



# Logistic Management Division

# Procurement and Supply Chain

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**Department of Health Services**

# Presentation Outline

- Introduction
- Organizational Structure
- Update on Procurement Reform
- Status of Procurement and Stock Status
- Status of Procurement and Supply Chain Related DLI
- Issues and Challenges
- Way Forward
- Status Of Procurement of Fiscal year 2073/74
- Issues Related with Amended Act
- Expected outcome

# Introduction

LMD's responsibility is the timely procurement and supply of

- Essential drugs and Medical consumables
- Family Planning Commodities
- Hospital and Biomedical Equipments
- Vaccine and Cold Chain Equipments
- Other Commodities, as per Requirement of Respective Division

# Current Organizational Structure LMD (As per 070-4-28 )



## Director

- Nasu-1
- Office Helper -3

### Procurement Unit

- Under Secretary (Admin)-1
- Section Officer -1
- Computer Officer -1
- HA -3

### Planning and LMIS Section

- Senior Public Health Officer -1
- HA -1

### Store and Distribution

- Senior Public Health Officer -1
- HA -1

### Vaccine Store and Distribution Section

- Pharmacy Officer 1
- Mechanical Engineer -1
- Electrical Eng -1
- EPI supervisor 1
- Cold Chain Assistant -2
- Heavy Driver -2

