



# Update:

# Procurement and Supply Chain management

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**Department of Health Services**

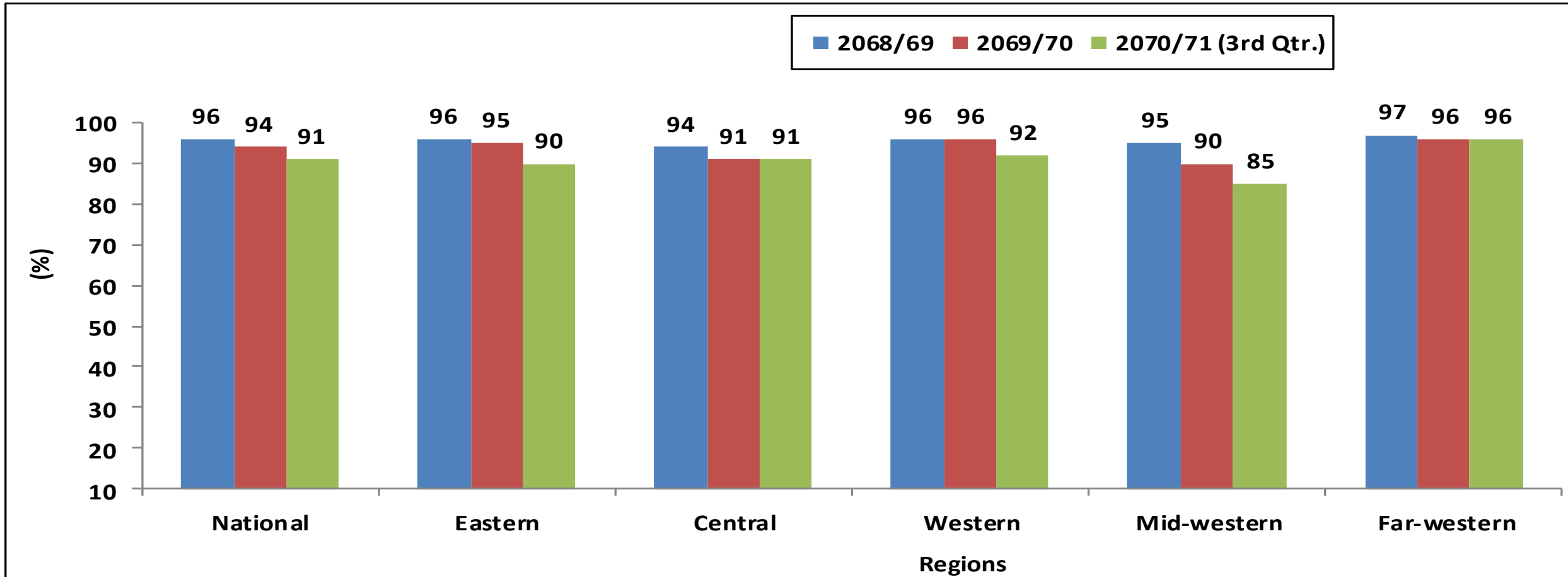
# Presentation Outline

- **Introduction**
  - **Reporting Status and Achievement**
  - **AIDE-Memoire (JAR 2014)**
  - **Progress and challenges during NHSP 2**
  - **Procurement Reform**
  - **Procurement Progress 2014/2015 and Consultation on Complaint being lodged**
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# Introduction

