



COMMITTEE ON FOREIGN AFFAIRS U.S. HOUSE OF REPRESENTATIVES

OVERSIGHT INVESTIGATION: USAID GLOBAL HEALTH SUPPLY CHAIN CONTRACT

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[Please note: This bipartisan investigative report was prepared by the Chairmen and Ranking Members of the Committee on Foreign Affairs and its Subcommittee on Africa, Global Health, Global Human Rights, and International Organizations, with assistance from the majority and minority professional staff of the Committee. It is not a formal product of the full Committee.]

EXECUTIVE SUMMARY

The United States Agency for International Development (**USAID**) Global Health Supply Chain - Procurement and Supply Management (**GHSC-PSM**) contract is currently the primary vehicle for the delivery of life-saving global health commodities for most of the United States Government's (**USG**) global health initiatives. Under this contract, USAID supplies, procures and delivers commodities to 60 countries, provides technical assistance in 40 countries, operates field offices in 33 countries, and employs more than 1,000 field-based staff. On any given day, there are approximately 5,700 commodities orders in progress.^{1,2}

With a ceiling of \$9.5 billion over five years, the GHSC-PSM contract is the largest contract USAID has ever awarded and managed.³ This single-award “indefinite delivery/indefinite quantity” (**IDIQ**) contract was signed on April 15, 2015 between Chemonics International, Inc. and USAID to serve as the “primary vehicle through which USAID will procure and provide health commodities for all USAID health programs, including but not limited to HIV/AIDS, Malaria, Family Planning and Maternal and Child Health.”⁴ The GHSC-PSM contract replaced two separate global health supply chain contracts that began in 2005 and 2006, respectively.

The delivery of commodities is inextricably linked to the success of U.S. global health programs, including the President's Emergency Plan for AIDS Relief (**PEPFAR**). PEPFAR, first authorized by Congress in 2003, is widely regarded as one of the most effective U.S. foreign assistance programs since the Marshall Plan, and has earned bipartisan support from Congress and multiple administrations. Now working in more than 50 countries, PEPFAR has saved millions of lives and changed the course of the global HIV/AIDS epidemic. As of March 30, 2018, PEPFAR supports more than 14 million people with lifesaving antiretroviral treatment. With PEPFAR support, more than 2.2 million babies have been born HIV-free to pregnant women living with HIV, and their mothers have been kept healthy and alive to raise them. The successful delivery of commodities, like antiretroviral drugs, has been integral to this progress.

“This modern-day plague robbed Africa and other countries of the hope of progress, and threatened to push many communities toward chaos. The United States has responded vigorously to this crisis. In 2003, I asked Congress to approve an emergency plan for AIDS relief. Our nation pledged \$15 billion over five years for HIV/AIDS prevention, treatment and care in many of the poorest nations on Earth. In the years since, thanks to the support of the United States Congress and the American people, our country has met this pledge. This level of assistance is unprecedented, and the largest commitment by any nation to combat a single disease in human history.”⁵

- President George W. Bush, May 30, 2007

¹ U.S. Agency for International Development, *Global Health Supply Chain Program Procurement and Supply Management, Fiscal Year 2018, Quarter 3 Report*, April 1 to June 30, 2018, Washington, DC, p. 1.

² U.S. Congress, House, Committee on Foreign Affairs, Sub-Committee on Africa, *Global Health, Global Human Rights, and International Organizations, 115th Cong.*, May 17, 2018, (Statement for the Record of Chemonics International Executive Vice President, James Butcher), p. 66.

³ U.S. Agency for International Development, Office of Inspector General, *Semiannual Report to Congress*, April 1, 2017 to September 30, 2017, Washington, DC, p. v.

⁴ U.S. Agency for International Development, Global Health Supply Chain Program, *Request for Proposals Number SOL-OAA-12-000128*, January 6, 2014, Washington, DC, p. 12.

⁵ “Statement by President George W. Bush on PEPFAR” (speech, Washington, DC, May 30, 2007), U.S. Department of State Archives, <https://2001-2009.state.gov/s/gac/rl/pr/85745.htm>.

Reports of declining on-time delivery rates under the GHSC-PSM contract surfaced publicly in late August 2017, eighteen months into the life of the contract. The Committee launched an oversight investigation in October 2017, after receiving additional reports of depleted inventories and “stock-outs” of life-saving commodities in recipient countries. Over the course of its bipartisan investigation, the Committee held dozens of meetings, conducted staff field visits to Ethiopia and Uganda, and held an oversight hearing with the USG officials responsible for overseeing the contract: Ambassador Deborah L. Birx, M.D., the U.S. Global AIDS Coordinator and U.S. Special Representative for Global Health Diplomacy of the U.S. State Department, and Ms. Irene Koek, Deputy Assistant Administrator, Global Health Bureau, USAID.

“...we issued a challenge to ourselves and to all nations of the world to make concrete pledges towards three key goals: prevent, detect and respond. We have to prevent outbreaks by reducing risks. We need to detect threats immediately wherever they arise. And we need to respond rapidly and effectively when we see something happening so that we can save lives and avert even larger outbreaks.”⁶
- President Barack Obama, September 26, 2014

The Committee’s bipartisan investigation revealed that significant mistakes were made by all parties involved in USAID’s health commodities supply chain, at virtually every level and stage of the GHSC-PSM contract – from contract solicitation and the evaluation of proposals, through the transition, and into implementation. Initial reports of massive stock-outs of commodities were exaggerated, and the Committee did not find evidence that life-saving commodities or services were denied to patients currently receiving treatment. Nevertheless, **these mistakes *did* result in delays and unacceptable performance under USAID’s largest-ever contract, jeopardizing U.S. global health priorities and undermining the program’s value to American taxpayers.** This report contains recommendations to improve future performance under this and similar USAID contracts.

⁶ President Barack Obama, “Remarks by the President at Global Health Security Agenda Summit” (speech, Washington, DC, September 26, 2014), White House Archives, <https://obamawhitehouse.archives.gov/the-press-office/2014/09/26/remarks-president-global-health-security-agenda-summit>.

KEY FINDINGS & RECOMMENDATIONS

- 1. USAID must improve its solicitation and evaluation process for the GHSC-PSM contract prior to re-competing.** USAID's solicitation and evaluations of the contractors' proposals for the GHSC-PSM contract was flawed. The agency did not receive sufficient input from the State Department's Office of the Global AIDS Coordinator (S/GAC) and key USAID officers and did not follow best industry practices when assessing the contract proposals. As a result, both USAID and Chemonics underestimated important operational challenges. Going forward, USAID should revise its solicitation and evaluation process to ensure these issues are addressed.
- 2. When transitioning work between different contractors, USAID must establish a realistic transition strategy, and must ensure critical data is retained and passed on to the new contractor.** Disputes between Chemonics and the prior contractor led to substantial delays in the implementation of the GHSC-PSM contract and were partly responsible for delays in the delivery of commodities. The Committee believes that significant problems could have been avoided had USAID intervened sooner to manage communications between Chemonics and the prior contractor. USAID must be more prepared to manage similar transitions between contractors in the future and should consider penalizing contractors that refuse to cooperate during a transition when evaluating their bids for new work.
- 3. The U.S. State Department and USAID must improve oversight of the GHSC-PSM contract.** The State Department and USAID's oversight of the GHSC-PSM contract was – and still is – lacking. Key positions at both agencies remain unfilled, even though these positions are critical to monitoring performance. Specifically, the State Department must act quickly to fill the remaining PEPFAR coordinator vacancies, and USAID must hire a compliance officer or risk-mitigation adviser for this contract to enhance oversight.
- 4. The U.S. State Department and USAID should evaluate whether the new, consolidated GHSC-PSM contract represents an improvement over the prior approach of using two contracts.** The new GHSC-PSM contract is very large and complex. As such, the State Department and USAID should carefully evaluate the costs and benefits of operating a “single award, IDIQ contract” before rebidding and must ensure that they have the oversight infrastructure in place to properly monitor contracts of this size. USAID should require that new proposals be submitted well before the previous contract expires to avoid the need for continued extensions of the current contract.
- 5. USAID should establish mechanisms for more consistent performance evaluation across contracts, in order to effectively compare contractor performance.** USAID opted to use different metrics to measure Chemonics' performance under the GHSC-PSM contract than were used to measure the previous contractors' performance. These new metrics actually held Chemonics to a higher standard but made it impossible to directly compare Chemonics' performance to that of its predecessor. This change also prevented delays from being recognized earlier on. While recognizing that there may be good reasons to use updated performance metrics, the Committee strongly recommends that USAID ensure continuity of metrics between contracts during the transition phase to ensure performance can be adequately monitored.

- 6. The U.S. State Department and USAID must improve their communication and coordination on the global health commodities supply chain going forward.** A lack of vital communication between USAID and S/GAC negatively impacted programming on the ground. The Committee's investigation exposed USAID's failure to adhere to previously agreed-upon operating procedures, which led to wasteful purchases and confusion in country. Going forward, S/GAC and USAID must consistently communicate to ensure unity of effort, reduce confusion between Washington, DC and the field, and eliminate inefficiencies.
- 7. Enhanced diplomatic engagement is necessary to ensure partner countries are living up to their own obligations and commitments under the USG's global health strategy.** While Chemonics was responsible for delayed deliveries at the country level, other parties, including partner countries themselves, were responsible for the stock-outs of commodities at the local level. This is because, with few exceptions, Chemonics is only responsible for the delivery of commodities to a central location in each partner country. U.S. ambassadors and country teams must work with partner governments to ensure all partner countries are held accountable for upholding their own financial and programmatic responsibilities and improve commodity management at all levels. This engagement must be prioritized by senior USG leadership in partner countries and in Washington, DC to ensure that all parties are working towards country ownership of these programs and policies.