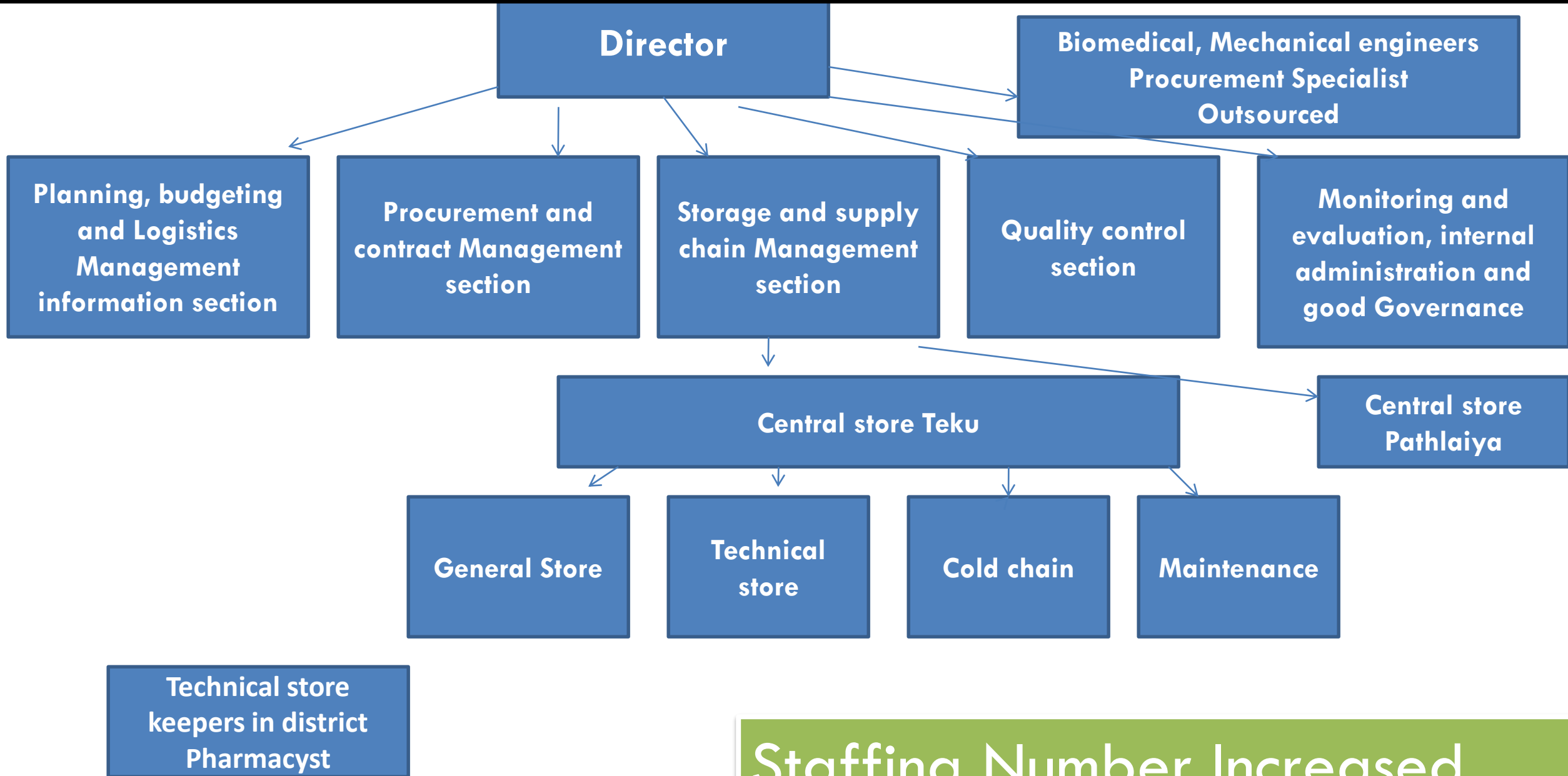
### General Store and Maintenance

- Section Officer -1
- Na.su . Keeper -1
- Store keeper -1

### Central Store Pathalaiya

- Senior Public Health Officer -1
- HA -1
- Office Helpe -2

# Proposed New



Staffing Number Increased

# Procurement Reform Update

# Outputs and Activities

<b>Outputs</b>	<b>Progress</b>	<b>Requirement</b>
<b>Concept Note for Restructuring of LMD along with Procurement Reform Action Plan</b>	Approved by MoHP	

# Outputs and Activities, Progress and Need

Outputs-1	Activities	Progress	Need
<p><b>Health sector procurement Processes/Procedure strengthened (drugs, equipment and health commodities).</b></p>	<ul style="list-style-type: none"> <li>➤ <b>1. Develop and approve Standard Specification and Timely Update. (Adopt standard specification already available.</b></li> <li>➤ <b>2. Procurement Plan and Strict implementation.</b></li> <li>➤ <b>3. Central Bidding and Payment.</b></li> <li>➤ <b>4 Agree on Specification for 70 plus drugs under EDL, Vaccine and Family Planning Commodities and approve</b></li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>QA done by (Crown Agent)</b></li> <li>➤ <b>Implementation</b></li> <li>➤ <b>SBD forwarded to PPMO and two round of Meeting completed.</b></li> <li>➤ <b>Developed and endorsed by MOH</b></li> </ul>	<p>Suggested to discuss with User. <b>In the Process of Revision as per Requirement</b></p>



# Outputs and Activities, Progress and Need

Outputs-1	Activities	Progress	Requirement
<p><b>Health sector procurement Processes/Procedure strengthened (drugs, equipment and health commodities).</b></p>	<p><b>5.E submission and e-Procurement for all Procurement Process (including HR)</b></p> <p><b>6.Define Volume of Drugs and Equipment Procured at different Level.</b></p> <p><b>7.Procurement Process and Tender Tracking Mechanism.</b></p> <p><b>8.Over all Monitoring System</b></p>	<p><b>Executed of line.</b></p> <p><b>Online Training Planned</b></p> <p><b>In Process</b></p> <p><b>In Process</b></p> <p><b>MoH planed to establish a Procurement Improvement and Coordination Section.</b></p>	<p><b>PHC-RD and Curative division</b></p>

Title	<input type="text"/>	IFB No.	<input type="text"/>
Procurement Category	Goods ▼	Procurement Method	- Select One - ▼
Public Entity	Department of Health Ser ▼	Last Date of Bid Submission	<input type="text"/>

