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An aspect of long concern regarding public health supply chain management, is theft and corruption. Have major donors had enough and, in hopes of stemming the huge losses, are they looking for a way to shift responsibility?

An August 2022 write up in Devex addresses the issue of drug shortages faced in the southeastern African country of Malawi. While critical medicines and medications are in stockout due to the supply disruptions from the coronavirus, the final paragraph of the article summed up the years long struggle with theft and corruption. Alluding to both, the article concluded, “Theft of medicines has also cost the country and donors billions of dollars annually, with the government losing an estimated 30% of drugs and medical supplies it purchases to theft. About 35% of these stolen commodities end up in private health facilities.”

Logenix, through our pharma deliveries and operations in over 140 developing countries, are very familiar with just how widespread the threat of theft is to the distribution of medicines and supplies across the developing world. Our global operations are tasked with undertaking various levels of prevention—with varying levels of increased costs. The less conspicuous preventive measures implemented worldwide include the use of only hard sided/closed trucks to deliver shipments, foregoing the less expensive and more readily available open sided trucks. Implemented in tandem with closed trucks we often contract unaffiliated escorts to ride with the driver. Experience has proven a lone driver may be pressured, threatened or enticed to abscond with his load. Also very inconspicuous, but highly effective, we often use our own tamper proof seals on containers and trucks. Overt deterrent measures are required for many countries. Medicine operations in South Africa require armed escorts for all deliveries from the port of Durban to local warehouses and to Zambia, Zimbabwe, Mozambique, Botswana, Eswatini and Lesotho.
The same is true in Nigeria for all transfers of medicines between Lagos and Abuja. Theft being so endemic in Nigeria, even the distribution of malaria insecticide nets requires armed escort. In Haiti, where civil unrest has reached a level of outright anarchy, we have been forced to enact extensive armed measures to guard medicines from the roving gangs and territorial warlords now ruling the country.

The Devex article subtly points out the other area where billions are lost, and that would be through corruption. That over a third of stolen medicines wind up in private health facilities is not a random outcome, but speaks to a sophisticated level of systemic corruption.

Is Malawi the rule or the exception as regards corruption? The outcry regarding the Covid funding corruption uncovered in Kenya, resulting in the dismissal of the CEO and top officials of the Kenya Medical Supplies Authority (KEMSA) is suggestive the level corruption surrounding medicines and medical funding is not an isolated case. Depending upon how calculations are tabulated, over $70 million was misused or misappropriated. Cameroon, South Africa, Nigeria, Ghana & Zimbabwe also reportedly had millions lost to misuse such as procurement and contracting irregularities.

A Logenix operation in Sierra Leone to restore the country’s medical distribution system after its collapse during the Ebola crisis may be an anecdotal indicator of just how prevalent, and multifaceted, organized corruption is across the developing world. In just under a year and a half rebuilding the Sierra Leone medical distribution we had to implement measures to prevent siphoning of medicines at hospitals and medical stores, and we experienced warehouse theft committed by the donors hired security force. With head shaking logic, the security force thought themselves above suspicion. Most unexpected though were systemic attempts by the United Nations local staff to confuse inventory counts during monthly restocking operations. Once reconciliations showed substantive medicine discrepancies, it took months of diligent hard copy inventory matching to prove the medicines were indeed manifested, but not delivered. Unsurprisingly, the miscounts were found to be on the medicines with the greatest black-market value. In the end, there was little doubt about the organized efforts to obscure the systemic theft of medicines during restocking.

So, if the level of loss in Malawi due to theft and corruption is as endemic across the developing world as it would seem from the above, perhaps this is the driving force behind the unprecedented Vendor Managed Supply (VMS) efforts currently being explored by USAID to completely reshape the future of the delivery and distribution of public health medicines? If it is, it gives rise to many questions.
At the overview level are sweeping questions of philosophy surrounding the future of public health in Africa. Given the duty exempt/donated nature encompassing the entire public health field, can a commercial approach in this arena of limited and shrinking funding end the massive losses? What happens to the ‘fiduciary’ role USAID’s procurement contractors have played in the past? Can a commercial pharma supplier be expected to act in the interest of the donor? How will the massive infrastructure surrounding Good Distribution Practices (GDP) requirements and inherent liability for pharma suppliers be financed?