BACKGROUND

U.S. Global Health Assistance

United States global health assistance is critical to U.S. interests and the well-being of every American. It combats the spread of infectious diseases, promotes maternal and child health, and advances U.S. economic and security interests by supporting the growth of healthier, more stable societies around the globe. U.S. global health assistance greatly improves the lives of recipients around the world, making it a key aspect of public diplomacy.

Key to the success of these programs has been the U.S. commitment to delivering essential health commodities – from lab equipment and test kits to vaccines and medications – when and where they are needed most. With the enactment of PEPFAR in 2003 – the single largest U.S. commitment to a global health challenge in history – the subsequent launch of the President’s Malaria Initiative (**PMI**) in 2006, and the proliferation of complex global health crises, including the 2014 Ebola outbreak in West Africa and the 2016 Zika scare, the scale and complexity of these investments have grown dramatically.

PEPFAR continues to place the greatest demand upon U.S.-supported global health supply chains. When PEPFAR first launched, HIV/AIDS was a death sentence that threatened to decimate an entire generation of men, women, and children in Africa. Testing was extremely limited and only about 50,000 people had access to antiretroviral treatment (**ART**) in the hardest-hit countries.⁷ Today, through PEPFAR, the U.S. supports testing for 85.5-million people and ART for more than 14 million patients – including nearly one million children – delivered through more than 80,000 different facilities.⁸ PEPFAR has grown from a \$2.3-billion program in fiscal year (**FY**) 2004 to a \$5.67-billion program in FY 2018 and has played a critical role in moving HIV/AIDS from a fatal disease to a manageable, chronic condition and put epidemic control within reach for several countries. Continued success, however, relies heavily upon the development of strong health systems and sustainable supply chains.

PMI has enjoyed similar growth and success. When it was launched in 2006, it was a \$30-million program focused on just three countries, but now implements programs in nearly 30 countries in sub-Saharan Africa and Asia.^{9,10} Since its inception, PMI has contributed to a 54% decline in malaria mortality worldwide and a 30% drop in malaria cases in sub-Saharan Africa.¹¹ Significant investments in the procurement and delivery of essential medicines and commodities, including

⁷ U.S. President’s Emergency Plan for AIDs Relief. *Annex: PEPFAR and Prevention, Care, and Treatment*. Washington, DC, December 2009, p. 1, available at https://www.pepfar.gov/about/strategy/prevention_care_treatment/133372.htm.

⁸ U.S. President’s Emergency Plan for AIDs Relief. *PEPFAR Latest Global Results*. Washington, DC, March 2018, p.1, available at <https://www.pepfar.gov/documents/organization/276321.pdf>.

⁹ U.S. Agency for International Development, *The President’s Malaria Initiative, Saving the Lives of Mothers and Children in Africa*, 110 Cong., 1st sess. Cong. Rept. Vol. 1., p. 1, available at https://www.pmi.gov/docs/default-source/default-document-library/pmi-reports/pmi_annual_report.pdf?sfvrsn=15.

¹⁰ U.S. Agency for International Development, *The President’s Malaria Initiative*, 115 Cong., 2nd sess. Cong. Rept. Vol. 12., p. 4, available at <https://www.pmi.gov/docs/default-source/default-document-library/pmi-reports/2018-pmi-twelfth-annual-report.pdf>.

¹¹ U.S. Agency for International Development, *The President’s Malaria Initiative*, 115 Cong., 2nd sess., *PMI by the Numbers*, April 2018, available at <https://www.pmi.gov/docs/default-source/default-document-library/pmi-reports/pmi-by-the-numbers-2018.pdf>.

bed nets, have been a core component of PMI's strategy for success. In 2017 alone, PMI procured more than 41-million antimalarial treatments.¹²

USG investments in maternal and child health and family planning have shepherded similar progress. In FY 2018, Congress appropriated nearly \$524 million to improve access to modern family planning in developing countries.¹³ Family planning promotes maternal and child health by helping women plan, time and space their pregnancies. USAID's investments help increase access to family planning in more than 30 countries, including 23 high-priority countries with the greatest risk of preventable maternal and child deaths.¹⁴

The Supply Chain for Global Health Commodities

Before GHSC-PSM

Historically, one of the biggest challenges in providing health services in developing countries was poor health infrastructure and the weakness of the supply chain. Countries often lacked the ability to get full shipments from port to warehouse to hospitals and clinics, due to logistical problems as well as corruption or theft. In addition to these delivery difficulties, many countries were unable to precisely forecast the commodities they would need and track demand, shortages, and expiration dates. As such, a central goal of U.S. investments in the global health supply chain is to strengthen partner countries' capacity to manage their own supply chains and ensure products get to where they are needed most. The long-term goal is to turn the supply chain over to the partner government.

From 2005 until the commencement of the GHSC-PSM contract in 2016, USAID maintained two separate IDIQ contracts to deliver global health commodities, build supply chains, and provide related technical assistance. The first contract, known as “**DELIVER**” and awarded to John Snow, Inc. (**JSI**), began in 2005 and supported family planning, malaria, and pandemic influenza programs. The second contract, known as the “Supply Chain Management System” (**SCMS**), began in 2006 to support PEPFAR and was implemented by a consortium known as “the Partnership for Supply Chain Management” (**the Partnership**), led by JSI.

In April 2011, USAID commissioned a comprehensive review of its supply-chain architecture and concluded that having two implementing partners – JSI and the Partnership – distributing health commodities was often confusing to local partners and undercut USAID's ability to get the best price for commodities.

¹² U.S. Agency for International Development, The President's Malaria Initiative, 115 Cong., 2nd sess., *PMI by the Numbers*, April 2018, available at <https://www.pmi.gov/docs/default-source/default-document-library/pmi-reports/pmi-by-the-numbers-2018.pdf>.

¹³ H.R.1625, 115th Congress, Section K, the report to accompany, p. 21, <https://docs.house.gov/billssthisweek/20180319/DIV%20K%20SFROPSSOM%20FY18-OMNI.OCR.pdf>.

¹⁴ “Family Planning and Reproductive Health Program Overview” *U.S. Agency for International Development*, November 2017, www.usaid.gov/sites/default/files/documents/1864/fp-overview-final_2017_508.pdf.

Creating GHSC-PSM

In January 2014, USAID issued a contract solicitation, or Request for Proposals (**RFP**), to combine the two existing supply-chain contracts.¹⁵ It received two bids: one from the incumbent, the Partnership, and one from Chemonics. Following an initial review, USAID conducted two rounds of discussions and solicited clarifications and revisions to the bids. Upon receipt of the final proposals, a Technical Evaluation Committee (**TEC**) rated each on six major factors and four sub-factors, ranging from logistics capacity and data visibility to past performance and use of small businesses.

Chemonics International, Inc., founded in 1975, is a private company headquartered in Washington, DC that implements projects in developing countries. Most of these contracts are funded by the USG through USAID and range in sectors including agriculture, democracy, food security, education, economic growth, gender equality and health.¹⁶ Chemonics has more than 4,000 employees and has worked in more than 150 countries.

The Partnership for Supply Chain Management, Inc., located in Arlington, Virginia, was established in 2005. It is a nonprofit organization founded by JSI Research and Training Institute, Inc., the non-profit arm of John Snow, Inc., and Management Sciences for Health (**MSH**). The Partnership has several other partners to assist in their mission of forecasting, procuring, shipping, and storing commodities at all points in the supply chain.

Chemonics won the award in April 2015.¹⁷ On May 4, 2015, the Partnership filed a protest with the U.S. Government Accountability Office (**GAO**) Contract Resolution Division, claiming that its discussions with the TEC about the Partnership’s proposal were “misleading and not meaningful” and challenging the TEC’s findings relating to data visibility and cost. As required by law, the protest triggered an automatic stop-work order for Chemonics.¹⁸ On August 11, 2015, GAO denied the protest, lifting the stop-work order.¹⁹ In support of its ruling, GAO cited the TEC’s superior rating of Chemonics in the

Table 1. USAID Rating for GHSC-PSM Program

	Partnership	Chemonics
Factor 1 – Global Commodity Procurement and Logistics	Good	Very Good
<i>Subfactor 1 – Health Commodity Procurement</i>	Very Good	Very Good
<i>Subfactor 2 – Logistics</i>	Good	Outstanding
<i>Subfactor 3 – Health Commodity Quality Assurance</i>	Outstanding	Very Good
<i>Subfactor 4 – Data Visibility</i>	Poor	Outstanding
Factor 2 – Systems Strengthening	Very Good	Very Good
Factor 3 – Management	Very Good	Very Good
Factor 4 – Global Collaboration	Very Good	Very Good
Factor 5 – Past Performance	Very Good	Very Good
Factor 6 – Use of Small Business	Outstanding	Outstanding
Overall Proposal Rating	Very Good	Very Good
Proposed Cost	\$813,289,900	\$764,330,442
Most Probable Cost	\$812,866,344	\$765,996,537

¹⁵ U.S. Agency for International Development, *Request for Proposals Number SOL-OAA-12-000128 USAID Global Health Supply Chain Program*, January 6, 2014, p. 14.

¹⁶ “Our History.” *Chemonics International*, Washington, DC, October 2018, available at <https://www.chemonics.com/our-history/>.

¹⁷ “News: Chemonics Awarded New Project to Provide Critical Health Products and Supplies,” *Chemonics International*. April 22, 2015, available at <https://www.chemonics.com/news/chemonics-awarded-new-project-provide-critical-health-products-supplies/>.

¹⁸ “Responses to HFAC on GHSC-PSM,” U.S. Agency for International Development e-mail to House Foreign Affairs Committee Staff, November 16, 2017.