**Search**

**Search Opportunities Results**

Sl. No.	IFB No.	Bid Title	Procurement Category	Notice Published Date	Last Date of Bid Submission	Bid Opening Date	No of Days Left
1	NHSP-II/DOHS/G/ICB-74	Procurement of Hospital Furniture and Instruments	Goods	15-05-2015 10:00	29-06-2015 12:00	29-06-2015 13:00	41 days
2	NHSP-II/DOHS/G/NCB-99	Supply and Delivery of Commodities for National Micronutrient Status Survey	Goods	08-05-2015 10:00	08-06-2015 12:00	08-06-2015 13:00	20 days
3	NHSP-II/DOHS/G/ICB-72	Procurement of Hospital Equipments	Goods	23-04-2015 12:00	08-06-2015 12:00	08-06-2015 13:00	20 days
4	NHSP-II/DOHS/G/ICB-69	Procurement of RUTF and Fortified Flour	Goods	21-04-2015 12:00	05-06-2015 12:00	05-06-2015 13:00	17 days
5	NHSP-II/DOHS/G/NCB-67	Procurement of Urinary Reagent Strips	Goods	19-04-2015 12:00	19-05-2015 12:00	19-05-2015 13:00	Expired
6	NHSP-II/DOHS/G/ICB-81/Procurement of Cold Chain Eq	Procurement of Cold Chain Equipments	Goods	17-04-2015 12:00	01-06-2015 12:00	01-06-2015 13:00	13 days
7	NHSP-II/DOHS/G/ICB-81	Procurement of Cold Chain Equipments	Goods	17-04-2015 12:00	01-06-2015 12:00	01-06-2015 13:00	13 days
8	NHSP-II/DOHS/G/NCB-76	Procurement of Reconstitution Syringe	Goods	15-04-2015 12:00	15-05-2015 12:00	15-05-2015 13:00	Expired
9	NHSP-II/DOHS/G/NCB-83	Procurement of Printing Material	Goods	13-04-2015 20:00	13-05-2015 12:00	13-05-2015 13:00	Expired
10	NHSP-II/DOHS/G/ICB-70/2014-15	NHSP-II	Goods	06-03-2015 10:00	20-05-2015 12:00	20-05-2015 13:00	1 day

# Outputs and Activities, Progress and Need

Outputs-2	Activities	Progress	Need
<b>Capacity (Org/HR/IT/Finance) enhanced</b>	<p>9. Make arrangement of revolving funds for health sector procurement.</p> <p>10. Web Publication of Procurement Decision.</p> <p>11. Procurement of professional dedicated staff outsourced.</p> <p>12. Capacity enhancement and training.</p> <p>13. Establishment of Central Procurement institution. (Organization and Management</p>	<p>No Progress yet done. Financial Rule and Regulation does not allow.</p> <p>In Process.</p> <p>On TA support</p> <p>For all Staffs Planned</p> <p>Done</p>	

# Outputs and Activities, Progress and Need

Outputs-3	Activities	Progress	Requirement
<b>Supply Chain (Infra/ Systems) made effectively functional.</b>	14. Expansion of current regional stores.	No progress	Needs to be aligned with Framework contract (CBLO) Need assessment TA ?
	15. Arrangement for post shipment Quality Assurance.(separate entity)	SOP Developed	O&M survey will identify such section with staff. TA for SOP for quality assurance procedure and standard for Drug,equip,vaccine,FP commodity and Disposal
	<b>16.Real time/Live operation of LMIS at district level- monthly (No Paper Based System at district level)</b>	Online Inventory management 80% Reporting	Technical Store keepers O& M survey has to considered TA for and JD

# LMD Capacity Enhancement:

- **Three procurement professionals from LMD participated in the Global Procurement Summit 21-22 April, 2016 held in New Delhi**
- **3 day training workshop on procurement cycles was designed and organized in Kathmandu on Nov. 20-22, 2016 for LMD procurement professionals and others. International trainers and procurement experts were involved to conduct training**
- **Procurement Training for EDR, CDR, FWDR completed.**
- **E bidding Training for LMD completed and Planned for Region and District**

