

# Procurement and supply Chain Reform NHSP-II

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**Director, Logistic Management Division**

# Outline

- **Issues and challenges.**
  - **Joint attempt.**
  - **Initiatives to address**
  - **Procurement Reform and action Plan and Progress**
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# Issues and Challenges

- **No progress in procurement and Supply Chain management and reform agenda ???**
- **Stock out Situation of Drugs and commodities and Remedy to resolve ???**
- **Managing Procurement and supply in post earth quick and embargo?**

# Issues and Challenges

- **Inadequate skilled and trained technical human resources for procurement and quality assurance.**
- **Supply Chain ( Warehouse capacity and PUSH/PULL mechanism, real time LMIS) to address the issue of over stock.**
- **Price Variation/lot many issues?**
- **Governance and transparency through e-governance (procurement /bidding/E submission )**

# Joint Attempt

- **MOH and Partners realized on Procurement reform and committed on agenda.**
  - **Procurement Reform Strategy and Roadmap agreed.**
  - **Series of meeting and workshop organized.**
  - **Key stakeholders from the Partners Participated.**
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# Recommendations

- **Elevate LMD within MoH 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.**
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# Update: Procurement Reform

# Outputs and Activities

Outputs	Progress	Requirement
Concept Note for Restructuring of LMD along with Procurement Reform Action Plan	<b>Approved by MoHP on 23 April 2015</b>	



# Outputs and Activities, Progress and Need

Outputs	Activities	Progress
<p><b>Health sector procurement Processes/Procedure strengthened (drugs, equipment and health commodities)</b></p> <p>.</p>	<p>➤ <b>Develop and approve standard specification Drug 70+ for Drugs available</b></p>	<p><b>Specification Prepared with consultation and endorsed by MOH and uploaded in LMD website</b></p> <p><b>Some issues yet to be resolved</b></p>

# Outputs and Activities, Progress and Need

Outputs	Activities	Progress
<p><b>Health sector procurement Processes/Procedure strengthened (drugs, equipment and health commodities).</b></p>	<p>➤ <b>Develop and approve standard specification of all Equipments.</b></p>	<p><b>Specifications for 1060 already prepared</b></p> <p><b>QA completed (Crown Agent)</b></p> <p><b>Need to Revisit and initiated process with user to make competitive</b></p>

# Outputs and Activities, Progress and Need

Outputs	SN	Activities	Progress
<p><b>Health sector procurement Processes/Procedure strengthened (drugs, equipment and health commodities).</b></p>	<p>1.</p>	<p><b>Approve standard specification Endorse to and Adopt the standards already available WHO PQ products like Vaccine,FP commodities and Cold chain equipments.</b></p>	<p><b>Adopted PQ for Vaccine</b></p> <p><b>Cold chain Equipment Specification prepared and endorsed by MOH</b></p> <p><b>FP commodities except DMPA is PQ and DMPA is WHO GMP as per decision made from MOH</b></p>

# Outputs and Activities, Progress and Need

Outputs	Activities	Progress
<p><b>Health sector procurement Processes/Procedure strengthened (drugs, equipment and health commodities).</b></p>	<p><b>Piloting Central bidding and payment – local ordering and delivery (in one Region).</b></p>	<p><b>Draft Bid Document prepared and discussed in meeting and comments incorporated yet to be finalized which will be put in wider discussion</b></p>

# Outputs and Activities, Progress and Need

Outputs	Activities	Progress
<p>Health sector procurement Processes/Procedure strengthened (drugs, equipment and health commodities).</p>	<p><b>Define list and volume drugs &amp; equipment to be procured at different levels.</b></p>	<p><b>PHCRD and LMD are working in close coordination with LMD and outlined items.</b></p>
	<p><b>Overall monitoring system</b></p>	<p><b>MoHP planed to establish a Procurement Improvement and Coordination Section to oversee policy level matters related to procurement in health sector.</b></p>

# Outputs and Activities, Progress and Need

Outputs	Activities	Progress
<b>Health sector procurement Processes/Procedure strengthened (drugs, equipment and health commodities).</b>	<b>Implementing the Plan as per the E-tendering/submission</b>	<b>Executed</b>

