

Procurement Improvement Plan (PIP)

FY 2013/14 to FY 2015/16



Ministry of Health and Population
Ramshahpath, Kathmandu, Nepal
April, 2014

Procurement Improvement Plan (PIP) - FY 2013/14 to FY 2015/16 has been prepared by Ministry of Health and Population (MoHP), Government of Nepal. Technical and Financial assistance for the work was provided by NHSSP.

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Preface

The Ministry of Health and Population (MoHP) has taken several steps during the preparation and finalization of this ***Procurement Improvement Plan (PIP) - FY 2013/14 to FY 2015/16***. We have realized the importance of strengthening procurement management practices across the MoHP which will help achieve the targets outlined in the Governance and Accountability Action Plan (GAAP) of Nepal Health Sector Programme-2. This plan intends to strengthen the MoHP's current practices on procurement planning, bidding procedures, internal control, reporting, monitoring and auditing. It further intends to enhance the capacity of human resources working in procurement management sectors of MoHP. MoHP considers this document as a live document for procurement. Based on Public Procurement Act and Regulation of GoN, discussions with EPDs, the annual report of the OAG's, reviews related to procurement management and the various consultation experts MoHP has decided to bring this plan.

MoHP appreciates the inputs from our valued partners i.e. The World Bank, DFID, USAID, KfW and AusAID in preparing and finalizing this important document. MoHP also thankful to the technical inputs from NHSSP and Crown Agents for translating the relevant evidences into this plan. We also value the inputs from departments, centers and divisions under the MoHP. Last but not least MoHP is thankful to LMD for preparing and finalising this plan.

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ACRONYMS

AWPB	:	Annual Work Plan and Budget
CAPP	:	Consolidate Annual Procurement Plan
CMS	:	Contract Management System
DFID	:	Department for International Development
DHO	:	District Health Office
DoHS	:	Department of Health Services
DPHO	:	District Public Health Office
EDP	:	External Development Partner
FCGO	:	Financial Control General Office
FMIP	:	Financial Management Improvement Plan
FMR	:	Financial Monitoring Report
FMTC	:	Financial Management Technical Committee
FPA	:	Financial Procedure Act
FPR	:	Financial Procedure Regulation
GAAP	:	Governance and Accountability Action Plan
GoN	:	Government of Nepal
GPP	:	Good Practice Principle
HFRA	:	Health Fiduciary Risk Assessment
HRFMD	:	Human resource and Management Division
IPR	:	Implementation Progress Report
JFA	:	Joint Financing Arrangement
LMD	:	Logistics management Division
LMIS	:	Logistic Management Information System
M&E	:	Monitoring and Evaluation
MD	:	Management Division
MoF	:	Ministry of Finance
MoHP	:	Ministry of Health and Population
MTEF	:	Medium-Term Expenditure Framework
NHSP	:	Nepal Health Sector Programme
NHSSP	:	Nepal Health Sector Support Programme
NPC	:	National Planning Commission
OAG	:	Office of the Auditor General
PETS	:	Public Expenditure Tracking Survey
PFM	:	Public Financial Management
PIP	:	Procurement Implementation Plan
PPICD	:	Policy, Planning and International Cooperation Division
QA	:	Quality Assurance
RFR (WB)	:	Report on Fiduciary Review (World Bank) of NHSP-2
RHD	:	Regional Health Directorate
TABUCS	:	Transaction Accounting and Budget Control System

1. Background

Procurement management refers to the capacity to plan in accordance with national policy and procurement framework, to prepare procurement plan and implementation, ensure their timely receiving and distribution of goods and medicines, to ensure transparent and timely delivering such goods and medicines to spending, and to provide follow up of goods and medicines, auditing of procurement expenditure, including assessment of value for money. There is a wide agreement that effective institutions and systems of procurement management have a critical role to play in implementing the national policies, plans, the public expenditure and financial accountability framework (PEFA) and international commitments including millennium development goals (MDG). During NHSP-1 and the first half of NHSP-2, activities were implemented to strengthen the procurement management system and thereby improve performance in procurement management.