# Disbursement-linked Indicators and Progress update

# Disbursement-linked Indicators, Disbursement Arrangements, and Verification Protocols

Disbursement-Linked Indicators	Baseline	Year 1 (March 14, 2016 – July 15, 2017)	Year 2 (July 16, 2017 – July 15, 2018)	Year 3 (July 16, 2018 – July 15, 2019)	Year 4 (July 16, 2019 – July 15, 2020)	Year 5 (July 16, 2020 – until Closing Date)
<b>DLI 1:</b> <b>Percentage of contracts managed by LMD through PPMO's online portal</b>	No contract is through online e-procurement developed by PPMO	<b>DLI Target 1.1</b> Training on the use of PPMO's online e-procurement completed for at least 20 MoH staff (US\$1,000,000) <b>DLI Target 1.2</b> Standard Bidding documents for drugs and equipment developed for online e-procurement (US\$1,000,000)	<b>DLI Target 1.3</b> At least 60% of value of total contracts managed by LMD done through online e-procurement in year 2	<b>DLI Target 1.4</b> At least 70% of value of total contracts managed by LMD done through online e-procurement in year 3 <i>(Disbursement rule: achievement of a minimum of 60% in Year 3)</i>	<b>DLI Target 1.5</b> At least 80% of value of total contracts managed by LMD done through online e-procurement in year 4 <i>(Disbursement rule: achievement of a minimum of 70% in Year 4)</i>	<b>DLI Target 1.6</b> At least 90% of value of total contracts managed by LMD done through online e-procurement in year 5 <i>(Disbursement rule: achievement of a minimum of 80% in Year 5)</i>
<b>DLI Value</b>		<b>US\$2,000,000</b>	<b>US\$3,000,000</b>	<b>US\$4,000,000</b>	<b>US\$3,000,000</b>	<b>US\$3,000,000</b>
<b>DLI 1 Total Allocation</b>		<b>US\$15,000,000</b>				

# Disbursement-linked Indicators, Disbursement Arrangements, and Verification Protocols

Disbursement-Linked Indicators	Baseline	Year 1 (March 14, 2016 – July 15, 2017)	Year 2 (July 16, 2017 – July 15, 2018)	Year 3 (July 16, 2018 – July 15, 2019)	Year 4 (July 16, 2019 – July 15, 2020)	Year 5 (July 16, 2020 – until Closing Date)
<b>DLI 2: Percentage of grievances addressed through a web based Grievance Redressal Mechanism.</b>	Web-based Grievance Redressal Mechanism not established	<b>DLI Target 2.1 Guidelines for Grievance Redressal Mechanism endorsed by MoH</b>	<b>DLI Target 2.2</b> Web- based Grievance Redressal Mechanism established and functioning <b>US\$1,000,000)</b> <b>DLI Target 2.3</b> Training completed for various levels of staff responsible for grievance handling (US\$1,000,000)	<b>DLI Target 2.4</b> Annual Report on grievances received and addressed	<b>DLI Target 2.5</b> Annual Report on grievances received and addressed	<b>DLI Target 2.6</b> Annual Report on grievances received and addressed
<b>DLI Value</b>		<b>US\$1,000,000</b>	<b>US\$2,000,000</b>	<b>US\$1,000,000</b>	<b>US\$1,000,000</b>	<b>US\$1,000,000</b>
<b>DLI 2 Total Allocation</b>		<b>US\$6,000,000</b>				



# Disbursement-linked Indicators, Disbursement Arrangements, and Verification Protocols

Disbursement-Linked Indicators	Baseline	Year 1 (March 14, 2016 – July 15, 2017)	Year 2 (July 16, 2017 – July 15, 2018)	Year 3 (July 16, 2018 – July 15, 2019)	Year 4 (July 16, 2019 – July 15, 2020)	Year 5 (July 16, 2020 – until Closing Date)
<b>DLI 3:</b> <b>Percentage of procurements done by LMD using standard specifications</b>	Procurement not based on standard specifications	<b>DLI Target 3.1</b> MoH endorses standard specifications for basic package of free drugs to be procured by LMD (US\$4,000,000)	<b>DLI Target 3.2</b> For year 2 procurement - 100% of procurement of basic package of free drugs based on the use of standard specifications (US\$2,000,000) <i>(Disbursement rule:</i> achievement of a minimum of 70%) <b>DLI Target 3.3</b> MoH endorses standard specifications for essential equipment to be procured by LMD (US\$1,000,000)	<b>DLI Target 3.4</b> For year 3 procurement - Maintain at 100%, as described under Target 2.2 (US\$1,500,000) <i>(Disbursement rule:</i> achievement of a minimum of 80%) <b>DLI Target 3.5</b> For year 3 procurement - 100% of procurement of essential equipment based on the use of standard specifications (US\$1,500,000) <i>(Disbursement rule:</i> achievement of a minimum of 70%)	<b>DLI Target 3.6</b> For year 4 procurement - Maintain at 100%, as described under Target 2.2 (US\$1,000,000) <i>(Disbursement rule:</i> achievement of a minimum of 90%) <b>DLI Target 3.7</b> For year 4 procurement – Maintain at 100%, as described under Target 3.5 (US1,000,000) <i>(Disbursement rule:</i> achievement of a minimum of 80%)	<b>DLI Target 3.8</b> For year 5 procurement - Maintain at 100%, as described under Target 2.2 (US\$1,000,000) <i>(Disbursement rule:</i> achievement of a minimum of 90%) <b>DLI Target 3.9</b> For year 5 procurement - Maintain at 100%, as described under Target 3.5 (US1,000,000) <i>(Disbursement rule:</i> achievement of a minimum of 90%)
		<b>DLI Value</b>	US\$4,000,000	US\$3,000,000	US\$3,000,000	US\$2,000,000
<b>DLI 3 Total Allocation</b>		US\$14,000,000				