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	Activities	Progress
<b>Capacity (Org/HR/IT/Finance) enhanced</b>	<b>Make arrangement of revolving funds for health sector procurement</b>	<b>Not yet Managed and Not Possible by Financial Rules and Regulation</b>
	<b>11.Procurement of professional dedicated staff outsourced.</b>	<b>O&amp;M Survey completed and Structure defined but No additional staff can be added on and has to be adjusted with in MOH staffing and post which</b>



# Outputs and Activities, Progress and Need

Output	Activities	Progress
<b>Capacity (Org/HR/IT/Finance) enhanced</b>	<b><u>Capacity enhancement and training.</u></b>	<b>➤ Procurement Training for EDR,CDR ,FWDR completed.</b> <b>➤ E bidding Training for LMD completed. Non from EDP for LMD</b>
	<b>Organization and Management Service (O&amp;M)</b>	<b>Completed but staffing is being adjusted with in existing MOH structure.</b> <b>Mr. Cimoria sir is coordinating</b>

# Outputs and Activities, Progress and Need

Outputs	Activities	Progress	Requirement
<b>Supply Chain (Infra/ Systems) made effectively functional.</b>	<b><u>Expansion of current regional stores.</u></b>	<b>No progress</b>	<b>Complete information and Design to be revisited</b>  <b>Needs to be aligned with Framework contract (CBLO)</b> <b>Need assessment TA ?</b>

# Outputs and Activities, Progress and Need

Outputs	Activities	Progress	Requirement
<b>Supply Chain (Infra/ Systems) made effectively functional.</b>	<b>Arrangement for post shipment Quality Assurance.(s eparate entity)</b>	<b>Pharmacist of LMD and DDA are working on sample collection and Storage</b>	<b>O&amp;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>

# Outputs and Activities, Progress and Need

Outputs	Activities	Progress
<b>Supply Chain (Infra/ Systems) made effectively functional.</b>	<b>17.Real time/Live operation of LMIS at district level- monthly (No Paper Based System at district level)</b>	<b>Logistic working group has completed Draft LMIS reporting Format Web Based LMIS Soft ware revised and Piloted in Central Medical Store Pathalaiya (epidohslmd)</b>

# **Major Actions Carried out by LMD in FY 2071/72**

- Capacity building on PPA and PPR in 3 regions.**
- Contract Management software in Place**
- Rapid humanitarian response during earthquake in supply and distribution of emergency medicines and equipments.**

# Plan ahead

- Training on public procurement Rules and Regulation
  - Training on E submission
  - Training on Internet/Web based LMIS
  - Expansion of Real time Web Based LMIS Software in Regional store.
  - Regional/District level forecasting
  - Establish LWG at regional level
- At district level No Paper based Inventory only computerized.**  
**Decision made at DoHS and letter already sent**

# Progress in Procurement

- **Review of all documents ,Qualification criteria's and PPA/PPR**
- **Pre Bid Meeting practiced introduced and issues resolved for bid floated.**
- **Computerized Contract Management System introduced.**
- **Initiated Consolidated Annual and Master Procurement Plan**
- **Situation of overstock and expiry managed leading to stock out.**
- **Multi year contracting (2 Year) to ensure commodity security**

# Current Issues

- **PPA and PPR and Bid document needs to be Reviewed to address issues which is not health Procurement friendly.**
- **Why we don't analyze the What is the real cause of delayed Procurement and supply chain and stock out.**
- **Please Suggest Magic Remedy???? Since you all are expert from Universe**



# Finally

- This was the year devastating earthquake and Embargo.
- Assessment of stock out situation | Stock out is of course is the Fact.
- Stock out situation has to be linked and analyzed with epidemic, Morbidity and casualty

Thank you all

# Infrastructure Development Work

Dr. Bhim Acharya, Director MD

# Policy and Guidelines

- ▶ Development, endorsement and use of Guidelines for Selection of facilities for new constructions and upgrading of health facilities.
- ▶ Development, endorsement and use of Land selection criterion for selecting land for construction of New Health Facilities