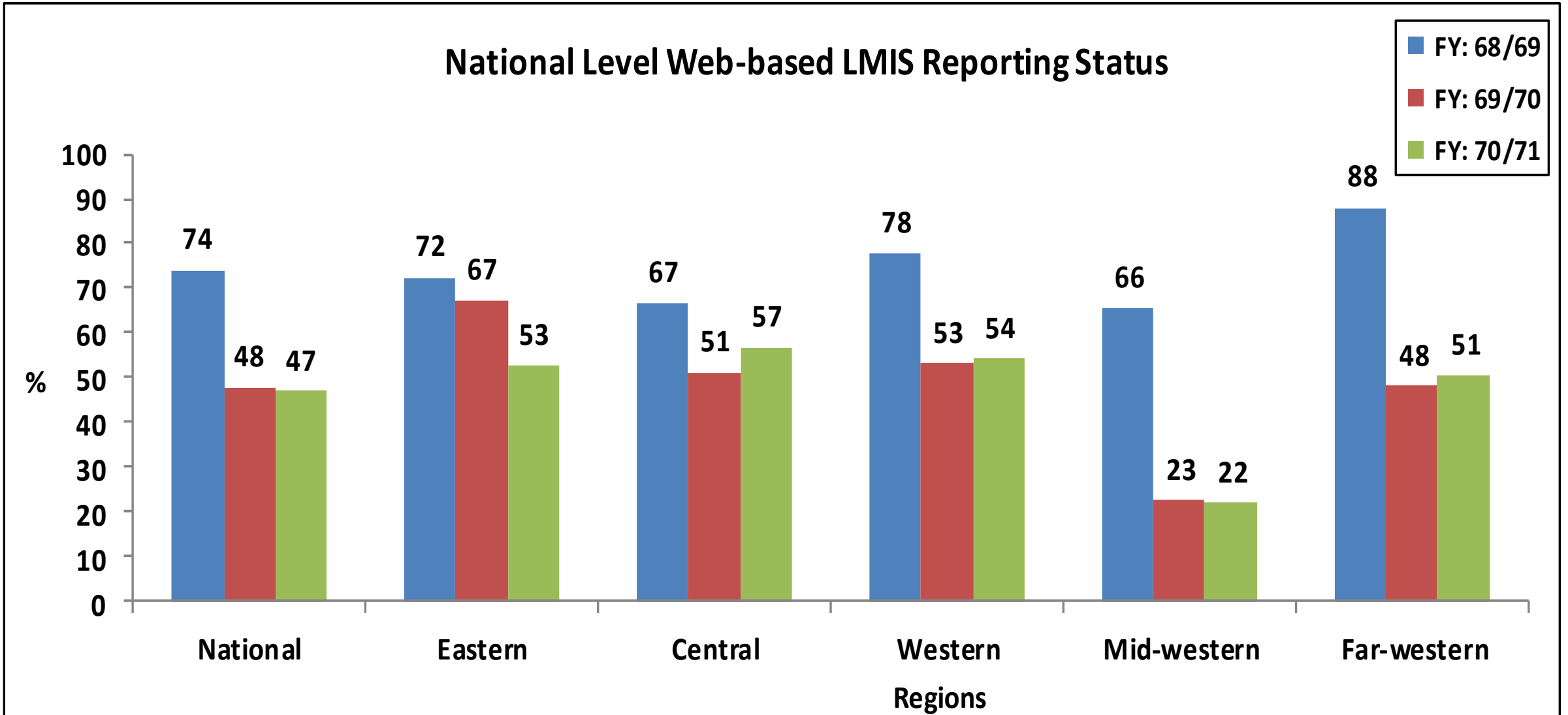
- **LMD is Responsible for Procurement of Drugs, Vaccine, FP Commodities and Equipment based on Procurement plan of Respective divisions and also ensure quality of product.**