# Disbursement-linked Indicators, Disbursement Arrangements, and Verification Protocols

Disbursement-Linked Indicators	Baseline	Year 1 (March 14, 2016 – July 15, 2017)	Year 2 (July 16, 2017 – July 15, 2018)	Year 3 (July 16, 2018 – July 15, 2019)	Year 4 (July 16, 2019 – July 15, 2020)	Year 5 (July 16, 2020 – until Closing Date)
<b>DLI 4:</b> <b>Percentage of district stores reporting based on LMIS</b>	LMIS not in place		<b>DLI Target 4.1</b> LMIS installed in all warehouses of the center and district stores of two regions	<b>DLI Target 4.2</b> Training on, and installation and operation of, LMIS completed for all central warehouses and district stores of at least two regions; and baseline data generated for stock-outs of tracer drugs	<b>DLI Target 4.3</b> LMIS reports for program year 4 received from central and all district stores. <i>(Disbursement rule:</i> US\$2,500,000 for LMIS reports received from central warehouses and all district stores of at least two regions, and additional US\$500,000 provided for each additional region)	<b>DLI Target 4.4</b> LMIS reports for program year 5 received from central and all district stores. <i>(Disbursement rule:</i> US\$2,500,000 for LMIS reports received from central warehouses and all district stores of at least two regions, and additional US\$500,000 provided for each additional region)
<b>DLI Value</b>			<b>US\$3,000,000</b>	<b>US\$3,000,000</b>	<b>US\$4,000,000</b>	<b>US\$6,000,000</b>

# Disbursement-linked Indicators, Disbursement Arrangements, and Verification Protocols

Disbursement-Linked Indicators	Baseline	Year 1 (March 14, 2016 – July 15, 2017)	Year 2 (July 16, 2017 – July 15, 2018)	Year 3 (July 16, 2018 – July 15, 2019)	Year 4 (July 16, 2019 – July 15, 2020)	Year 5 (July 16, 2020 – until Closing Date)
<b>DLI 5:</b> <b>Percentage reduction of stock outs of tracer drugs</b>	Percentage as evidenced by LMIS data in year 3 for at least two regions		<b>DLI Target 5.1.</b> 15% reduction in stock-outs of tracer drugs over the baseline established in year 3 through the LMIS for at least two regions.	<b>DLI Target 5.2</b> 25% reduction in stock-outs of tracer drugs over the baseline established in year 3 through the LMIS for at least two regions. <b>(Disbursement rule:</b> 100% for achievement of 25% reduction; 80% for achievement of at least 20% reduction; 67% for achievement of at least 15%).		
<b>DLI Value</b>			<b>US\$4,000,000</b>	<b>US\$6,000,000</b>		
<b>DLI 5 Total Allocation</b>		<b>US\$10,000,000</b>				

