

## Why GAO Did This Study

PEPFAR, first authorized in 2003, has supported significant advances in HIV/AIDS prevention, treatment, and care in over 30 countries, including directly supporting treatment for about 5.1 million people; however, millions more people still need treatment. PEPFAR has allocated more than half of its funding to care and treatment and has spent over \$1.2 billion to purchase ARV drugs. In addition to supplying ARV drugs directly in some countries, PEPFAR also helps partner countries manage their drug supply chains. GAO was asked to review PEPFAR-supported ARV drug supply chains. GAO examined (1) actions PEPFAR has taken regarding ARV drug supply chains and (2) partner-country ARV drug supply chain operations. GAO reviewed PEPFAR and the U.S. Agency for International Development (USAID) guidance and supply chain studies; analyzed 16 supply chain evaluations conducted in seven countries and published in 2011 and 2012; interviewed officials from OGAC, USAID, and other agencies; and conducted fieldwork in three countries selected on the basis of program size and other factors.

## What GAO Recommends

The Secretary of State should direct OGAC to require country teams to (1) develop and implement plans to help partner countries improve inventory controls and record keeping; and (2) track the progress partner countries are making in measuring ARV drug consumption, waste, and loss. State generally agreed with the intent of both recommendations; GAO revised the second to make it broader and more feasible to implement in differing partner-country contexts.

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# PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF

## Drug Supply Chains Are Stronger, but More Steps Are Needed to Reduce Risks

### What GAO Found

The President's Emergency Plan for AIDS Relief (PEPFAR) has worked with U.S. implementing agencies, international donors, and partner countries to increase the efficiency and reliability of antiretroviral (ARV) drug supply chains. It has done so by improving drug supply planning and procurement as well as in-country distribution of drugs (see figure). First, PEPFAR has consolidated supply chains for ARV drug procurement for more than 20 partner countries to enhance efficiency and reduce costs and has begun further consolidation with other U.S. global health programs. Second, PEPFAR has improved coordination among donors by creating an information-sharing network to help detect and resolve supply gaps and other supply chain weaknesses and by developing an emergency drug procurement mechanism. Third, PEPFAR has provided partner countries with technical assistance, such as assessment tools and training, to help them better manage drug supply planning, procurement, and distribution.

Elements of PEPFAR Drug Supply Chain



Source: GAO analysis of documents from PEPFAR implementing partners.

Evaluations of partner-country supply chains reflect weaknesses in inventory controls and record keeping, which may increase the risk of drug shortages, waste, and loss. The Department of State's Office of the U.S. Global AIDS Coordinator (OGAC) has issued guidance for PEPFAR emphasizing the importance of effective information management for efficient ARV drug supply chain operations. However, 11 of the 16 supply chain evaluations GAO reviewed cited weaknesses in partner countries' inventory controls; 7 of these 11 evaluations also cited weaknesses in record keeping, including incomplete or inaccurate data on the consumption of ARV drugs. These weaknesses can increase the risks of drug shortages, waste, and loss of inventory. In one country, an evaluation team identified losses valued at about \$265,000. Human resource constraints contribute to these weaknesses, and PEPFAR is addressing them through technical assistance and training. However, OGAC does not require PEPFAR interagency teams in each country to develop plans to strengthen inventory controls and record keeping. Nor does OGAC require country teams to track the progress partner countries are making in measuring ARV drug consumption, waste, and loss. Thus, OGAC cannot ascertain the extent of partner-country supply chain weaknesses and take appropriate action to mitigate risks. For PEPFAR and partner countries to continue expanding treatment programs to serve up to 23 million eligible people, further improving drug supply chains is critical, particularly the efficiency of elements managed by partner countries. These improvements will become increasingly important as partner countries assume more responsibility for managing supply chains.