Despite the various types and nature of the challenges MoHP has made an impressive progress in improving the procurement management practices. A consolidated annual procurement plan for goods, services and construction was prepared and approved. Training in procurement was conducted at the central and district levels. Multi-year procurement is ongoing for specified items and is planned to expand to other items as well. The introduction of an electronic bidding system (electronic submission) for the procurement of drugs, medical consumables and equipment is progressing well.

In order to strengthen the current good practices and implement new initiatives this Procurement Improvement Plan (PIP)-FY 2013/14-2015/16 is prepared and endorsed by Ministry of Health and Population (MoHP).

2. Purpose

The purpose of this PIP is to strengthen the procurement planning, implementation and monitoring practices which will help achieve the objectives of GAAP included in NHSP-2.

The Procurement Implementation Plan also intends to strengthen the MoHP's current practices on procurement planning, implementation, safeguard of goods and medicines, internal control, reporting, monitoring, auditing and transparency measures. It further intends to enhance the capacity of human resources working in procurement management sectors.

3. Key Results

The overall thrust of implementing PIP is to improve the procurement management practices and reduce the fiduciary risks related to the procurement in health sector. Following are the key results:

- Fully implement the e-bidding system in health sector;
- Strengthen procurement transparency;
- Reduce the audit observation on procurement;
- Timely delivered the goods, medicines and equipment's in the health institutions and
- Capacity building of the staffs working in procurement.

Procurement Improvement Plan (PIP)

Overall Objective: Procurement Improvement Plan (PIP) developed, endorsed and implemented

S.N	Key Activities	Implementing Unit	Key Indicators	Timeframe	Status	Remarks
1	Improved procurement guidelines, planning, procedures and budgeting					
1.1	Enforce sector procurement guidelines and procedures	MoHP HRFMD, DoHS/LMD	Approved guidelines available at LMD	By July 2014	Guidelines Approved	FRA/DFID
1.2	Build LMD staff capacity through procurement and supply chain related training	DoHS/LMD	Training on capacity building of LMD staff completed	Throughout NHSP-2		FRA/DFID
1.3	Continue the support in the preparation of the Consolidated Annual Procurement Plan (CAPP)	DoHS/LMD	Approved CAPP is in place	During 2014/15		FRA/DFID
1.4	Sector procurement guidelines and procedures are reviewed and enforced	MoHP/HRFMD, DoHS/LMD	Sector Procurement guidelines reviewed	Throughout NHSP-2		FRA/DFID
1.5	Capital procurement plan prepared for next year including procurement bank with priorities	MoHP /HRFMD, DoHS/LMD/ MD	Capital procurement plan in place	For 14/15 completed by May 2014 For remaining period by 15/16.		FRA/DFID
1.6	The Consolidated Annual Procurement Plan (CAPP) for goods, services and construction is aligned and integrated into AWPB and is prepared on time (at the beginning of the financial year, as per JFA requirement). (Construction activities are carried out by Management division, LMD will integrate construction activities in CAPP as an annex)	MoHP /HRFMD, DoHS/LMD	CAPP is prepared and approved by the end of previous fiscal year	For 14/15 completed by July 2014		FRA/DFID
1.7	Enhance linkage of LMIS and procurement planning	MoHP /HRFMD, DoHS/LMD	Procurement plan link with LMIS	By July 2015		FRA/DFID
2	Improvements in procurement processes including e-Procurement					
2.1	Ensure required staff are in place (and remain in place so as not to dilute the inputs) and attend any capacity	DoHS/LMD	Capable team is at LMD for quality procurement	By July 2014		FRA/DFID