# Disbursement-linked Indicators, Disbursement Arrangements, and Verification Protocols

Disbursement-Linked Indicators	Baseline	Year 1 (March 14, 2016 – July 15, 2017)	Year 2 (July 16, 2017 – July 15, 2018)	Year 3 (July 16, 2018 – July 15, 2019)	Year 4 (July 16, 2019 – July 15, 2020)	Year 5 (July 16, 2020 – until Closing Date)
<b>DLI 6: Percentage improvement in EVM score over 2014 baseline</b>	Average EVM score of 64%, with two attributes achieving 80%		<b>DLI Target 6.1</b> Average EVM score of 70% (based on 2016 survey) (US\$1,000,000) <b>DLI Target 6.2</b> Any 3 attributes in EVM score achieve 80% (US\$1,000,000)		<b>DLI Target 6.3</b> Average EVM score of 80% (based on 2018 survey) (US\$1,000,000) <b>DLI Target 6.4</b> Any 6 attributes in EVM score achieve 80% (US\$1,000,000)	
<b>DLI Value</b>		<b>US\$2,000,000</b>		<b>US\$2,000,000</b>		
<b>DLI 6 Total Allocation</b>	<b>US\$4,000,000</b>					

# Issues/Challenges

- Factory closure and GMP suspension of Manufacturer (signed Contract for 18 items)
- Problem in Specification Developed
- Mandatory Hospital Pharmacy/Social Health Insurance and Procurement Process
- Frequent Stock out/Overstock of some Medicine and Problem of Expiry.
- Long Lead Time of Procurement and Supply at Central Level
- Drug Quality Control: Role of DDA in WHO GMP Certification/Registration and Licensing
- Performance Security??
- Annual Technical Specification to be Preparation by Respective division causing delay in procurement process.
- Online IMS: Reporting is only 80%

# Issues/Challenges

- Inadequate trained HR to perform independently (not received any Procurement training), No exposure in procurement of public health program
- Lengthily process in decision making within DoHS which can delay procurement. (3 Days Decision process not in Place.)
- No SOP for procurement and No clear Job description.
- Process for cost estimation is not in Realistic
- Preparation of CAPP is not as per schedule.
- Inadequate technical experts for Technical evaluations with in Organization and Contract Management Personnel
- Online contract monitoring system is not placed which supports to identify status of payment amount, date, advance \_Payment and linkage with \_Procurement Status

# Issues/Challenges

- Inconsistency in the interpretation of procurement laws and its application.
- Different staff members have different understanding regarding procurement issues and procedures.
- Delays in the endorsement of annual procurement plans and its implementation.
- Real time data of stock not readily available. Quantification of essential drugs not realistic. The stock balance of essential drugs frequently falling below the minimum stock level.
- Insufficient procurement professionals in LMD.

# Opportunities

## ➤ Strong Political Commitment

- Of line E submission introduced and Plan for online e-procurement
- Growing number of domestic Pharmaceutical Industries needs to be Regulated for quality assured Products.
- Proper linkage of Procurement and contract execution with the warehouse and entire supply chain system by developing and installing online software for Procurement contract monitoring
- Amendment in PPR has made Procurement process faster at Regional and District



# Opportunities

- Some progress has been done in Reform Issues and some needs to be done
- Develop Master plan for Warehouse by assessment
- Proposed District store personnel from Pharmaceutical background for proper supply chain management
- Integration of all cold chain items into one door cold chain management system.
- Management of Bio-medical, mechanical and electrical engineer under the section.
- Close Monitoring can be done through Online IMS for Redistribution and to avoid Expiry

# Status of Procurement 73/74

Sn	IBF No	Bid Title	Status	
1	ICB-140	DEC Tab	Contract Signed	EDCD
2	NCB-135	Printing of Traing and IEC Material for MDA	Contract Signed	EDCD
3	ICB-128	Procurement of Insecticide	Contract Signed	EDCD
4	ICB-129	Procurement of Drugs	LOI issued for 13 and file moved for 17 item LOI Contract Signed for 3 items	PHC-RD
5	ICB-133	Procurement of Equipment	Contract Signed	LMD
6	ICB-130	Procurement of Vehicle/Ambulance	LOI issued	LMD
7	NCB-142	Procurement of Motorcycle	Contract Signed	LMD
8	ICB-141	ICB-141 Procurement of Car for CHD	Contract Signed	CHD
9	ICB-144	Procurement of Drug for CHD	File moved for LOI	CHD
10	NCB-135	Procurement of HMIS/LMIS	LOA issued	MD/LMD