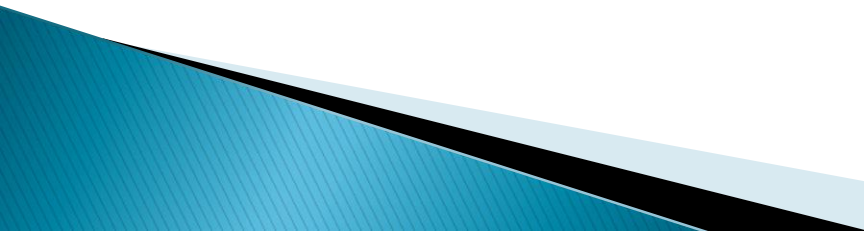
# Timely Preparation of Procurement Plan and Improved Process for Procurement of Civil Works

- ▶ Preparation of CAPP and progress report against the CAPP for civil works regularly prepared.
- ▶ Standard Bidding Documents and guidelines for preparation of Bidding Documents prepared, printed and distributed to all the DUDBC offices across the country.
- ▶ E-bidding system institutionalized for procurement of Civil works
- ▶ Formation of high level steering committee finalised for coordinated and efficient implementation of civil works
- ▶ Increased joint monitoring

# HIS updated, upgraded and made web based

- ▶ HIS made GIS enabled for improved and more evidence based planning. Made web based for broader use.
- ▶ Geographical coordinates of all health facilities including all upgraded health post has been included in HIS. Also spatial dimensions of health facilities have been added to HIS.
- ▶ Information of 60 % of the upgraded HPs have been updated in HIS using mobile data collection technology
- ▶ HIS training has been conducted for district technical staff members in all five regions of Nepal to enable them to update records and verify GIS facility coordinates directly from the Districts.

# Outputs:

- ▶ Sites selection are now more rationale and evidence based. (bigger catchment areas with better accessibility and links to several settlements).
  - ▶ Reduction in land development cost (VFM planned).
  - ▶ Acquisition of appropriate lands by HFOMCs due to strict enforcement of the land selection criteria.
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## Continued.....

- ▶ ICBs implemented for first time successfully due to standard bidding documents and guidelines. Uniformity achieved in the bidding documents
- ▶ Improved construction completion rates with DUDBC taking punitive actions against delinquent contractors
- ▶ DUDBC increases div. offices from 25 to 35.
- ▶ Introduction of e-bidding has reduced the average price of new contracts by 12%.  
(evidenced by VFM study)



## Continued...

- ▶ HHS has proved to be very useful for generating Maps and generating methodology for detailed assessments of Health facilities after the earthquake April 25, 2015.
- ▶ Use of integrated standard design has reduced the average construction cost per square metre by an estimated 16%.

# ***Building Construction Progress Status Summary***

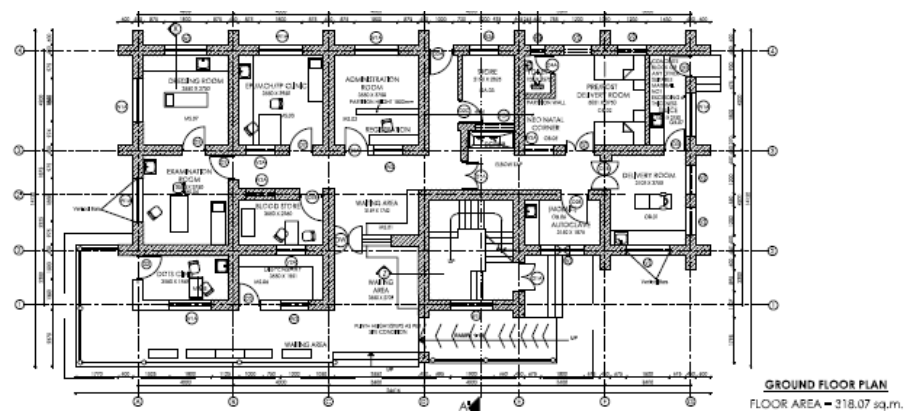
(FY 2005/06– 2014/15)

Total HFs	:	1554
Under Construction	:	465
Near Completion	:	154
Completed / Handed over	:	935

