4	Equal distribution of new receipts of previously out of stock items.	Ensure when capturing requisitions that receipted quantities equally apportioned.	Q2
OPS2.0	High level need: Move towards sustainability		
OPS2.1	Engage stakeholders	Initiate and maintain regular meetings with CTO to keep them informed of any potential changes in CMS' transport needs as well as any other needs.	Q2
#		**Year One Finance**	
F1.0	High level need: Improve short term order fill to achieve target		
F1.1	Improve revenue collection	Analysis of structure, procedures and tools	Q2
F1.2	Ensure financial data's completeness and correctness	Ensure data captured is accurate and available in a format that enables meaningful management reporting	Q3
F1.3	Improve and integrate IT systems	Design and propose a clear IT strategy that includes integration with GABS, WMS, e-procurement and e-business.	Q3
F1.4	Ensure accurate and reliable budgeting	Planning the budget procedure for next financial year	Q2
F1.5	Sync finance function with procurement activities	Work with Procurement on procurement plan	Q2
F2.0	High level need: Build confidence through demonstrable performance gains		
F2.1.1	Ensure CMS is audit compliant	Prepare documentation and figures for audit	Q4
F2.1.2		Complete annual audit	Q4

#		Year One Security	
S1.0	High level need: Improve short term order fill to achieve target		
S1.1.1	Effectively manage security services	Draw comprehensive SLAs for the upcoming security company	Q1
S1.1.2		Sign a maintenance contract for our automated security systems.	Q1
S1.1.3	Effectively manage security services	Upgrade access points in the warehouse to restrict staff movements	Q1-Q2
S1.2	Quick one-off improvement to eliminate risk of loss	Engage the Operations Manager of the security company on a monthly basis to raise concerns of performance.	Ongoing
S2.0	High level need: Move towards sustainability		
S2.1	Sustainable Security and OHS strategy in place for CMS	Develop SOPs for security services. Engage with emergency service agencies such as the Fire Brigade. Formulate a policy on OHS and train our own fire marshals. Link security systems and all energy to the generators.	Q1-Q2
S2.2	Sensitization of staff on security and issues of occupational health and safety	Conduct in-house awareness workshops	Immediately
#		Year One Quality Management	
QM1.0	High level need: Improve short term order fill to achieve target		
QM1.1.1	Ensure SOPs required by ISO are implemented	Develop, approve and issue SOP documents and associated control systems	Q2
QM1.1.2		Develop a training plan and matrix for SOP training, and execute training plan	Q2
QM1.2	Use NCR system	Develop and train in NCR system	Q2
QM1.3	Ensure clear QA product roles and responsibilities are in place	Perform job analysis and define job descriptions	Q4
QM2.0	High level need: Build confidence through demonstrable performance gains		
QM2.1.1	Ensure QMS complies with ISO standard	Adhere to audit and review plan	Q4
QM2.1.2		Implement QMS training plan	Q4
QM2.2	Accurate product data	Review databases and regular monitoring	Q4
QM2.3	Produce QMS measurement reports	Capture data and develop reporting structure	Q4

Strategy 1.2: Year 2 Interventions

	Needs	Description of Intervention to Deliver	Timings
#	**Year Two Human Resources/Organizational Development**		
HR1.0	High level need: Move towards sustainability		
HR1.1.1	Begin skills transfer process	Recruit the top 2 layers and get them started as per revised organogram. Develop and implement specific development plans for each new senior manager	Q1-Q4
HR1.1.2		Write a transition plan department by department on how skills can be transferred and implement. Identify per business need the order of skills transfer and transitioning.	Q1-Q4
HR1.1.3		Identify skills that need to be transferred and establish correct resource capacity. Either transfer existing personnel or train them.	Q1-Q4
HR2.0	High level need: Improve performance to achieve target		
HR2.1.1	Continue performance management and reviews	Continue capacity building through workshop delivery as per training needs	Q2-Q4
HR2.1.2		Based on 20009/2010 performance reviews and revised job descriptions identify core skills gap and put in place a training plan to address this	Q2-Q4
#	**Year Two Procurement**		
PR1.0	High level need: Move towards sustainability		
PR1.1.1	2-3 year framework contracts in place for key products	Design and launch restricted tenders to prequalified suppliers	Q1
PR1.1.2		Negotiate and implement framework contracts.	Q1
#	**Year Two Operations**		
OPS1.0	High level need: Improve warehousing and distribution operations.		
OPS1.1	Complete Distribution Hubs	Operationalize hubs strategy in all proposed locations	Q3
OPS2.0	High Level need: Move towards demand led supply chain strategies		