Most importantly, these questions all drive at the same point—what the groundbreaking change to VMS would mean to the future costs and availability of public health across the developing world. Will pharma suppliers be forced to price so many contingencies surrounding theft and corruption, not to mention the formidable infrastructure buildout and exponential increase in liability to be borne, so as to increase total costs well beyond current levels? Will there be lowered availability of life sustaining medicines.

There are many more important questions, but we think the answers to just these are daunting.
Unpredictability in the field of freight forwarding creates many challenges. Adaptability to a multitude of factors is key to how Logenix consistently and reliably succeeds. Our operational teams recently completed shipments to Liberia, and Uganda that proved to be uniquely challenging.

A client required a shipment of loose batteries (uninstalled) dispatched to the small town of Totota, Liberia. These batteries were to be used in a power generating inverter Logenix delivered months earlier. The power inverter is part of an electric system in the area to supply roughly 400 people with electricity, enabling small businesses to utilize power to provide cold storage for fish, meat, and other food products.

In most circumstances a routine shipment would be routed directly to Monrovia-Roberts International Airport. However, as these were loose batteries, out of the box thinking was needed. The complexities encompassing the shipment of loose batteries are multiplied as compared to shipping installed batteries as done with the initial inverter. Lithium batteries, classified as a DG (Dangerous goods), have the potential to pose threatening safety hazards during the air transport process. DG goods are shipped through a highly detailed process that requires additional documentation and special packaging, and often require to be shipped in cargo-only aircrafts.
Our ops team contacted every cargo carrier operating to the Monrovia airport without success obtaining a booking. Then research was done to airports in all immediate neighboring countries including Guinea, Sierra Leone, Ivory Coast, and then even Ghana. Still, no air carrier to those countries would accept loose batteries. Continuing the operational outreach, even exploring ocean transit as a last resort, an air booking was finally obtained on a flight to Togo, a country 700 miles east of Liberia. Upon arrival, the batteries would need to be transported through three countries via road.

Road deliveries are always challenging in West Africa; with poor road infrastructure often made worse by neglect and heavy annual rain. Undeterred, Logenix’s global expertise was able to source a reliable trucker to make the journey from Togo to Ghana, to Ivory Coast, and finally through into Liberia. Extensive, precise bonding documentation was required to enable the transit through the intermediary countries without delay and without incurring unanticipated costs. The road transit was executed and the journey was completed in just three days; record time on that route. The batteries arrived in time to be exchanged and maintain power continuity for the merchants in Totota.

An operation that could have taken months to achieve and would have meant the loss of power to the many small businesses relying on power from the inverter, was trimmed down to just a couple of weeks.

In another noteworthy mission, Logenix’s on-the-fly thinking ensured a crucial donated shipment of HIV related pharmaceuticals was rerouted across Africa to avoid complete loss. A shipment originally enroute to Botswana had to be rerouted when our client informed us the original consignee no longer required the $300,000 in lifesaving medicines and would refuse the reefer container. Upon arrival to the port of Durban, the standard port of entry for ocean shipments to the inland country of Botswana, Logenix undertook the operational challenge of rerouting the medicines. Through extensive discussions with the client, it was decided the shipment would be rerouted to Uganda, a 4,500-kilometer transit from Durban.
One of the challenges would be the required documentation and permits for import to **Uganda**. The other would be choosing the best mode of transport. Every country has different customs rules, documents, and regulations needed for donated import and Uganda typically takes a minimum of 30 days to receive a Uganda National Drug Authority (NDA) permit. Deliberations about the best and most cost-effective mode of transport were parallel to the documentation research and needed to be accomplished prior to submission to NDA. Road freight was ruled out due to matters of security and greater potential temperature excursion.