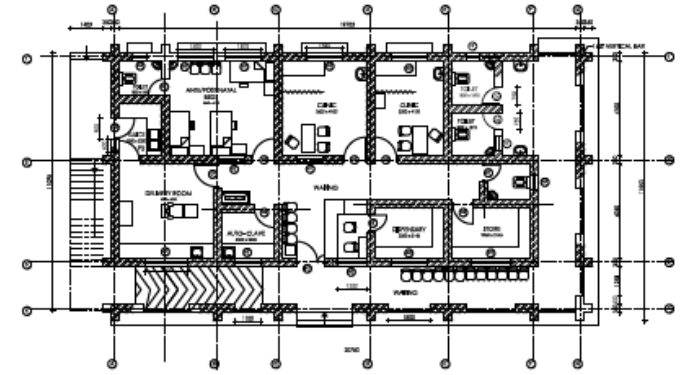
# Challenges

- ▶ **Institutionalising and strict implementation** of all the newly developed guidelines, strategies and documents into the present system for sustainable impact in the system.
- ▶ **New health policy** has directed the bed capacity of health facilities based on population (catchment area), accordingly the **system needs to redefine** the existing bed numbers and level of health facility.
- ▶ Limited resources (financial, human resources) to meet the **number of constructions required** each year to have standard health building for all the existing facilities (about 2500 facilities yet to be constructed).

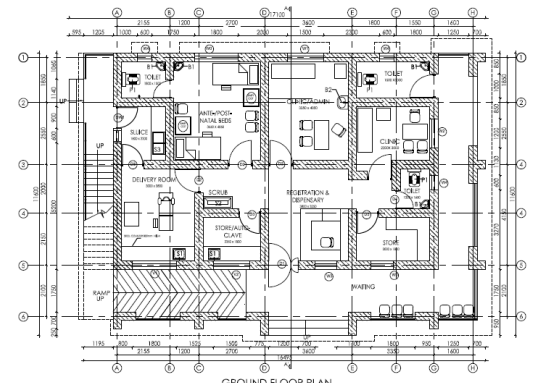
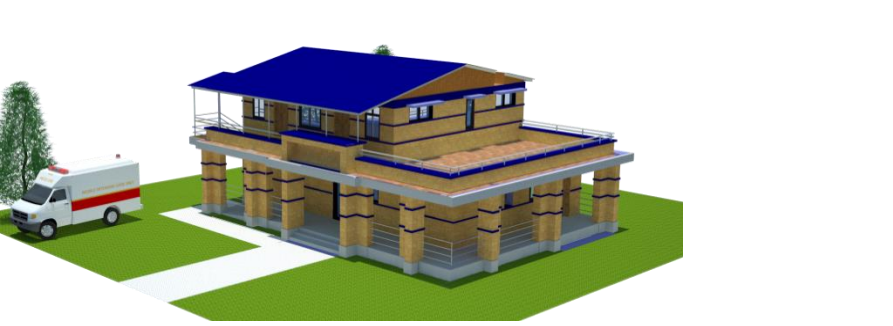
# Standard Designs of health Facilities