¹⁹ U.S. Government Accountability Office, *Partnership for Supply Chain Management*, Vol. B-411490, p. 2.

logistics and data visibility categories, as well as its lower cost estimate (see Table 1).²⁰

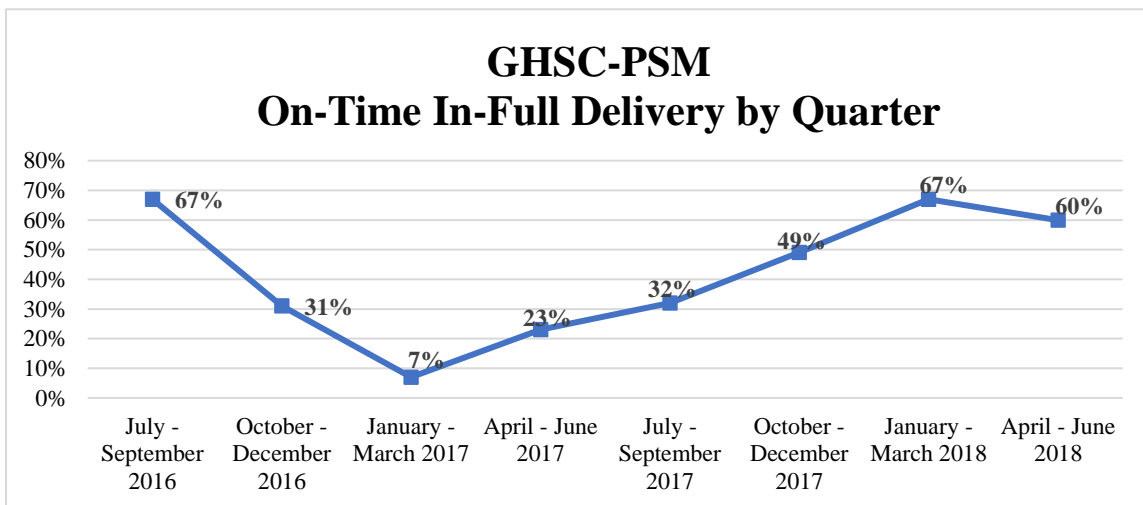
On August 18, 2015, the Partnership took its claim to the U.S. Court of Federal Claims which, again imposed a stop-work order on Chemonics.²¹ The Court ruled against the Partnership on December 21, 2015²² and lifted the stop-work order the following day.²³ As a result of these protests, Chemonics’ work did not begin until the beginning of January 2016,²⁴ and was set back approximately 223 days.²⁵ According to GAO, on an annual average basis, approximately 1% of USAID contracts are under protest. With stop-work orders lifted, USAID and Chemonics then developed an official transition plan to begin on February 26, 2016.

Transition to GHSC-PSM

Throughout 2016, the transition from DELIVER and SCMS to GHSC-PSM was hampered by significant complications, including poor coordination and cooperation between the Partnership and Chemonics, poor communication by USAID on timelines for country-level transitions, delays in the development and deployment of Chemonics’ information technology IT system for orders and deliveries, and other flawed assumptions contained within the transition strategy.

As a result, the Partnership received a number of contract extensions and remained involved well beyond the initial transition strategy. Though this overlap between the prior and new contractors helped keep critical programs running, it also obscured declines in Chemonics’ commodity delivery rates throughout calendar year 2016.

USAID and S/GAC became aware of significantly declining delivery rates during the fall of 2016. At the end of FY 2016 (September 30, 2016), 67% of shipments for commodities managed by



²⁰ U.S. Government Accountability Office, Partnership for Supply Chain Management, Vol. B-411490.

²¹ See 17.

²² U.S. Court of Federal Claims, Doc. No. 115th-15-900C at 1-3, 2016, p. 1.

²³ See 17.

²⁴ U.S. Agency for International Development, *Global Health Supply Chain Procurement and Supply Chain Management Project, Quarterly Report, Year 1, Quarter 1, January 11 to March 31, 2016*, Washington, DC, p. 24.

²⁵ See 17.

GHSC-PSM had been delivered on-time and in-full (**OTIF**),²⁶ down from 84% when the Partnership managed the contract. Three months later, Chemonics reported a 30.7% OTIF delivery rate, demonstrating that Chemonics was not performing to industry standards.²⁷ These numbers continued to drop throughout the subsequent quarters as GHSC-PSM became responsible for a greater share of the deliveries and, eventually, the entirety.

USAID sought corrective action, first through a series of conversations, followed by an official “letter of concern” that was issued to Chemonics on April 13, 2017. Chemonics submitted a corrective-action plan one week later, followed by an addendum in May 2017. Chemonics published its FY 2017 Second Quarter (**Q2**) report (covering January—March 2017) on May 2, 2017, indicating another precipitous decline from a 30.7% OTIF delivery rate in Q1 to a 7% OTIF in Q2. Moreover, some countries began reporting stock-outs at local clinics.²⁸

COMMITTEE OVERSIGHT INVESTIGATION

The Committee became aware of significant declines in delivery rates and possible stock-outs in late summer 2017. Anecdotal evidence from third-party observers in affected countries were relayed, and press articles citing low delivery rates surfaced in August 2017.²⁹ The Committee continuously tracked the reports over August and September and opened an oversight investigation in October 2017, by sending a letter to USAID Administrator Mark Green (see Appendix 4). The investigation focused on those portions of the supply chain that were reportedly most affected – specifically, the delivery of antiretroviral drugs (**ARVs**), rapid test kits (**RTKs**) and malaria bed nets. However, effects on other commodities were also considered.

Over the course of the investigation, bipartisan Committee staff conducted approximately 35 interviews and reviewed thousands of pages of documentation to determine how decisions were made at each stage of the process, from the initial contract solicitation and award through the period of performance. Staff also conducted bipartisan field interviews and research in Ethiopia and Uganda in late January 2017.

To date, bipartisan Committee staff has met with USAID’s Global Health Bureau and procurement specialists 14 times to investigate the awards processes and competition, supply chain operations, warehouse management, and specific supply chain and warehouse management challenges in Ethiopia, Uganda, Zambia, and South Africa. Additional meetings have been held with the current and prior contractor, a sub-contractor of both the prior and current supply chain contract mechanisms, the Inspector General for USAID (one during the initial stages of the investigation and one following site visits in Africa), and the GAO team that reviewed the Partnership’s protest. Staff also met with S/GAC seven times and received a demonstration of the Automated Requisition Tracking Management Information System (**ARTMIS**) IT system developed under GHSC-PSM.

²⁶ U.S. Agency for International Development, *Global Health Supply Chain Program Procurement and Supply Chain Management, Quarterly Report, Year 1, Quarter 4, July 1 to September 30, 2016*. Washington, DC, p. 8.

²⁷ U.S. Agency for International Development, *Global Health Supply Chain Program Procurement and Supply Chain Management, Quarterly Report, Fiscal Year 2017, Quarter 1, October 1 to December 31, 2016*. Washington, DC, p. 6.

²⁸ U.S. Agency for International Development, *Global Health Supply Chain Program Procurement and Supply Chain Management, Quarterly Report, Fiscal Year 2017, Quarter Two, January 1 to March 31, 2017*, Washington, DC, p. 8.

²⁹ Michael Igoe, "Exclusive: Documents Reveal Largest USAID Health Project in Trouble," Devex, August 25, 2017, available at <https://www.devex.com/news/exclusive-documents-reveal-largest-usaid-health-project-in-trouble-90933>.

In addition, the Africa, Global Health, Global Human Rights and International Organizations Subcommittee (AGH) held an oversight hearing titled, “Global Health Supply Chain Management: Lessons Learned and Ways Forward” on May 17, 2018 (See Appendix 3).

USAID INSPECTOR GENERAL INVESTIGATION

The USAID Office of Inspector General (OIG) also saw the need for oversight of the GHSC-PSM contract and raised several concerns directly with USAID in two separate memoranda, dated March 31, 2017 and June 7, 2017. The June memorandum identified weak financial protocols that could “expose the program to possible fraud and abuse,” and cautioned USAID “to avoid overreliance on the prime implementer and its subcontractors’ program oversight” – i.e., Chemonics’ own self-reporting.³⁰ The June memorandum also recommended that USAID undertake several reforms to “increase documentation accuracy, curtail bribery and graft, and ultimately provide greater assurance that health commodities for HIV/AIDS, malaria, family planning, and maternal and child health reach beneficiaries around the world.”³¹ Appendix 2 provides a summary of the key recommendations and suggestions from the June memorandum.

On July 5, 2017, USAID issued a response to the OIG’s memoranda and on November 1, 2017, USAID updated that response. USAID claimed that it was taking the OIG’s suggestions seriously and had made progress in addressing many of its concerns, but that some efforts required additional consultation with other parties, including the State Department, U.S. embassies, and manufacturers (vendors and sub-contractors).³²

On November 14, 2017, Senate Foreign Relations Committee Chairman Bob Corker and Africa and Global Health Policy Subcommittee Chairman Jeff Flake sent a letter to USAID Inspector General, Ann Calvaresi Barr, expressing concern about Chemonics’ performance thus far under the GHSC-PSM contract, and asking the OIG to evaluate USAID’s design, award and management of the contract.³³ The OIG is expected to issue its report in response to this request in the spring of 2019.

³⁰ U.S. Agency for International Development, Office of Inspector General, *Memorandum for the Acting Administrator*, by Ann Calvaresi Barr and Jonathan Schofield, Washington, DC. p. 2-3. https://oig.usaid.gov/sites/default/files/audit-reports/gh_advisory_memo_06072017.pdf.

³¹ U.S. Agency for International Development, Office of Inspector General, *Semiannual Report to Congress*, April 1, 2017 to September 30, 2017, Washington, DC, p. v.

³² Irene Koek, to OIG/I Jonathan Schofield, update to the Response to Memorandum for the Office of Investigations of the Office of the Inspector General (OIG/I), entitled, “*Internal Controls Concerns Regarding USAID Global Health Supply Chain – Procurement and Supply Management Project (GHSC-PSM)*,” November 1, 2017 p. 1.