# LMIS Reporting Status

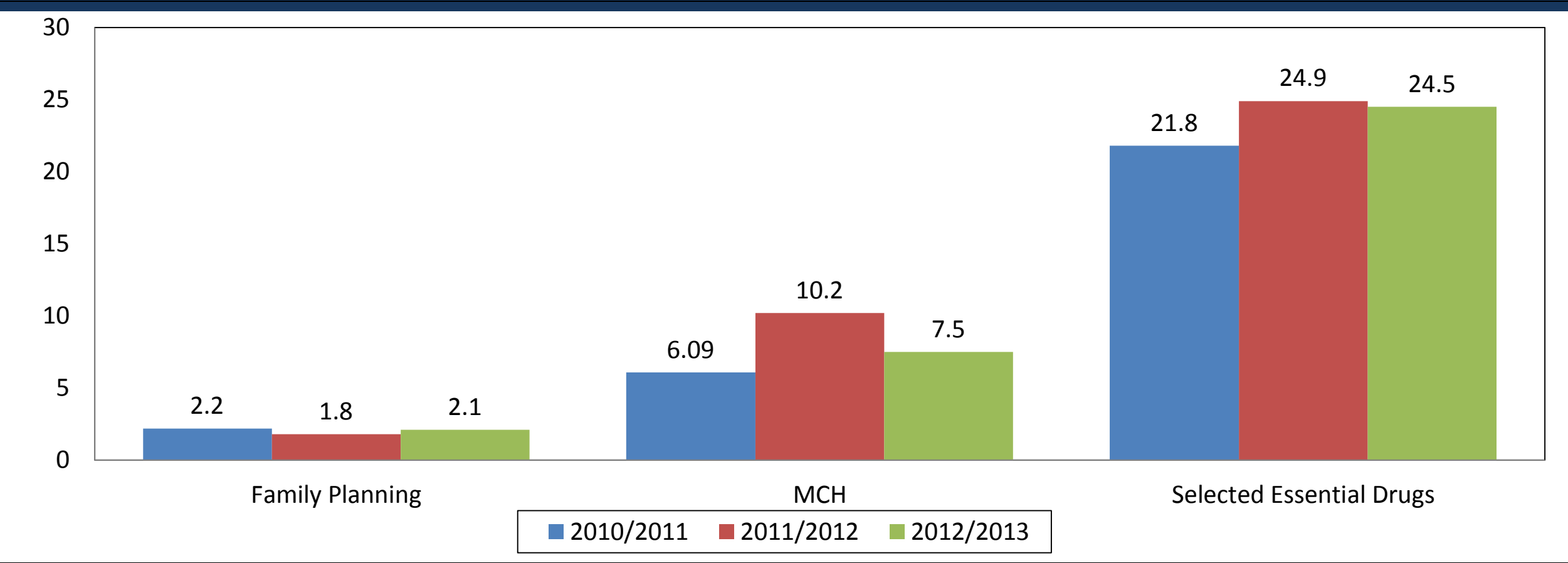


# Web Based LMIS Reporting Status

National Level Web-based LMIS Reporting Status



# National Stock out % of Health Commodities at HFs



(Data Source: Quarterly LMIS Data, LMD)

**Family Planning:** Condom, Injectables (DMPA), and Pills.

**MCH Commodities:** ORS, Vitamin A, Cotrim/Ped, Iron, and Zinc.

**Selected Essential Drugs:** Albendazole, Paracetamol, Chloropheniramine, Alumunium Hydro-oxide + Mag. Trisilicate, Metronidazole, Chloramphenicol eye drop, Aminophylline, Amoxiciline, and Benzoic Acid + Salicylic Acid

# AIDE-MEMOIRE, JAR 2014

## Procurement and logistics

### Agreed Actions:

- **Jointly review the supply chain** management of MoHP and agree on **actions** by the end of September 2014, linking the **review with the assessment of the procurement system**
- **Allocate resources for the 10 districts** with the **highest percentage of stock-outs** by the end of May 2014.
- **Initiate e-bidding** by the end of September 2014. EDPs to support the completion of the assessment of the e-bidding system prepared by MoHP/DoHS by the end of July 2014.
- . Develop a policy on **asset management** including maintenance, replacement, and disposal by the end of July 2014.

# AIDE-MEMOIRE, JAR 2014

## **Physical Assets Management**

- The Government will allocate required funds for **upgrading the cold-chain system** in the AWPB for the year 2014/15. EDPs will provide necessary technical support for Upgrading the cold-chain system.



# Achievements Fiscal year 70-71

Budget	Program	Physical Achievement	Financial Achievement
<b>370121</b> <b><u>Center</u></b>	<b>Drugs and Equipment procurement and Supply Program</b>	<b>77%</b>	<b>69%</b>
<b>370804</b> <b><u>District</u></b>	<b>Integrated District Health Program ( Procurement Supply)</b>	<b>86%</b>	<b>86%</b>

# Progress in Procurement

- Practice of preparing **Consolidated Annual Procurement Plan**
- **Pipeline review** and systematic forecasting of RH+ commodities
- Centralization of procurement work through LMD 80%
- Improved capacity and coordination among division
- Increased Transparency through web hosting, **Procurement plan uploading** regular update.