# Status of Procurement 73/74

Sn	IBF No	Bid Title	Status	
11	NCB-132	Procurement of office Equipment	Under Evaluation	LMD
12	ICB-139	Procurement of Nutritional Commodities	14 Days Remaining for Bid Opening	CHD
13	ICB-146	PROCUREMENT OD Drugs and Test Kit for EDCCD	8 days Remaining for Bid Opening	EDCCD
14	ICB-130	Procurement of Refrigerator VAN	32 Days remaining for Bid Opening	CHD
15	NCB-147	Procurement of Syringes	16 days Remaining for Bid Opening	CHD
16	NCB—134	Procurement of Urinary regent and Dental set	18 days remaining for Bid Opening	MD
17	ICB-140	Procurement of ARV and ASVS	36 days Remaining	EDCCD
18	Direct Procurement	Procurement of MR/Implant/DMPA	File Moved for Direct Procurement	CHD/FHD
19	ICB/Catalogue	Procurement of Cold Chain Equipment	Bid Document Prepared	CHD
20	ICB-136	Procurement of Condom/IUCD/Meso/Oxytocin	Bid Published 44 Days remaining	FHD

# New Provision of Performance Security

<b>Slice no.</b>	<b>Bid Value</b>	<b>Less Percentage</b>	<b>5% Security</b>	<b>Performance Security to be needed for the bid amount</b>
ICB 129.1	45900000	<b>13.4</b>	<b>2295000</b>	<b>2295000</b>
<b>ICB 129.2</b>	<b>2722550</b>	<b>71.6</b>	<b>136127</b>	<b>2854853</b>
ICB 129.3	889000	59.6	44450	534100
ICB 129.13	<b>2700000</b>	88.2	135000	<b>8517500</b>
ICB 129.30	3363150	64.6	168157	2524083

## Way forward

- Technical Specification to be Prepared by Respective division and Endorsed by MoH and displayed in Web site for annual Procurement.
  - Annual Forecasting/quantification considering lead time of next Procurement based on consumption.
  - Pipeline Monitoring of all commodities.
  - Timely Initiation of Procurement
-

## Way forward

- Use of Standard specification for Procurement
- Online Inventory Management Training
- Training on PPA and PPR and On line e bidding at all level
- Activities on EVM Improvement Plan
- Develop and Approval of Standard Bidding Document for E bidding and Framework Contract.
- Transportation and (Redistribution Budget Ear Marked)

## Way forward

- De-junking and auctioning
- Development of SOP for Procurement and Develop JD
- Develop SOP for Post shipment Quality inspection
- Finalization of Standard specification of Equipments
- Review add Revise Contract Management Software and link it with Online and add Procurement activities (online)
- Strengthen Monitoring and Evaluation
- EVM Improvement Plan activity

# Way forward

- **Hospital Waste Management Technology to be installed in Hospitals**
- **Procurement and Installation of small scale O2 production and filling device Technology in remote district.**
- **Increasing and Pending Electricity Bills can be minimized by Installation of Solar Panel in District Hospitals.**
  - **Develop SOP for Disposal drugs**
  - **Warehouse capacity assessment**
  - **Develop Master Plan/Design of Central ware house**
  - **Specialized Care facility ambulance services in different Regional and Zonal Hospital**



# Expected Outcome

- Year Round Availability of Drugs including all other Commodities.
- Reduced Stock out situation as per Indicated in DLI
- Availability of Equipment at all level as per defined standard in...% of Hospitals/PHC/HP
- Availability of Transportation Means for monitoring and Transportation
- Hospital Waste Management system in place in...% of Hospitals.
- Solar Panel will be installed in ...% of Hospitals to reduce increased electricity Bill pending

# Expected Outcome

- Online e Procurement initiated as per DLI
- Procurement decision and online Tender tracking and Contract Management will be in Place
- Online Inventory monitoring will be in place for all level
- Procurement and Installation of small scale O2 production and filling device Technology in remote district.
- Enhanced Capacity of HR in PPA/PPR and online e submission
- Well equipped Ambulance services at different location

**THANK YOU**

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