³³ Senator Bob Corker and Senator Jeff Flake to Ann Calvaresi Barr, November 14, 2017, Washington, DC.

FINDINGS & RECOMMENDATIONS

The Committee’s bipartisan investigation revealed that significant mistakes were made by all parties involved in USAID’s global health commodities supply chain, at virtually every level and stage of the contracting process – from solicitation, through the transition, and into implementation. These mistakes resulted in unacceptably poor performance and jeopardized U.S. global health priorities. Given the size, cost, and importance of USAID’s global health commodities supply chain, the Committee believes the following steps are needed to improve performance and prevent mistakes from being repeated.

1. USAID must improve its solicitation and evaluation process for the GHSC-PSM contract prior to re-competing.

USAID’s solicitation and evaluation of the contractors’ proposals for the GHSC-PSM contract contained numerous flaws. A key misstep concerned the composition of the TEC, which USAID convened to evaluate the proposals submitted by the Partnership and Chemonics.

In particular, S/GAC did not participate at a high level, despite that fact that PEPFAR represents the single largest component of the supply chain supported by GHSC-PSM. As a result, the TEC did not fully consider the various challenges a contractor must face when delivering PEPFAR commodities to developing countries with a variety of political, regulatory, and geographic differences.

It also appears the TEC did not receive sufficient input from USAID and PEPFAR field staff serving in the countries to be supported by GHSC-PSM. USAID solicited input from field staff during the design process and received responses to a 38-question survey from 77 USAID and Center for Disease Control (CDC) field staff in 29 countries. Staff with previous field experience served on the TEC, but the panel did not contain anyone currently serving in the field.³⁴ USAID must make accommodations so that field staff is better represented on the TEC. This includes exploring opportunities for remote participation and reducing other barriers to direct participation.

While it may not have been feasible to pull significant numbers of field staff to serve on the TEC for extended periods of time, the input of professionals with real-time, in-country knowledge of the particular complexities of the supply chain would have been invaluable to the work of the TEC. Similar to the lack of a representative from S/GAC, the lack of participation from the field meant that the TEC was ill-prepared to evaluate the risks associated with merging two massive supply-chain contracts into one, including the impact it might have at the local level.

The TEC’s evaluation process also failed to adhere to best practices from both the private and public sectors. For example, the TEC did not require the bidders to present their proposals in person, so that members of the TEC could pose direct questions and solicit additional information. An in-person presentation could have helped USAID set more realistic expectations of the contract’s requirements.

³⁴ *U.S. House, Committee on Foreign Affairs, Sub-Committee on Africa, Global Health, Global Human Rights, and International Organizations, 115th Cong.* May 17, 2018, (Response to Questions for the Record of USAID Deputy Assistant Administrator, Bureau for Global Health, Irene Koek), p. 85.

Perhaps most critically, the TEC failed to require bidders to demonstrate a functional IT system, nor was a functional IT system required by the RFP.³⁵ Today, Chemonics' IT system, ARTMIS, provides a catalog with more than 6,000 items provided by 325 suppliers across four major health areas. The system provides a user-friendly interface for inventory management and supply chain analytics to track deliveries and therefore improve decision-making.³⁶

However, ARTMIS was not a functional system at the start of the contract, and the construction of its architecture did not begin until after the Partnership's legal objections were dismissed. At the request of USAID, the system was then subjected to numerous design revisions that caused additional delays. In the end, ARTMIS was not fully deployed until August 2017 – eighteen months into the contract. This setback contributed significantly to the poor data quality and inventory-management problems that plagued the start of the GHSC-PSM contract and led to substantial delays in deliveries.

Lastly, despite its experience in countries served by GHSC-PSM, Chemonics appears to have underestimated the difficult operating environment in which it was expected to work. The countries that are most dependent on U.S.-supported supply chains and related technical assistance pose significant challenges; many have poor infrastructure and suffer from natural disasters, conflict, and weak or dysfunctional governance. Seasoned implementers know that, in some countries, it can take anywhere from six months to a year to overcome bureaucratic hurdles and process the paperwork necessary to clear customs regulations and run a supply chain. Perhaps if S/GAC had greater representation on the TEC, or the TEC had required in-person presentations, Chemonics' lack of preparation would have been uncovered sooner. Regardless, USAID TEC participants should have known of these challenges and taken them into consideration when reviewing potential contractors.

When the time comes to re-compete the global-health supply-chain contract, the Committee strongly recommends that USAID revise its solicitation and evaluation process. S/GAC must participate fully at the highest level, and field staff should be able to review documents and participate remotely, even if only for certain aspects of the evaluation process. If information technology will be a determining factor in a contract's award – and it should – USAID must require live demonstrations of such technology during the solicitation and review process. Finally, USAID should consider additional strategies to assess a contractor's ability to operate in difficult environments, including requiring in-person presentations and requiring bidders to explain how they might respond to hypothetical challenges.

³⁵ According to USAID, "a fully integrated system already at scale was not a prerequisite for organizations to bid for the Global Health Supply Chain – Procurement and Supply-Management (GHSC-PSM) contract," (Response to Questions for the Record of USAID Deputy Assistant Administrator, Bureau for Global Health, Irene Koek), p. 84.

³⁶ *U.S. House, Committee on Foreign Affairs, Sub-Committee on Africa, Global Health, Global Human Rights, and International Organizations, 115th Cong.*, May 17, 2018, (Statement for the Record of Chemonics International Executive Vice President, James Butcher), p. 67.

2. When transitioning work between different contractors, USAID must establish a realistic transition strategy, and must ensure critical data is retained and passed on to the new contractor.

After USAID awarded the GHSC-PSM contract to Chemonics, the contractor's work was significantly delayed by the Partnership's legal protests. In total, protests from the Partnership delayed the start of Chemonics' work by approximately 223 days, until January 2016.³⁷

Once Chemonics began work, USAID created a detailed transition strategy to shift operations from the Partnership to Chemonics, but implementation proved flawed. Tensions between Chemonics and the Partnership, which should have been anticipated, led to continued difficulties. Chemonics struggled to obtain needed information from the Partnership in a timely manner, and had trouble rehiring existing staff and resigning related contracts for the movement and management of commodities.

All parties bear some blame for the inefficient transition that ensued. For its part, Chemonics appeared to overestimate the willingness of the Partnership to cooperate during the transition. In some instances, Chemonics also failed to rehire local program managers who worked on the SCMS and DELIVER contracts and could have provided needed continuity if retained. Additionally, Chemonics did not fully utilize the skills and country-specific expertise of those employees who were retained. Whereas the Partnership had empowered local staff to make key decisions, including the ability to place orders for certain deliveries, Chemonics failed to entrust often the very same, competent local staff with the authority to make routine decisions, resulting in delays of days or weeks while staff sought approval from headquarters.

At the same time, the Partnership and Chemonics had differing expectations as to what information would be shared during the transition period, and USAID failed to facilitate and otherwise encourage the transfer of potentially useful information from the Partnership to Chemonics. The result was a transition characterized by acrimony and avoidable program disruptions.

When the time comes to re-compete the contract, the Committee recommends that USAID plan for an extended transition period that includes a sufficient period of overlap between contracts, particularly as the ordering process for some commodities, such as bed nets, can take up to a year. Moreover, incumbent contractors must share all relevant information about the specific implementation challenges they have faced, and USAID must relay this information to the new contractor. Lastly, USAID should consider penalizing contractors that refuse to cooperate during a transition when evaluating that contractor's bids for new work. While understanding that some information-sharing may be limited by the proprietary nature of certain systems, contractors must appreciate that their work is funded by U.S. taxpayers, and their transparency is crucial to the continued success of life-saving aid.

³⁷ "Responses to HFAC on GHSC-PSM," U.S. Agency for International Development e-mail to House Foreign Affairs Committee Staff, November 16, 2017.

3. The U.S. State Department and USAID must improve oversight of the GHSC-PSM contract.

Stronger oversight controls at USAID and S/GAC are needed for the GHSC-PSM contract. In particular, the Committee’s investigation revealed critical staffing shortfalls at both agencies. The lack of personnel in key oversight positions exacerbated the problems caused by USAID’s merger of the prior two contracts and resulted in delayed deliveries.

A high percentage of countries utilizing PEPFAR services through the GHSC-PSM contract lacked an in-country PEPFAR coordinator.³⁸ For example, in Ethiopia and Uganda, the coordinator position was vacant for more than four years.³⁹ PEPFAR coordinators provide financial oversight and monitor PEPFAR activities in their respective countries; they also coordinate between USAID, CDC, the country’s Ambassador, the Global Fund, partner governments, contractors, sub-contractors, and other implementing partners. Had these positions been filled, the in-country PEPFAR coordinator would have been well-placed to detect and mitigate problems with the GHSC-PSM contract’s implementation early on.

Congress authorized the PEPFAR coordinator position in the 2008 PEPFAR reauthorization bill because it recognized the need for a single focal point in each PEPFAR partner country for coordinating among the many implementing partners. Ambassador Birx subsequently testified before the Committee that the ongoing absence of PEPFAR coordinators in several key locations “impedes S/GAC’s ability to fulfill its critical financial oversight and monitoring functions as well as to ensure close coordination across PEPFAR implementing agencies,” and “has placed an additional burden on many team members throughout the organizational structure as they attempt to fill the void created by these vacancies.”⁴⁰

Explanations for PEPFAR coordinator vacancies varied, and included significant delays in the security clearance process, difficulty with hiring authorities, and the 2017 “hiring freeze” at the State Department that was instituted under former Secretary of State Rex Tillerson. While many of the coordinator positions were vacant prior to January 2017, when the hiring freeze took effect, efforts to hire new coordinators stalled for the duration of the freeze.