S.N	Key Activities	Implementing Unit	Key Indicators	Timeframe	Status	Remarks
	building initiatives organised					
2.2	Support in procurement, with regular involvement in preparation of bid documents, evaluations, contracts and QA	DoHS/LMD/	Support provided in procurement process	Throughout NHSP-2		FRA/DFID
2.3	Quality assurance is well embedded in current national procurement mechanisms	MoHP /HRFMD, DoHS/LMD	Quality issues ensured in to the procurement mechanism	By July 2015		FRA/DFID
2.4	Implementation of e-bidding system and Contract Management System (CMS). Coordination with PPMO for development of procurement system	DoHS/LMD	-e-bidding system & CMS implemented. -Most of the bidding at LMD is at least submitted by e-submission process	By July 2014		FRA/DFID
3	Improvements in procurement monitoring, inventory management system, audit and tracking mechanisms					
3.1	Preparation of trimester procurement monitoring reports	DoHS/LMD	Support provided in procurement control, monitoring & reporting	Throughout NHSP-2		FRA/DFID
3.2	Harmonise reporting requirements between JFA and WB FA	DoHS/LMD	Reporting requirements harmonised	By July 2014		FRA/DFID
3.3	Support to LMIS to ensure it is fully implemented in all districts	DoHS/LMD	Revised LMIS is in place in all districts	By July 2014		FRA/DFID
3.4	Procurement Monitoring Reports on the progress of the procurement plan (requirements of JFA and WB Financing Agreement, signed between the IDA and GoN) are produced and circulated	MoHP/PPICD, DoHS/LMD	Timely periodic progress are produced	Starting in FY December 2014		FRA/DFID
3.5	Initiate a procurement audit	MoHP /HRFMD, DoHS/LMD	Good procurement practice is established at centre and districts	FY 14/15		- PPA, 2007 (clause No. 7.3) & PPR, 2008 (clause No. 16) - FRA/DFID
3.6	Initiate a study (or PETS) to	MoHP	Revised and	By July 2015		FRA/DFID

S.N	Key Activities	Implementing Unit	Key Indicators	Timeframe	Status	Remarks
	identify and pin point the deficiencies in the inventory management system	/HRFMD, DoHS/LMD	effective IMS up to districts			
3.7	LMIS fully supports preparation of procurement monitoring reports. Consider enhancing existing LMIS to suit the growing needs (like addition of details of expiry date for effective tracking, more frequent physical stock checks to ensure LMIS is fully implemented in all districts and they can input directly, so there are no delays whilst data is sent to LMD for input	MoHP /HRFMD, DoHS/LMD	LMIS linkage is established with MoHP after revision and update	Sept 2014		FRA/DFID
4	Address procurement issues at district level					
4.1	Conduct comprehensive assessment at district level using the OECD-DAC Methodology for Assessing Procurement Systems (MAPS) tool	MoHP /HRFMD, DoHS/LMD	Assessment of procurement system conducted at district level	By July 2015		FRA/DFID
4.2	Assess quality and timeliness of the data on procurement from all 75 districts	MoHP /HRFMD, DoHS/LMD	District level data base prepared on procurement	By July 2015		FRA/DFID
4.3	Select pilot districts (devolved and non-devolved) where major procurement difficulties are observed	MoHP /HRFMD, DoHS/LMD	Pilot districts with procurement difficulties selected	By July 2015		FRA/DFID
4.4	The procurement capacity and training needs assessment, implementation for district procurement people	MoHP /HRFMD, DoHS/LMD	Training provided for district level capacity procurement	By July 2015		FRA/DFID
5.	Develop the capacity of human resources working in procurement (MoHP/LMD and spending units)					
5.1	Capacity buildings of LMD & Departments on the procurement	MoHP, LMD	- Training as required	As when required		- FRA/DFID
5.2	Undertake a review of GAAP and PIP quality and use them in preparation for NHSP-3, and related M&E framework (with EDP support).	MoHP PPICD & LMD	- GAAP and PIP quality reviewed	Dec 2014		

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