# Progress in Procurement

- **Store clearance guideline** developed
- **Equipment disposal** guideline drafted
- **Peer reviews and quality assurance** practices introduced for bidding documents.
- Use of **Computerized Contract Management software System**
- Situation of **stock out** resolved in some extent with emergence of overstock in some places
- **Multi year contracting** ensuring commodity security
- Transportation in **PPP Model** in 4 districts

# Progress in Procurement

- File of **Reform Concept Paper** forwarded to Mohp
- Organization and Management Survey file forwarded to **Mohp (O&M)**
- **E submission** is about start
- **Specification bank** and its regular update of about 1150 commodities and needs consultation with user.
- **RH Commodity security strategy 2007-11** is being revised
- **Web based LMIS** is piloted in three districts

# Challenges

- **Inadequate** skilled and trained technical human resources for procurement and quality assurance.
- **Lengthy process** for approval at Dohs and NOL resulting in delay in procurement
- **Delay in Approval of Program and budget** release affecting timely implementation of CAPP
- **No Clarity on dispute** settlement such as **Misprocurement**.
- **Complaint lodging time and handling** as PPA/PPR is not clearly defined in WB guideline

# Challenges

- Non Aligned Financing Agreement, WB guideline and Joint Financial Arrangement .(**Methods of procurement**)
- Auditor general and Dohs procurement units **interpretation on procurement using PPA/PPR/WB guideline**
- **Aligning Revised PPA/PPR** with pool partner Financing agreement, Development assistance Policy and JFA
- **?? Contract clause** applies for case in **court for umpire analysis** .
- No Information on file under investigation or cleared out file from CIAA

# Challenges

## Challenges in Supply Chain:

- **Warehouse capacity and Status and Master plan not comprehensive**
- **Real time Web based LMIS and traditional LMIS without information of all item and expiry of drug information and Staffing.**
- **Procurement achievement and efficiency**
- **Central Bidding and local ordering (Framework Arrangement)**
- **All relevant Challenges needs to be addressed while moving towards result based financing using Disbursement linked indicator**
- **Establishing Procurement Centre in long run**

# Procurement Reform

Government of Nepal  
Ministry of Health and Population  
Department of Health Services

Concept Note for the Restructuring of  
Logistics Management Division (LMD)

12/28/2014



# Joint Attempt

- MoHP and Partners realize that there is a need for health sector procurement reform as per **AIDE-Memoire 2014**
- **Reform Committee** has been formed to propose Procurement Reform Strategy and Roadmap
- **Series of meeting and workshop** on Procurement Reform in the Health Sector was organized.
- Key stakeholders from the Partners and DoHS attended the workshop and facilitation workshop by WB

# Recommendations of the Workshop

- **Elevate LMD within MoHP's structure** and give it full authority to oversee procurement in the health sector,
- **Create position for professional procurement experts** with clear ToR for the restructured LMD, and
- **Clearly define the scope of work of LMD.**

# OBJECTIVES AND IMPACT

**The goal of the LMD restructuring is  
To improve efficiency and effectiveness in the health  
sector procurement, distribution and management of  
drugs, equipment and services to ensure value for  
money'**

# OUTCOMES

are to:

1. **Strengthen** health sector procurement institutionally.
2. **Improve supply-chain** management to put in place an effective partnership mechanism.
3. **Institutionalise the internal control** system to reduce fiduciary risks in procurement.

# Outputs and Activities

Outputs	Activities
<b>Health sector procurement Processes/Procedure strengthened (drugs, equipment and health commodities).</b>	<ol style="list-style-type: none"><li data-bbox="994 372 2596 614">1. Develop and approve standard specification and a timely update. ( Adopt the standards already available- e.g. Indian).</li><li data-bbox="994 614 2596 685">2. Procurement plan and its strict implementation.</li><li data-bbox="994 685 2596 842">3. Central bidding and payment – local ordering and delivery (in pilot).</li><li data-bbox="994 842 2596 999">4. Agree on specifications for 70 drugs under EDL plus vaccines and family planning commodities.</li><li data-bbox="994 999 2596 1156">5. E-submission and use e-procurement for all procurement in health sector (including human resource).</li><li data-bbox="994 1156 2596 1313">6. Define list and volume drugs &amp; equipment to be procured at different levels.</li><li data-bbox="994 1313 2596 1428">7. Procurement Progress and its tender tracking mechanism.</li></ol>