Additionally, USAID did not hire a compliance officer or risk-mitigation advisor for the GHSC-PSM contract, even though USAID has in the past filled similar positions for smaller contracts that pose less risk. Compliance officers and risk-mitigation advisors conduct unannounced checks and verify that shipments reach their intended destinations, provide training, and coordinate with the OIG.⁴¹ For these reasons, the OIG recommended that USAID hire a compliance officer or risk-mitigation advisor in its March 2017 memorandum, arguing that USAID would otherwise have to rely excessively on Chemonics’ own self-reporting to uncover problems. However, despite

³⁸ Created by Congress in P.L. 110-293 Sec. 103 (d) (1), this position “should head each HIV/AIDS country team for the United States missions overseeing significant HIV/AIDS programs.”

³⁹ From January 2014 until Committee staff’s oversight travel in February 2018, there was no permanent coordinator, according to USAID Ethiopia and USAID Uganda.

⁴⁰ *U.S. House, Committee on Foreign Affairs, Sub-Committee on Africa, Global Health, and International Organizations, 115th Cong.*, May 17, 2018, (Response to Questions for the Record of Ambassador Birx). p. 90.

⁴¹ Ann Calvaresi Barr, Inspector General to Acting Administrator (of USAID), *OIG Advisory Memorandums and Global Health Advisory on Internal Control Concerns*, June 7, 2017, p. 3.

agreeing with this OIG recommendation in its November 2017 response,⁴² and assuring the Committee that the first step in this process, hiring a risk-management consultant, would be completed by August 2018,⁴³ as of October 1, 2018, USAID still has not filled this position. This is over a year and a half since the OIG made the original recommendation.

The OIG also recommended that USAID create a pilot program for increased “spot checks” and oversight in high-risk countries.⁴⁴ These additional spot checks would allow USAID to verify that program commodities are reaching their intended recipients. Currently, USAID relies on quarterly reports from Chemonics, some monitoring by USAID’s in-country global health officer, and occasional third-party audits to ensure that supplies are arriving at local clinics as promised. The Committee agrees additional targeted monitoring would enhance current oversight.

USAID should also examine how its structure might be modified to ensure better oversight and management of a contract of this size and scope, which spans multiple sectors, regions, and programs. USAID Deputy Assistant Administrator Irene Koek testified that the current stove-piped structure of the agency’s Global Health Bureau limits visibility across different health sectors and may have delayed insight into the severity of the problems occurring within GHSC-PSM.

Lastly, a dedicated officer with an information technology (IT) background should be part of each partner country’s supply chain team, following the model of USAID Ethiopia. Improving efficiencies under the GHSC-PSM contract requires data collection all the way down the supply chain and the integration of information technology systems across multiple USAID programs. Over time, this may require even further integration of IT systems, including those owned and operated by partner countries. A dedicated IT officer could ensure these systems are integrated and save time and money over the long run.

To fully realize the benefits of a contract this large, USAID needs to create a sufficient infrastructure to vigilantly monitor contractor performance and provide for the early identification of potential problems and declining inventories. S/GAC and the State Department must act quickly to fill the remaining PEPFAR coordinator vacancies. USAID must also implement the OIG recommendations to hire a compliance officer or risk-mitigation adviser and launch a pilot program for enhanced oversight in high-risk countries, because USAID’s current monitoring procedures are not comprehensive enough to meet the needs of a contract this large by relying mainly on low-level global health staffers to report on discrepancies. USAID has failed to undertake these recommendations in a timely manner, which is unacceptable given the major investments at stake. Finally, USAID should also should reevaluate its staffing structure both in Washington, DC and abroad to ensure the greatest real-time visibility into a contract of this size.

⁴² Irene Koek to Jonathan Schofield, update to the Response to Memorandum for the Office of Investigations of the Office of the Inspector General (OIG/I), entitled, “*Internal Controls Concerns Regarding USAID Global Health Supply China – Procurement and Supply Management Project (GHSC-PSM)*,” November 1, 2017.

⁴³ U.S. House, Committee on Foreign Affairs, Sub-Committee on Africa, Global Health, Global Human Rights, and International Organizations, 115th Cong. May 17, 2018, (Response to Questions for the Record of USAID Deputy Assistant Administrator, Bureau for Global Health, Irene Koek), p. 76.

⁴⁴ Ann Calvaresi Barr, Inspector General to Acting Administrator (of USAID), *OIG Advisory Memorandums and Global Health Advisory on Internal Control Concerns*, June 7, 2017, p. 3.

4. The U.S. State Department and USAID should evaluate whether the new, consolidated GHSC-PSM contract represents an improvement over the prior approach of using two contracts.

The GHSC-PSM contract currently involves five task orders covering HIV/AIDS, malaria, family planning, maternal and child health, and health systems strengthening, as well as a separate task order for technical assistance in Kenya. GHSC-PSM provides technical assistance in 40 countries and delivers commodities in 60 countries⁴⁵ while maintaining field offices in 33 countries.⁴⁶ The program has procured more than \$1.35 billion in health commodities over the life of the project⁴⁷ and, from the beginning of January 2018 to the end of March 2018, trained over 7,600 partner country government and other supply chain staff, mainly in warehouse and inventory management.⁴⁸ Regulations around managing the supply chain, including the timeline for importing commodities, vary significantly by country, which contributes to the contract's complexity.

While a USAID-commissioned evaluation found that running separate supply chains through the DELIVER and SCMS mechanisms resulted in inefficiencies that could be addressed by streamlining operations, merging and expanding the two prior contracts into a single contract created significant new challenges that were unanticipated and poorly managed. Extending the existing GHSC-PSM contract and/or awarding another sole source IDIQ will require justification and consultation with Congress. The new single contract was intended to save money by updating systems and optimizing bulk purchasing power, including through the deployment of new IT systems and the adoption of a new model of warehousing, moving from five global warehouses to three.⁴⁹ Chemonics reports that cost savings already have been realized through warehouse optimization and contract renegotiation, including a projected cost savings of \$38 million over six years as a result of moving from five to three global warehouses.⁵⁰ However, the extent of the savings cannot be accurately measured until the end of the contract.

USAID must carefully evaluate the advantages and disadvantages of the GHSC-PSM contract, including USAID's own ability to properly manage a contract of its size. If it is determined that a single award IDIQ remains the most efficient and effective mechanism by which to manage the next generation of the global health supply chain, USAID's next solicitation, technical proposals, and final contract must include detailed, realistic, and implementable transition strategies, including benchmarks and timelines, that incorporate lessons learned from the transition from DELIVER and SCMS to GHSC-PSM.

USAID should start preparing for its next solicitation now and require that new proposals be submitted well before the previous contract expires to avoid the need for continued extensions of

⁴⁵ U.S. Agency for International Development, *Global Health Supply Chain Program Procurement and Supply Chain Management, Fiscal Year 2018, Quarter 1 Report*, October 1 to December 31, 2017, Washington, DC, p.4.

⁴⁶ U.S. Agency for International Development, *Global Health Supply Chain Program Procurement and Supply Chain Management, Quarterly Report, Fiscal Year 2018, Quarter 3*, April 1 to June 30, 2018, Washington, DC, p.1.

⁴⁷ Ibid.

⁴⁸ U.S. Agency for International Development, *Global Health Supply Chain Program Procurement and Supply Chain Management, Fiscal Year 2018, Quarter 2*, January 1 to March 31, 2018, Washington, DC, p. 57.

⁴⁹ This new warehouse system was not fully operational until the spring of 2018 because of approval delays of needed permits by the UAE Government.

⁵⁰ "Re: For your review – Re: seeking a few stats," Chemonics e-mail to House Foreign Affairs Committee Staff, June 12, 2018.

the current contract. The previous contractor was granted multiple extensions as a default coping mechanism for a poor transition, which is unacceptable. This is a long process that will take well over a year. If a new contractor or contractors will be expected to manage USAID's health commodities supply chain, they should be fully prepared to take over as close as possible to the expiration of the current contract.

5. USAID should establish mechanisms for more consistent performance evaluation across contracts, in order to effectively compare contractor performance.

USAID opted to use different and more limited metrics to measure Chemonics' performance under the GHSC-PSM contract than were used to measure performance under the previous SCMS and DELIVER contracts. These new metrics actually held Chemonics to a higher standard. They also prevented delays from being recognized early on, and ultimately made it impossible to directly compare the performance of Chemonics to that of its predecessor.

Specifically, under the GHSC-PSM contract, Chemonics had a shorter window in which delivery would be considered on time – only three weeks, as opposed to four or eight under the prior two contracts. Moreover, USAID supported the Partnership's use of "reason codes" to justify certain late deliveries, some of which would then not count against the Partnership's on-time delivery rate. These codes included justifications as varied as severe weather, civil unrest, and labor strikes. By contrast, the GHSC-PSM contract did not provide for the use of reason codes, so Chemonics' performance appeared to suffer even when a delivery delay would have been totally outside of the contractor's control.⁵¹

In addition, the deliveries under the SCMS and DELIVER contracts were measured using a simple "On Time Delivery" (OTD) standard, meaning the Partnership was penalized when a delivery window was missed. However, USAID declined to use OTD under the GHSC-PSM contract. Instead Chemonics was measured using only "On Time In Full." This meant Chemonics was only penalized for a late delivery during the window in which the delivery *occurred*.⁵² Therefore, Chemonics appeared to be making deliveries when it was not. This prevented USAID from diagnosing supply chain disruptions earlier. At the same time, the continued use of the OTIF provides a distorted view of the situation on the ground; because of the way it is calculated, as the backlog of late deliveries is cleared, the *worse* the delivery rate appears.⁵³

Nevertheless, even with the different performance metrics applied to the GHSC-PSM contract, Chemonics' 7% OTIF delivery rate for the second quarter of FY 2017 was completely unacceptable. The industry standard is around 80%. After the Committee inquired about the change in performance metrics between contracts, USAID began to allow Chemonics to use reason codes and began calculating the OTD rate for the GHSC-PSM contract. The Committee agrees with these adjustments and strongly recommends that USAID ensure continuity of metrics

⁵¹ USAID said that Chemonics never requested the use of reason codes under GSHC-PSM contract, while Chemonics said USAID never proposed the use of reason codes as an option. The Committee believes that USAID should have encouraged Chemonics to continue using some form of reason codes, because reason codes provide key additional information.