	Needs	Description of Intervention to Deliver	Timings
OPS2.1	Logistics Management Unit (LMU) development	Further develop the CMS LMU to ensure logistics data is routinely captured from all CMS customers and used in supply chain decision making	Q1-Q4

#		Year Two Finance	
F1.0	High level need: Improve performance to achieve target		
F1.1	CMS system for expenditure tracking	Identify tracking needs	Q1
F1.2	Cost Efficiency and Cost Optimization to ensure cost reduction	Training and Implementation of cost analysis	Q3
F1.3	Implementation of IT-strategy	IT project	Q2
#		Year Two Security	
S1.1	Policy on OHS to be in force.	Set up a committee to ensure that this area is not compromised.	Q1
#		Year Two Quality Assurance	
QM1.0	High level need: Build confidence through demonstrable performance gains		
QM1.1	Audit against ISO requirements	Prepare for audit	Q1
QM2.0	High level need: Improve performance to achieve target		
QM2.1	Expand QMS to MBS	Identity gaps, plan and implement	Q4
QM2.2	Hub inclusion	Establish and meet requirements	Q4
QM2.3	Ensure continual improvement of QMS	Identify specific projects and issues and prepare a plan to address them	Q1

Strategy 1.3: Year 3 Interventions

	Needs	Description of Intervention to Deliver	Timings
#	**Year Three Human Resources**		
HR1.0	High level need: Move towards sustainability		
HR1.1.1	Continue skills transfer process	Write a training plan for ongoing professional development-based on performance to date, and gain commitment from MOH to release funds	Q1-Q2
HR1.1.2		Top 2 layers should now have assumed full responsibility of day-to-day activities but planned as per business need and prioritize accordingly. Development as per individual plans will continue	Q1-4
#	**Year Three Procurement**		
PR1.0	High level need: Improve performance to achieve target		
PR1.1.1	Ensure detailed product segmentation and leverage	Complete product segmentation of all CMS products, and initiate segment specific strategies	Q1
PR1.1.2		Implement e-sourcing system to leverage specific product segments, or outsource those of low strategic importance	Q2
PR2.0	High level need: Move towards sustainability		
PR2.1	Explore pooled procurement possibilities	Investigate opportunities or pooled procurement (e.g. SADC, SCMS, etc)	Q2
#	**Year Three Operations**		
OPS1.0	High level need: Improve warehousing and distribution operations.		
OPS1.1	Distribution Hubs	Complete implementation of weekly delivery strategy through hubs	Q1-Q4
OPS2.0	High Level need: Move towards demand led supply chain strategies		
OPS2.1	LMU development	Build on tactical gains realized through the LMU, including assessment of the use of new technologies for streamlining data capture from customers	Q1-Q4
#	**Year Three Finance**		
F1.0	High level need: Improve performance to achieve		

#			
	target		
F1.1	All SOPs documented and implemented	Development and maintenance of procedures, coaching and training	Q4

#	Year Three Security		
S1.0	High level need: Move towards sustainability		
S1.1	Establish centralized security system	Need for one security company responsible for all security aspects as a single point of contact	Q1
#	Year Three Quality Assurance		
QM1.0	High level need: Move towards sustainability		
QM1.1	Establish long term vision for quality assurance managers and sustainability plans	Identify and coach replacement as per CMS strategy. Focus on metric improvement.	Q4