The investigation comparing ocean and air freight found that air freight would be the most cost-effective solution, primarily due to complexities with delays delivering to the consignee warehouse. The medicines were reloaded into a reefer truck for transit to Johannesburg where they were held awaiting the NDA permit. Logenix decades of experience in Uganda, and with the help of our local partners, we were able to obtain the NDA permit in record time, only 14 days. The medicines were then immediately loaded onto a scheduled cargo aircraft direct to Entebbe, cleared through customs and delivered to the new consignee.

From start to finish, once the cancellation of the Botswana consignee was communicated, only 35 days elapsed to reroute and deliver the shipment in Uganda. Tens of thousands of dollars, not to mention the value of the medicines, were saved due to Logenix’ unparalleled global logistics knowledge, highly skilled partners, and expert ops staff.
Announcing LGX Cargo
a Logenix Company

Logenix is pleased to announce the startup of LGX Cargo, a Logenix Company. Headquartered in Dubai, LGX focuses on the commercial trade industry between China and India to African markets.

LGX leadership consists of a four-person team, headed by: Dilip Sitlani (CEO), Mir Nasim (CFO), Vishal Dhamija (Director), and Sanjay Attanayake (Director). This management group has vast experience in the shipping industry in critical areas that include: Airlines/GSA Handling, freight forwarding, warehousing and consolidation operations. The LGX executive team was directly responsible for a turnaround worthy of a business school case study at their previous company, Fast Freight. Putting a strategic plan in place this group was able to, in a three year time period, return that company to year over year profitability. All this due to their keen market abilities and diligent, pragmatic, cost effective efforts.

LGX currently employs twenty plus staff members with office operations located in the DBX complex and warehouse consolidations operations adjacent to the airport.

The Logenix and LGX relationship is a logical one. Logenix has a decades long focus on the developing world and Africa in particular. LGX’s niche air charter and blocked space capabilities with scheduled airlines, along with its focus on commercial trade into the initial African nations of Nigeria, Cameroon and Ghana with other outlets in eastern Africa to follow, is a natural extension of Logenix’s developing world services.

We are very excited to be adding LGX to our growing compliment of companies and will report about future success stories/endeavors as they develop.
US Shippers Take Their Complaints to the FMC

“Carriers are in the firing line as US shippers head to the FMC looking to recover 'damages' from breached contracts and record high freight rates.”

Read Article

Hapag-Lloyd Takes a Step Towards Supply Chain Transparency

“As previously reported, Hapag-Lloyd has committed to fitting its entire dry container fleet with real-time tracking devices, supplied by two vendors at this stage: Nexxiot and Orbcomm. Hapag-Lloyd has now begun the to install the first of these IoT devices at the CMR depot in Wilhelmsburg near Hamburg.”

Read Article

Global Healthcare Supply Chain Management Market Trends, Strategies, Opportunities for 2022-2031

“Market Size, Trends, And Global Forecast 2022-2026’ published by The Business Research Company, the healthcare supply chain management market size is expected to grow to $3.67 billion in 2026 at a CAGR of 12.4%. According to TBRC’s healthcare supply chain management industry report, globalization is expected to propel the growth of the market going forward.”

Read Article
Malawi Continues to Face Acute Drug Shortages due to COVID-19

“Theft of medicines has also cost the country and donors billions of dollars annually, with the government losing an estimated 30% of drugs and medical supplies it purchases to theft.”

Concern China’s COVID Measures are Damaging Reefer Containers

“The International Institute of Container Lessors (IICL) has issued a technical alert on damage to interior panels on reefer containers...Current indications point to the disinfecting process in China due to COVID-19 protocols as the source of this contamination and damage.”

Chengdu, Chinese City of 21m, Has COVID Lockdown Extended Indefinitely

“Chengdu, the capital of the south-western Chinese province of Sichuan, has extended the coronavirus lockdown of most of its districts indefinitely as it hopes to stem further transmissions in the city of 21.2 million.”
Thank you

We thank all of our clients and partners for the successful and impactful collaborations both featured and not featured in this newsletter.

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