⁵² USAID used both OTIF and OTD under SCMS and DELIVER.

⁵³ This is illustrated in Quarter 3 FY18, when the OTIF rate was 60% due to the delivery of backlogged order, but the OTD rate was 73%.

between contracts (even if new metrics are added) to ensure performance can be adequately monitored.

6. The U.S. State Department and USAID must improve their communication and coordination on the global health commodities supply chain going forward.

A lack of vital communication between USAID and S/GAC has negatively impacted programming on the ground. In the field, communication and coordination varies depending upon the country, but complications increase as additional agencies become involved. The CDC is also responsible for a significant portion of PEPFAR programming, and almost always has more staff working on these programs in-country than USAID.

Beyond the initial scope, the investigation uncovered USAID's failure to strictly adhere to PEPFAR Country Operating Plans (**COPs**), as directed by S/GAC. The COP consists of hundreds of pages and takes months to prepare and incorporate the input of all stakeholders, including USG staff, local partners, and host governments. The plan lays out a detailed, annual implementation plan for each country in which PEPFAR operates, including planned budgeting, staff levels, program targets, and quantities of commodities to be supplied. The COP must be approved each year by S/GAC. As a PEPFAR implementing agency, USAID and CDC receive funds from S/GAC and enter into contracts, grants, and other agreements with partners to execute the COP. Through this investigation, it was discovered that certain entities at USAID do not see the COP as the way in which PEPFAR money must be spent.

“Our oversight continues to raise questions, and not only with respect to the implementing partner, but also how PEPFAR and USAID are coordinating their activities. We need to know how is it that each year PEPFAR engages partner nations in developing Country Operational Plans designed to meet particular needs in each nation while guaranteeing that annual taxpayer investments are “maximally focused and traceable for impact,” yet USAID is still paying for the drug nevirapine to give to HIV patients in Africa. Nevirapine is an outdated drug with serious side effects that was supposed to be retired long ago.”⁵⁴

- Congressman Christopher H. Smith, May 17, 2018

PEPFAR's 2015 COPs state that the drug nevirapine (**NVP**) should not be widely used for treatment of HIV/AIDS, due to the availability of newer drugs with fewer side effects.⁵⁵ Consequently, since 2015, S/GAC consistently has reported to the Committee that NVP is no longer being purchased by the USG for distribution under PEPFAR. However, the Committee oversight investigation revealed that GHSC-PSM, with the approval of USAID field staff, continues to order and prescribe NVP in several countries – despite direct orders from S/GAC to the contrary. By disregarding policy set by S/GAC in 2015, USAID cost the taxpayers tens of millions of dollars, while also jeopardizing the health goals of these individual countries. The

⁵⁴ U.S. House, Committee on Foreign Affairs, Sub-Committee On Africa, Global Health, Global Human Rights, and International Organizations, 115th Cong. May 17, 2018, (Opening Statement Chairman Chris Smith), p. 2-3.

⁵⁵ In PEPFAR COP 2015 guidance, reference to NVP was listed in the context of phasing out Option A/ single dose NVP. “Commodities considerations: Only ART should be procured for PMTCT; maternal AZT or NVP alone are no longer approved options.”

Committee also discovered instances of USAID awarding research grants without consulting S/GAC, resulting in some cases of duplications of programs and efforts.

USAID and S/GAC must improve their coordination, both in Washington, DC and in the field, to ensure compliance with PEPFAR's COPs. The Committee understands that the two agencies are taking steps to increase their communication to rectify this situation, which is especially important as the 2018 COPs for 22 countries include a transition plan to new drug regimens.

S/GAC's lack of participation and involvement in the TEC, as discussed earlier, is another example of the breakdown in communication between S/GAC and USAID. PEPFAR is the largest consumer under GHSC-PSM, so it is critical that there are regular and meaningful consultations among USAID, CDC, and S/GAC.

7. Enhanced diplomatic engagement is necessary to ensure partner countries are living up to their own obligations and commitments under the USG's global health strategy.

While Chemonics was responsible for delayed deliveries at the country-level, other parties, including partner countries, were primarily responsible for low inventories and the stock-outs of commodities at the local clinic level. This is because, with few exceptions, Chemonics is only responsible for the delivery of commodities to a central location in each partner country. From there, other parties – often the partner country itself – are responsible for delivery to local health clinics. Following Chemonics' successful delivery to a central in-country warehouse, many factors could affect delivery to local clinics, including the partner country's ability to meet pre-determined cost-sharing responsibilities and to properly allocate commodities among affected communities.

“Members of Congress started to get calls from various groups reporting that antiretroviral medications were not available. Imagine our disbelief when people were reporting low-levels of medications or complete stock-outs, when we here in Congress knew that the money was available.”⁵⁶

- Congresswoman Karen Bass, May 17, 2018

Although no stock-outs occurred at the country level, Chemonics' delayed deliveries – and mere rumors of stock-outs – appeared to cause some clinics to panic and begin rationing their commodities and delay planned activities. Contributing to the panic was the confusion surrounding who was responsible for delivering certain commodities.

For example, in Ethiopia, their government is responsible for distributing RTKs. While it had purchased the proper number of RTKs, it chose to distribute them equally to clinics throughout the country, despite a higher prevalence of HIV/AIDS in the capital. As a result, many clinics in and around Addis Ababa faced critical shortages of RTKs.

In Uganda, Chemonics is responsible for delivering HIV/AIDS commodities to the private sector, but the Government of Uganda (**GoU**) is responsible for procuring commodities for the public health sector. At first, reports of ARV shortages in Uganda were attributed to Chemonics – but,

⁵⁶ U.S. House, Committee on Foreign Affairs, Sub-Committee On Africa, Global Health, Global Human Rights, and International Organizations, 115th Cong. May 17, 2018, (Opening Statement Congresswoman Karen Bass), p. 7.

they were actually due to the GoU's failure to meet its financial commitment and purchase sufficient commodities. Under the prior contract, USAID had been able to step in and quickly mitigate similar funding and delivery shortfalls to help partner countries avoid stock-outs. However, since GHSC-PSM was new and experiencing its own problems, USAID was not able to respond quickly in the case of Uganda, leading many to assume the new contractor was to blame.

Moreover, the increase in “test and treat” protocols – which requires immediate initiation of treatment for all who test positive for HIV – is also increasing the probability of local stock-outs if partner governments cannot accurately predict need. U.S. ambassadors and country teams must work with partner governments to ensure all understand the effects of this new protocol, along with their respective financial and programmatic commitments. This engagement must be prioritized by senior USG leadership in partner countries and Washington, DC to ensure that all parties are working towards country-ownership of these programs and policies.

Finally, it should be noted that two incidents of stock-outs can be directly attributed to Chemonics' performance. In Nigeria, late delivery by GHSC-PSM delayed campaigns to distribute mosquito nets in two states. Campaigns normally take place every three years, which is the average life of a mosquito net. As such, delays could mean that families might not be sleeping under an effective bed net and, therefore, might not be protected against malaria and other mosquito-borne diseases. USAID worked with in-country partners and Chemonics to minimize the delays to two months or less. The second incident occurred in Ukraine, where GHSC-PSM procurement challenges prevented PEPFAR from scaling up the treatment of new patients for three weeks. Only one-third of the new patients targeted could start treatment as originally scheduled, though patients already on treatment did not lose access to drugs because of the delay.⁵⁷

Again, life-saving services were not denied under the GHSC-PSM contract. However, delayed deliveries and mere rumors of stock-outs appear to have had adverse impacts as some clinics, fearing shortages, began rationing commodities and delaying planned activities. Furthermore, when and where stocks did run low, the flawed contract transition process hindered the USG's ability to intervene quickly to mitigate the situation. The stock-outs that were occurring at local levels in Uganda and Ethiopia could mainly be attributed to new “test and treat” procedures or local government policies; however, this was not communicated clearly to Washington, DC.

Finally, it took the Committee months to ascertain whether stock-outs were occurring at *any* level and, if so, if mitigating measures had been deployed. Despite repeated inquiries, neither USAID nor S/GAC provided timely and accurate responses to questions relating to real versus perceived stock-outs. Better communication is needed between local sites, U.S. missions in partner countries, and Washington, DC to ensure commodities are in the right locations and that partner governments are contributing in a meaningful way.

⁵⁷ U.S. House, Committee on Foreign Affairs, Sub-Committee On Africa, *Global Health, Global Human Rights, and International Organizations*, 115th Cong. May 17, 2018, (Response to Questions for the Record of USAID Deputy Assistant Administrator, Bureau for Global Health, Irene Koek), p. 80-81.