Strategy Two: Formalize Stakeholder Accountability

For the government to succeed and deliver the availability target, accountability must be formally and measurably shared across the other organizations that are now involved in delivering business processes. To a large extent, MOH and CMS are the critical stakeholders in these business processes, alongside the following organizations whose roles can be defined as follows:
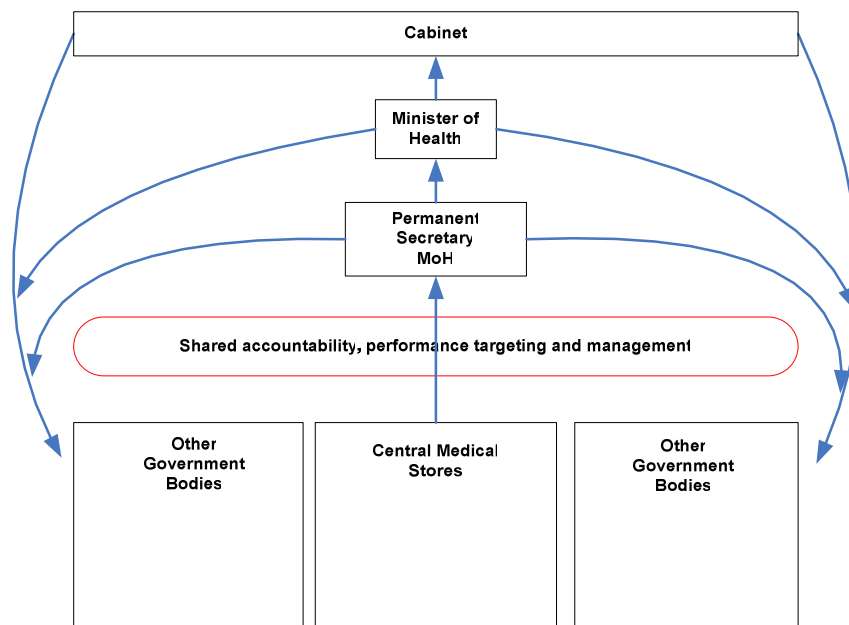
Figure 9. Stakeholder Roles

Key Business Process	Stakeholder Entity	Roles and Deliverables
All	CMS	Act as central coordinator of the national medical supply function. Influence and engage with all other involved organizations to deliver timely and appropriate actions. Provide accurate planning data to enable business processes and decisions. Report on performance of the medical supply chain.
Procurement	PPADB	Jointly develop CMS procurement strategy to ensure both legal compliance and operational effectiveness. Regularly review and update strategy and "ways of working" to seek continuous improvements.
Procurement	DRU	Work with CMS to improve service and pricing by ensuring access to a wide choice of quality drugs.
Procurement	Ministry of Local Government, End User Hospitals and Clinics	Collaborate with CMS procurement managers to capture and report accurate demand data. Jointly review progress on a regular basis to ensure continuous improvement.

Procurement	Ministry of Finance	Make process supplier payments within agreed timeframes. Work closely with CMS managers to identify and seek solutions in areas that affect operational effectiveness. Provide sufficient funding to meet the needs of the health service
Human Resource Management	DPSM, MoH HRM, MoH Corporate Services	Collaborate with CMS managers to ensure the selection, recruitment, retention and development of appropriately skilled and motivated managers and staff.
Operations	Ministry of Transport /CTO	Agree to distribution schedules with CMS Operations and maintain necessary transport resources.

Although not a complete solution, since accountability crosses a number of Government Ministries, as the core organization CMS should report at a higher level within MOH to try to ensure shorter, more effective decision making. As accountability for delivering CMS' business lies significantly outside of MOH, rapid and effective escalation of decisions will require senior level enforcement and ready access to other Ministerial Permanent Secretaries and Cabinet Ministers. The proposed decision making and escalation model shows an internal reporting line to the Permanent Secretary, Ministry of Health, as follows:

Figure 10. Proposed Performance Measurement Framework

The performance expectations of each stakeholder — roles, responsibilities and outputs — are set out in the performance management framework below. Following agreement of overall strategy by the Cabinet, the proposed stakeholder management approach includes:

- Awareness raising and planning among stakeholders to decide on work style and methods
- Monthly operational meetings between MOH and critical stakeholders
- Management reporting against performance benchmarks as set out in the performance framework below
- Data review to gauge high-level progress and identification and resolution of process blockages
- A problem-solving approach to achieve rapid resolution of operational blockages and issues affecting drug supply