# Outputs and Activities

<b>Outputs</b>	<b>Activities</b>
<b>Capacity (Org/HR/IT/ Finance) enhanced</b>	<b>9. Make arrangement of revolving funds for health sector procurement 10. Website- publication of procurement decision. 11. Procurement of professional dedicated staff outsourced. 12. Capacity enhancement and training. 13. Establishment of Central Procurement Institution for all health sector procurement 14. Organization and Management Service</b>

# Outputs and Activities

<b>Outputs</b>	<b>Activities</b>
<b>Supply Chain (Infra/ Systems) made effectively functional.</b>	<b>15. Expansion of current regional stores. 16. Arrangement for post shipment Quality Assurance.(separate entity) 17.Real time/Live operation of LMIS at district level- monthly LMIS (IT).</b>

# STATUS OF PROCUREMENT 2014/2015



# PROCUREMENT STATUS 2014/2015

<p>NHSP-II/DOHS/G/DC-65/ <b>MR Vaccine, 10-dose</b> vial with diluents (300,000 vial)</p>	<p>Contract with Unicef for 70,000 vials procurement. Remaining quantity will be procured after revised CAPP approved.</p>
<p>NHSP-II/DOHS/G/LIB- <b>BCG Vaccine, 20-dose</b> vial with diluents (298,500 vial)</p>	<p>100,000 vials procured from unicef. Remaining quantity will be procured after procurement revised CAPP approved.</p>
<p>Procurement of <b>MR and BCG</b> Remaining quantity</p>	<p><b>MR and BCG in process</b></p>

# PROCUREMENT STATUS 2014/2015

Procurement of RUTF, fortified flour and <b>Micronutrient Powder</b>	Bid document will be finalized. Micronutrient powder deleted
70/Procurement of Drugs	e-bidding is in process for bid invitation.
<b>Inj. DMPA - 2,000,000 Vials</b>	Product is <b>WHO PQ, Only one manufacturer- Pfizer Belgium</b>
Procurement of Hospital Equipments	e-bidding is in process for bid invitation.
Procurement of Hospital Furniture and Instrument	Bid document will be finalized.

# PROCUREMENT STATUS 2014/2015

<b>Procurement of vehicle and Ambulance</b>	<b>Bid Opened on 27th Jan 2015.</b>
Procurement of Reconstitution Syringe, 5 ml (526,000 pcs)	To be done
MVA Canula with Adopter (No.14 & 16) -120	To be done
Procurement of <b>Insecticides</b> for Malaria and Kalazar (2,100 kg)	<b>LOI issued.</b>
Supportive devices for Leprosy	To be done

# PROCUREMENT STATUS 2014/2015

Procurement of Polyvalent <b>Anti Snake Venom Serum</b> ( 30,000 Vials)	Bid document will be sent to concerned
Procurement of <b>Cold Chain Equipments</b>	Specification and cost estimation finalized from CHD.
Procurement of printing materials	<b>Delay in decision Making???</b> To be done
Test Kit for Dengue and Chickengunia	Bid document, cost estimation and specification are ready
<b>Implants -29,000 Set</b>	<b>WHO-PQ, Only one manufacturer- Bayer OY Finland</b> Request sent to Bayer OY, Manufacturer for price quotation on 17 Dec 2014

# PROCUREMENT STATUS 2014/2015

Vitamin A	LOI issued
Hiring of Inspection for Pre-Shipment Inspection and Lab Testing	Contract done
Hiring of Inspection for Post-Shipment Inspection and Lab Testing	TOR for post shipment sampling and laboratory testing is being finalized
Health Service Logo designing	
<b>Design/construction of storage facilities at the Central store Teku and Pathalaiya store Bara.</b>	To be done, Master Plan and Design incomplete

# PROCUREMENT STATUS 2014/2015

**Construction of Water Tank in DoHS Complex - capacity- 1 lac litre Capacity**

**To be started**

**Museum building construction at Khokana Arogya Ashram.**

**To be started . Issue on Land ownership**

**THANK YOU**

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