USAID & CHEMONICS RESPOND

USAID has taken several actions in response to GHSC-PSM's poor performance, including by "escalating (key problems) to Chemonics' leadership in April 2017 when the project's performance did not improve."⁵⁸ On April 13, 2017, a USAID memo to GHSC-PSM leadership entitled, "Performance Challenges – GHSC-PSM IDIQ and Task Orders," directed Chemonics to develop a corrective action plan.⁵⁹

The memo additionally laid out findings and concerns that go beyond the late deliveries, including failure to utilize the skills and experience of contractor staff at headquarters and lack of in-country autonomy for competent staff, including those who had been employed under the previous contracts doing the same job. USAID also raised concerns about poor communication between headquarters and field staff and ARTMIS not being fully operational. These findings are consistent with the concerns Committee staff heard during oversight travel to Ethiopia and Uganda. GHSC-PSM responded on April 21, 2017 with a 20-page corrective action plan, laying out how they would respond to these issues and the timeline for these actions.⁶⁰

USAID has continued to closely monitor the performance of GHSC-PSM. According to USAID Deputy Assistant Administrator for the Bureau for Global Health Irene Koek, the Bureau:

- "holds weekly management meetings with Chemonics;"
- "provides weekly in-person and/or written updates to the USAID Front Office and Ambassador Birx;"
- "demands detailed quarterly reporting from the consortium;"
- "commissions other reports on specific project activities;"
- "closely monitors key performance indicators;"
- "has...worked closely with our counterparts in our missions abroad to train them to raise problems early and to oversee the performance of the contract where it matters most, in the field;" and
- "[monitors] inventory levels in countries...to identify the risk of stock-outs and mitigate that risk through several strategies, including coordinating with other donors to cover gaps, prioritizing shipments across countries, redistributing available stock in country, and where appropriate substituting similar products."⁶¹

Chemonics was not penalized monetarily for poor performance, which was a concern raised by Members during the Subcommittee hearing on May 17, 2018. However, USAID imposed a

⁵⁸ *U.S. House, Committee on Foreign Affairs, Sub-Committee on Africa, Global Health, Global Human Rights, and International Organizations, 115th Cong.*, May 17, 2018, (Testimony of USAID Deputy Assistant Administrator, Bureau for Global Health, Irene Koek), p. 22.

⁵⁹ Sherif Mowafy, et al., to Eduardo Elia, et al., "Performance Challenges – GHSC-PSM IDIQ and Task Orders," April 13, 2017.

⁶⁰ Chemonics International Inc., et al., to Sherif Mowafy, response to Performance Challenges Memo "GHSC-PSM IDIQ and Task Orders," April 21, 2017.

⁶¹ *U.S. House, Committee on Foreign Affairs, Sub-Committee on Africa, Global Health, Global Human Rights, and International Organizations, 115th Cong.*, May 17, 2018, (testimony of USAID Deputy Assistant Administrator, Bureau for Global Health, Irene Koek), p. 6.

moratorium on all raises and froze promotions for staff who work on the project.⁶² In addition, “USAID submitted a negative Contractor Performance Assessment Report for GHSC-PSM for the 2016-2017 year of performance, with a marginal rating, the second-lowest possible.”⁶³ These reports are used to judge bidders’ past performance during the procurement of new USG awards.

GHSC-PSM also instituted changes that led to improved delivery rates. These include:

- replacing key leadership and adding surge staff to expedite orders,
- reorganizing the supply chain team to source and process orders faster,
- improving the integration of country-based information into supply chain planning,
- intensifying the management of supplier delays,
- uploading all manual data into the ARTMIS system, and
- improving processes for the identification and resolution of procurement issues.⁶⁴

Chemonics has provided the Committee with further details regarding these changes and others, including bridging the gap between headquarters and country programs and improving communication between the monitoring and evaluation and communication teams.⁶⁵

⁶² *U.S. House, Committee on Foreign Affairs, Sub-Committee on Africa, Global Health, Global Human Rights, and International Organizations, 115th Cong.*, May 17, 2018, (opening statement of Chairman Christopher H. Smith), p. 2.

⁶³ See 61.

⁶⁴ *U.S. House, Committee on Foreign Affairs, Sub-Committee on Africa, Global Health, Global Human Rights, and International Organizations, 115th Cong.*, May 17, 2018, (Statement for the Record of Chemonics International Executive Vice President, James Butcher), p. 65.

⁶⁵ *Ibid.*

CONCLUSION

United States global health assistance greatly improves lives across the world and is a critical facet of U.S. security and diplomacy. By combating the spread of infectious diseases, promoting maternal and child health, and strengthening health systems, this investment fosters stability at home and abroad.

This investigation revealed that mistakes were made by all parties responsible for the delivery of critical global health commodities. Errors and misjudgments occurred at every level and stage of the process, from the bidding and award to the transition, implementation, and oversight. Delivery rates were unacceptably low, eroding confidence in the USG's ability to deliver life-saving commodities.

Fortunately, reports of stock-outs were grossly exaggerated. Though limited incidents did occur, due to both the poor performance of this contract and to the policies and practices of foreign governments, massive stock-outs did not occur and reports of existing patients losing access to ART were disproven.

*"While delivery rates have improved, and reports of stock-outs have ceased, concerns about what went wrong and why remain...So, we continue our oversight of USAID and the Office of Global AIDS Coordinator to identify lessons learned and to ensure that these mistakes are not repeated."*⁶⁶

- Chairman Edward R. Royce, May 17, 2018

This investigation has forced USAID and S/GAC to consult with each other more frequently and has uncovered additional issues that go beyond the scope of this contract and our original investigation. For example, the investigation uncovered USAID's failure to strictly adhere to PEPFAR COPs, as directed by S/GAC.

The Committee has not yet thoroughly investigated additional issues related to the global health supply chain, including reported cost savings and other efficiencies achieved through consolidation of the two prior contracts, the reported lack of USAID risk management systems, or the performance of the ten-plus subcontractors under the GHSC-PSM, which are responsible for shipping, the IT system, and the provision of related technical assistance. With respect to cost savings, the new contract was supposed to save money by addressing existing inefficiencies. Chemonics reports that cost savings already have been realized through warehouse optimization and contract renegotiation,⁶⁷ but these savings will not fully be realized until the end of the contract. This limits the Committee's ability to validate cost savings over the short-term.

Finally, a more extensive examination of State Department and USAID procurement instruments and practices is necessary. The Committee is encouraged that the Administrator of USAID has identified procurement reform as a priority and launched a comprehensive review. The Committee expects that lessons learned from this contract will inform that review.

⁶⁶ U.S. House, Committee on Foreign Affairs, Sub-Committee On Africa, Global Health, Global Human Rights, and International Organizations, 115th Cong. May 17, 2018, (Opening Statement Chairman Edward R. Royce), p 6.

⁶⁷ "Re: For your review – Re: seeking a few stats," Chemonics e-mail to House Foreign Affairs Committee Staff, June 12, 2018.

With GHSC-PSM, USAID set out to improve and simplify the global health supply chain while simultaneously saving U.S. taxpayer dollars. But unifying the supply chain around one entity resulted in unintended consequences. USAID, S/GAC and the contractor have recognized these issues, as illustrated by their testimonies before this Committee. Efforts to alleviate these problems have been set in motion, but the Committee urges all parties to remain vigilant in pursuing corrective action.

APPENDIX 1: Timeline of GHSC-PSM Contract

DATE	EVENT
January – March 2014	Request for Proposals Period
April 2015	Contract awarded to Chemonics (GHSC-PSM)
August 2015	Government Accountability Office validates contract decision
December 22, 2016	U.S. Court of Federal Appeal rules in Chemonics favor
January 7-8, 2016	GHSC-PSM and USAID hold first conference to begin transition of contract
February 16, 2016	GHSC-PSM starts processing procurement requests on-time
April 2016	Contract begins
April 11, 2016	GHSC-PSM begins placing <i>routine</i> orders
May 15, 2016	GHSC-PSM assumes full responsibility for inventory
July 1, 2016	GHSC-PSM opens 12 field offices. USAID delays the opening of 5 others
August 29, 2016	First release of the Automated Requisition Tracking Management Information System (ARTMIS)
Sept. 30, 2016	OTIF: 67% for FY16 Quarter 4 reported (July-Sept 30, 2016)
October 21, 2016	Previous contractor DELIVER signs over all commodities to GHSC-PSM
November 21, 2016	Second release of ARTMIS, which enhanced supply chain management functions
December 31, 2016	OTIF: 31% for FY17 Q1 reported
February 28, 2017	All extensions of previous contractor work end
February 28, 2017	Planned final release date of ARTMIS – The system was actually delivered 4 months late in June
March 31, 2017	USAID Office of the Inspector General voices concern over the GHSC-PSM project to USAID/Global Health
March 31, 2017	OTIF: 7% for FY17 Q2 reported
April 13, 2017	USAID issues a formal notice to Chemonics about supply chain problems
April 21, 2017	Chemonics formally responds to the notice

June 30, 2017	Final release of ARTMIS, which enhanced data visibility and analytics
June 30, 2017	OTIF: 23% for FY17 Q3 reported
August 2017	ARTMIS becomes fully operational. GHSC-PSM retires manual trackers
September 30, 2017	OTIF: 32% for FY17 Q4 reported
December 31, 2017	OTIF: 49% for FY18 Q1 reported. OTD is 72%
March 31, 2018	OTIF: 67% for FY18 Q2 reported. OTD is 73%
June 30, 2018	OTIF: 60% for FY18 Q2 reported. OTD is 73%

APPENDIX 2: Summary of USAID OIG Recommendations to USAID

Summary of the key recommendations and suggestions from the June 7, 2017 USAID OIG memo to USAID Acting Administrator⁶⁸

Recommendations: Improve overall oversight of the operations, finances and records:

- Employ independent firms to conduct annual or unscheduled audits of GHSC-PSM records, protocols and standard operation procedures: USAID/GH does not have established policies or procedures for routine GHSC-PSM-focused audits, which could increase opportunities for “overreliance on the prime implementer and its subcontractors’ program oversight.”
- Incorporate appropriate certification of account accuracy into future monthly budget statements because the Letters of Credit process for withdrawing program funds did not provide sufficient certification and accountability.
- Spot checks at end-user facilities more frequently and deploy random record-keeping inspections at centrally managed warehouses.
- Centralized and secondary electronic record systems must also be made available to USAID/GH. This will help prevent inventory gaps and loss of documents or records.
- Digitizing paper records and documents.