Stakeholder Engagement in General

Other stakeholders occupy a less operational but nevertheless critical role in delivering performance and transparency targets. These stakeholders need to be aware of their role and the expectation of their performance in this role, and they require continuous, positive engagement to ensure that this role is fulfilled. These stakeholders include the following:

Figure 11. Other Stakeholders and Roles

Stakeholder	Roles and Deliverables
BURS	Ensure tax compliance throughout the payment system.
Strategic suppliers of goods and services	Deliver high-quality goods (and associated services) to meet the needs of the public health system.
Trade unions	Ensure open and constructive dialogue between staff and the employer so HR issues are dealt with properly and professionally.
DBES	With CMS management, create a joint plan for equipment and infrastructure and maintenance. Provide timely operational support to ensure effective and continuous medical supply.
MOH PR Department, media	Disseminate information on improved drug supply in Botswana. Help CMS demonstrate progress against fraud and pilferage and toward a transparent, trusted organization.
Security services provider	Under contract to improve detection and help CMS/MOH management demonstrate progress toward a transparent, trusted organization.

Regular dialogue and feedback aimed at generating performance improvement will be underpinned by relevant performance data tailored to the each stakeholder's needs.

Strategy Three: Performance Management Framework

CMS will lead the development of a performance management framework that will clearly specify the roles and responsibilities of key stakeholders involved in management of the public sector drug supply system. Clear KPIs, linked to the key input provided by each stakeholder, will be agreed upon and reported on at the joint review meetings referred to above.

KPIs will be developed in consultation with stakeholders and after careful analysis of the individual processes involved in each stakeholder.

Strategy Four: Transition of Management Responsibility

A successful transition from the interim management team to a new "permanent" team is one of the core strategies underpinning this project. This process must happen in a structured way, tailored to the needs of individuals and the organization.

As demonstrated in the specific strategy plans above, the transfer of management capacity will begin with the recruitment and development of a new middle management layer. We expect this layer to be in place by the end of financial year 2010/2011. These managers will work closely with one or more of the interim managers and may receive a combination of formal training, coaching and other interventions as required.

The recruitment of the new senior management team will begin at the start of financial year 2011/2012. The new managers will be assessed during the recruitment and induction process, following which personal development plans will be prepared. These plans will contain interventions required to address specific knowledge/skills gaps and will be implemented and monitored with a nominated counterpart from the interim management team. The new management team will be expected to take over full management responsibility by the end of financial year 2011/2012.

Conclusion

This plan outlines the roadmap to improve CMS performance and fulfill its mandate of ensuring consistent availability of essential health commodities and other vital medical products. The strategies adopted here aim to address the current operational and larger supply chain management challenges experienced by CMS in the Botswana context. For CMS to succeed, key stakeholder contributions and accountability is required, and measures will be put in place to promote effective, measurable stakeholder involvement. The suggested timelines for implementing a structured transition of management responsibility from the interim team to a permanent team of CMS managers will be achievable provided that the government commits to timely implementation of the agreed-upon reforms and provides the necessary resources for the planned improvements.

Appendix 1: Key Stakeholders Interviewed

Ministry of Health	Dr K Malefho, Permanent Secretary Dr Ndwapi Ndwapi, Director of Clinical Services
PEPFAR Team	Christopher Oconnell, PEPFAR Coordinator Joan LaRosa, USAID Director David Brown, Deputy USAID Director Thierry Roels, Global AIDS Director Scott Merritt, Health Informatics Advisor Dr. Munsanje Moono, Treatment Officer, BOTUSA/CDC Bile, Ebi Celestin, Lab Technical Advisor, BOTUSA/CDC
CMS Transitional Management Team (SCMS)	Tom Brown, Chief Operating Officer Meryl Bengtsson, HR Director Michael Tilma, Finance Director Eugene van de Walt, Operations Director Steven Adamson, Quality Assurance Director David Terpstra, Procurement Director
SCMS	Deo Kimera, Country Director Stanley Mapiki, Deputy Country Director