Presentation on Pharmaceutical Procurement through Tendering
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Presentation Outline

• Legal Framework of Public Procurement in Ghana.
• Weaknesses in the Procurement of Essential Medicine.
• Pharmaceutical Procurement through Framework Contracting.
• Evaluation of Bids and Award of Contracts.
• Implementation success of Framework Contracting.
• Challenges.
• Way forward.
Legal framework of Public Procurement in Ghana

In Ghana Public Procurement govern by:
• Public Procurement Act, 2003 (Act 663) as amended
• Public Procurement Regulations and Guidelines
• Public Procurement Manual
• Standard Tender Documents
Weaknesses in the Procurement of Essential Medicine before reforms

- There were fragmented procurement of Essential Medicines at all levels.
- High Inventory and warehouse cost.
- There were lack of stakeholders consultation among the National, Regional, District, Teaching Hospitals.
- There were different Unit Prices for the same medicines.
- There were different brands of the same medicines in the system.
- The standard of product quality was not the best due to multiplicity of procurement.
Weaknesses in the Procurement of Essential Medicine before reforms Con’t

- No standard contract for engaging different suppliers at all levels.
- High Cost of managing various suppliers.
- High rate at various health facilities.
- No centralized management and coordination role by the Ministry because public procurement is decentralised in Ghana.
Introduction of Reforms for Pharmaceutical Procurement

- The amended Public Procurement law in May 2016 made provision for framework contracting.

- As part of health sector policy reforms, the Ministry of Health instituted framework contracting for Procurement of Essential Medicine in 2016.

- The Ministry of Health then organized series of Stakeholders consultation and appointed a Technical working Group (TWG).

- The TWG in collaboration with other stakeholders develop the following:
  1. The Essential Medicine List for the Tender
  2. Standard Tender Document and Evaluation Criterial
  3. Technical Evaluation Standard
  4. MOU and Contract Documents
Pharmaceutical Tendering through Framework Contracting

Through National Competitive Tendering.

Is limited to Pharmaceutical Companies registered to transact business in Ghana.

The origin of the Products can either be domestic or International.

The entire procurement process is managed at the central level by the Procurement & Supply Chain Directorate of the Ministry of Health.
Tendering Process Con’t

• The Tendering Process is Transparent and very Competitive.

• The Invitation for Tender (IFT) is published in National dailies with wide national circulation.

► The Ministry of Health organise Pre-Bid Conference for Bidders.

► Bids are received and opened in the represent of Bidders.
Evaluation of Bids

The Head of Entity empanel Independent Evaluation Panel to evaluate Bids received and make recommendations for award of contracts.

Best Evaluated Bidders are recommended for supply of the Medicines.
Evaluation of Bids and Selection of Suppliers

- At Maximum, four (4) suppliers for each Medicine.
- Both Least and Median Prices are used.
- There are sharing quantity ratios for the selected suppliers based on their prices.
- There is the normal scenario and exceptions for selecting suppliers.
- Bid Evaluation Report is submitted for approval
Selection of Suppliers (Normal Scenario)

• Under the normal scenario, maximum of four suppliers are selected for each product.

• The median price of the 2\textsuperscript{nd} and 3\textsuperscript{rd} is used

• The 1\textsuperscript{st} and 2\textsuperscript{nd} suppliers supply the products at their own prices whiles the prices for 3\textsuperscript{rd} and 4\textsuperscript{th} suppliers are negotiated to supply at the median price

• Example of prices in Ghana Cedis for Paracetamol Tablet; 2,4,5,6. Median Price =(4+5)/2=4.5
Sharing of Quantities to Suppliers

- The 1\textsuperscript{st} Least Cost gets 40\% of the total quantity.

- The 2\textsuperscript{nd} Least Cost gets 30\% of the total quantity.

- The 3\textsuperscript{rd} and the 4\textsuperscript{th} Least Cost gets 15\% each of the total quantity.
Award of Contract

- The Ministry of Health sign a Memorandum of Understanding (MOU) with the Regional Health Directorate and the Teaching Hospitals.
- The Regional Health Administration and Teaching Hospitals sign contracts with selected prices on framework contract basis.
- Prices remains fixed during the implementation period unless there are reasonable justifications for price negotiations.
- Contracts are awarded on Lot by Lot basis.
Implementation success of Framework Contract

- The Ministry of Health enjoys economy of scale through consolidated procurement.
- Framework Contracts ensures Products availability.
- Reduction in inventory and warehouse cost.
- Reduction in product expires.
- It ensures that Quality Essential Medicines are procured.
- Reduces delivery lead time.
- Reduces high cost of Medicines through high competitive Procurement Process.
- The NHIA can budget on how much to spend on Essential Medicines.
- Mitigation of Risk for product non-availability.
Challenges

• No single price for each medicine.
• Suppliers sometimes quote unrealistic prices.
• Signing of multiple contracts.
• Delays in Payment by some Regions affects Vendor Performance.
Way Forward

• Extend the implementation period from one to two years.
• Improve on the payment lead time.
• The implementation of domestic preference for locally manufactured medicines to support the local pharmaceutical industry.
• Continues stakeholders engagement.
• Increase the medicine lists under the framework contracting.
Thank you!