Suggestions:

- Seek permission from host governments to retain inspection authority in order to conduct site visits, track distribution, safeguard commodities and prevent stock-outs – in countries where USAID/ GHSC-PSM relinquishes control of healthcare products to host government ministries.
- USAID/IG suggests that USAID/GH engage, as necessary, with Department of State officials and local governments on behalf of its implementer to establish bilateral agreements and help facilitate site visits to state-controlled warehouses in all areas, including high-risk or remote ones.
- Medical packaging should include labels “Not for Sale” in English and local languages and include “If found for sale, contact police/OIG at <https://oig.usaid.gov/>” to prevent illegal resale of supplies.

⁶⁸ Salaam-Blyther, Tiaji. “PEPFAR/USAID Supply Chain Management Issues.” *Congressional Research Service* (March 9, 2018): p. 5-6.

APPENDIX 3: Summary of Global Health Supply Chain Hearing, May 17, 2018

Hearing: Global Health Supply Chain Management: Lessons Learned and Ways Forward before the Subcommittee on Africa, Global Health, Global Human Rights, and International Organizations

On May 17, 2018, the Africa, Global Health, Global Human Rights and International Organization Subcommittee held a hearing entitled, “Global Health Supply Chain Management: Lessons Learned and Ways Forward.” The hearing was chaired by Subcommittee Chairman Chris Smith and attended by Ranking Member Karen Bass, as well as Chairman Ed Royce and Congressman Tom Garrett. The hearing allowed an opportunity to receive on-the-record testimony of lessons learned from both USAID and the Office of the Global AIDS Coordinator concerning this contract and for the Administration to provide clarity on outstanding issues.

USAID:

Senior Deputy Assistant Administrator for the USAID Bureau for Global Health Irene Koek testified that USAID has started to apply lessons learned to the design of USAID’s next generation supply chain program and acknowledged that while unifying the global supply chain across health programs gained some efficiencies, it also increased vulnerabilities.⁶⁹ Deputy Administrator Koek noted that USAID is “engaging with the field, the leadership of the U.S. Government interagency, and industry experts to guarantee that our next program is innovative and limits risk, and, most important, that people receive the critical health products that prevent and treat life-threatening disease.”⁷⁰ USAID will also strengthen its assessment of project leadership and information systems during future procurement processes.

Deputy Administrator Koek also said that structural issues within USAID could have contributed to oversight problems. Within USAID’s Bureau for Global Health, the “supply-chain is integrated into each of the health offices”. This means the supply chain lacks “a single, overarching structure that links the different elements; this limited USAID’s ability to communicate with a single voice and fragmented our initial response” to GHSC-PSM’s poor performance.⁷¹ Finally, Deputy Administrator Koek highlighted the need to increase the amount of overlap between old and new contracts.

State Department’s Office of the Global AIDS Coordinator:

Ambassador Deborah Bix, MD, the U.S. Global AIDS Coordinator and Special Representative for Global Health Diplomacy, testified alongside USAID Deputy Assistant Administrator Koek on PEPFAR’s success and progress over the past fifteen years of the program. Ambassador Bix explained that PEPFAR has been successful due to its emphasis on data analysis, which ensures an understanding of what is happening at the local level, and “a commitment to utilizing the whole of government approach, utilizing the best of each U.S. Government agency to achieve more each

⁶⁹ *U.S. House, Committee on Foreign Affairs, Sub-Committee on Africa, Global Health, Global Human Rights, and International Organizations, 115th Cong., May 17, 2018, (testimony of USAID Deputy Assistant Administrator, Bureau for Global Health, Irene Koek), p. 26.*

⁷⁰ *Ibid.*, p. 27.

⁷¹ *Ibid.*, p. 26.

year through effectiveness and efficiency.”⁷² She further explained that PEPFAR has refined its model over the years and “now tracks and analyzes its results and partner performance data down to the site level at least on a quarterly basis.”⁷³ In the past, this data was only available once or twice a year, and only at the country level. With this additional information, it is now possible to change course when performance is not meeting expectations or delivering the best care to patients. The performance reports of implementing partners from more than 40,000 PEPFAR-supported facilities in 35 countries were recently shared online for widespread visibility.

Ambassador Birx also discussed lessons learned from this supply chain contract and adjustments that S/GAC has made since the discovery of delays in delivery. To have a supply chain “for the 21st century...requires efficient and effective commodity forecasting, procurement and delivery, and tracking every product all the way down to the site where the client needs the medications.”⁷⁴ To ensure this delivery is tracked and to address problems discovered during this investigation, S/GAC has made changes in how it interfaces with USAID. S/GAC now receives monthly reports identifying partner countries that are experiencing possible stock-outs, and directly approves the use of the Emergency Commodity Fund or the procurement of “legacy ARVs”—that is, ARVs that the partner country in question did not plan to purchase anymore.

During her concluding remarks, Ambassador Birx highlighted the progress PEPFAR has helped shepherd over the last fifteen years, and the need for an accountable supply chain to support patients and ensure that progress continues:

*“We are asking countries to have 90% of their population aware of their HIV/AIDS status. So, the world has changed to a much more rigorous, much more accountable, much more transparency in our frame. I think all of our systems need to get to that same place. If we can expect that 90 percent of children know their status, 90 percent of teenagers, and 90 percent of adults, we need to expect that we are all moving with that same level.”*⁷⁵

⁷² U.S. House, Committee on Foreign Affairs, Sub-Committee on Africa, Global Health, and International Organizations, 115th Cong., May 17, 2018, (Testimony of Ambassador Birx) p. 11.

⁷³ Ibid., p. 14.

⁷⁴ Ibid., p. 11.

⁷⁵ Ibid., p. 44.

APPENDIX 4: Letter to Administrator Green from Chairman Royce Regarding Oversight Investigation

EDWARD R. ROYCE,
CALIFORNIA
CHAIRMAN

AMY PORTER
CHIEF OF STAFF

THOMAS SHEEHY
STAFF DIRECTOR



ELIOT L. ENGEL, NEW YORK
RANKING DEMOCRATIC MEMBER

JASON STEINBAUM
DEMOCRATIC STAFF DIRECTOR

One Hundred Fifteenth Congress
U.S. House of Representatives
Committee on Foreign Affairs
2170 Rayburn House Office Building
Washington, DC 20515
www.foreignaffairs.house.gov

October 24, 2017

The Honorable Mark Green
Administrator
United States Agency for International Development
1300 Pennsylvania Avenue, NW
Washington, DC 20523

Administrator Green:

As you know, the Committee is conducting an oversight investigation of the Agency's Global Health Supply Chain Program contract with Chemonics International. I am concerned about the reports of delays in the delivery of health related commodities, including lifesaving antiretroviral drugs for HIV positive patients, which could create inventory gaps in many countries. The President's Emergency Plan for AIDS Relief (PEPFAR), the President's Malaria Initiative (PMI), and other U.S.-led global health programs save millions of lives, advance global health security interests, and protect the U.S. from the threat of global pandemics. I am concerned that the notable progress achieved to date may be in jeopardy if we cannot ensure that U.S. assistance reaches people when and where they need it most.

To date, your staff has been notably forthcoming in providing a number of documents. In order to assist with the Committee's jurisdictional oversight of this matter, I ask that you provide the additional documents listed below, not later than **5:00 pm on November 1, 2017**:

1. A detailed timeline of the process from the request for proposal on January 6, 2014 to the present, including the steps involved in the evaluation and award of the contract, identification of delivery deficiencies, and all actions taken to resolve such deficiencies.
2. A copy of both the Chemonics International and the Partnership for Supply Chain Management proposals that were submitted to the Technical Advisory Committee.
3. The qualifying characteristics of each participating member of the Technical Advisory Committee that reviewed these submitted proposals.
4. The criteria used to evaluate and judge the proposals.
5. The Contract Performance Assessment Reports System (CPARS) ratings for each of the proposals and an analysis or explanation of the rating for each category.

The Honorable Mark Green

October 24, 2017

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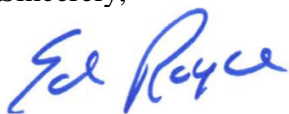
6. A copy of all performance evaluations on the Global Health Supply Chain Program contract for both Chemonics International and the Partnership for Supply Chain Management.
7. A description of the transition plan created by or submitted to USAID with respect to the transfer of supply chain operations between the Partnership for Supply Chain Management and Chemonics International.
8. A copy of the letter from USAID to Chemonics International requesting a Corrective Action Plan.
9. The Corrective Action Plan instituted for Chemonics International.
10. A breakdown, by commodity type, of the scheduled “on time and in full” (OTIF) delivery windows stipulated in the contract and subsequent procurement orders verses the actual delivery date of such commodities.
11. Copies of any and all correspondence with Chemonics International regarding the status of meeting OTIF deadlines and corrective actions taken to date to meet such deadlines.
12. A detailed analysis of the cost differential for transporting commodities under the Partnership for Supply Chain Management’s contract versus the expedited delivery procedures currently being utilized by Chemonics International.
13. USAID’s compliance with U.S. cargo preference requirements relating to the shipment of global health commodities under the Partnership for Supply Chain Management and Chemonics International contracts, including an analysis of any related increases in transportation costs.

The Committee prefers, if possible, to receive these documents in electronic and hard copies. Please deliver the documents to 2170 Rayburn House Office Building.

If you do not provide copies of the materials requested by November 1, 2017, then the Committee will consider compelling their production. Please do not hesitate to contact me if you have any questions.

Thank you, in advance, for your attention to this important matter.

Sincerely,



EDWARD R. ROYCE
Chairman

Cc: Brynn Barnette
Acting Deputy Assistant Administrator for Legislative Affairs
U.S. Agency for International Development

Cc: The Honorable Eliot L. Engel
Ranking Member
House Committee on Foreign Affairs