**HP STANDARD TYPE**



**HP STANDARD TYPE-1**



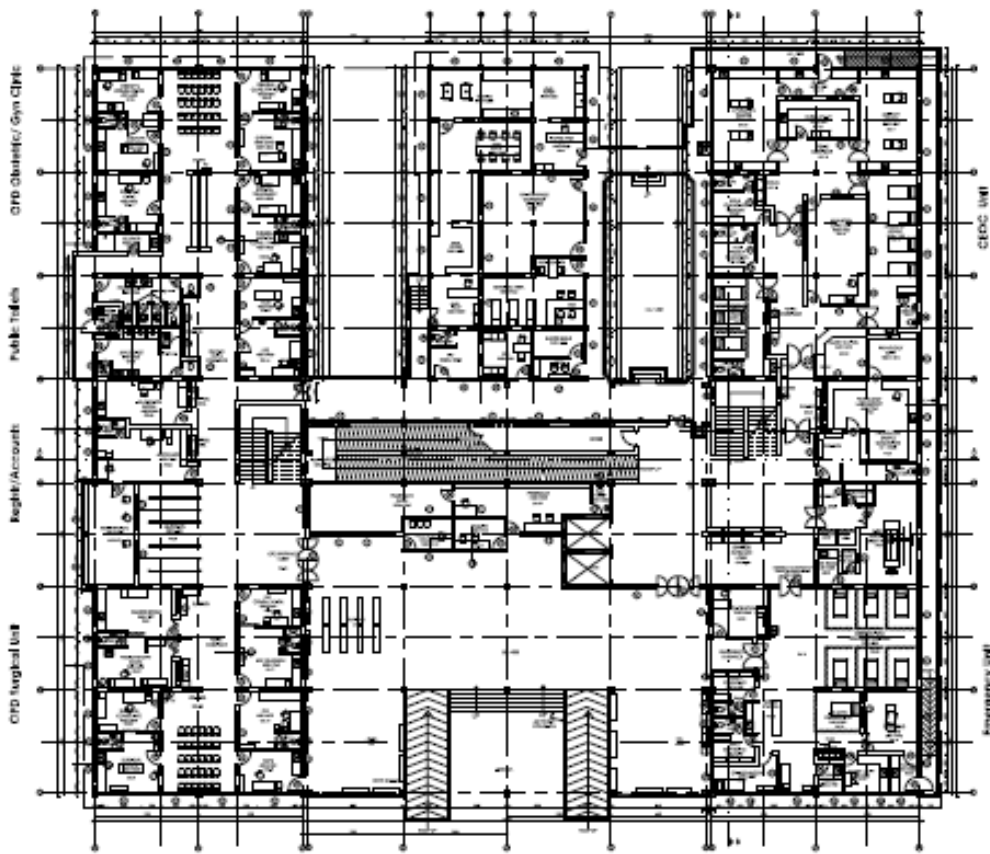
**HP STANDARD TYPE-2**

# STANDARD HEALTH POSTS TYPE DESIGNS

STANDARD TYPE = 520 sqm.

STANDARD TYPE -1 = 375 sqm.

STANDARD TYPE -2 = 270 sqm.

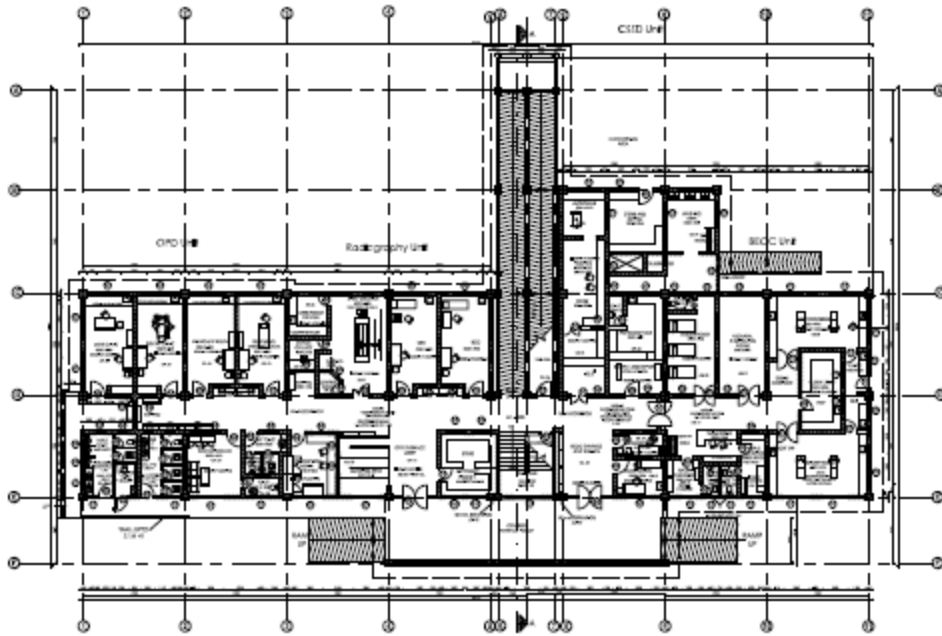


**GROUND FLOOR PLAN**  
GROUND COVERAGE = 2571.88 sq.m.



## STANDARD TYPE DESIGNS FOR DISTRICT HOSPITAL

- 51-70 BED = 5020.85
- 31-50 BED = 3341.23
- 15-30 BED = 2525.85



**GROUND FLOOR PLAN**

PLINTH AREA 1088.94 sq.m

Note: Expandable up to 25 Beds

## STANDARD TYPE DESIGNS FOR PRIMARY HEALTH CARE CENTER

- 15 BED = 2046.73
- 10 BED = 1258.24

# Seti Zonal Hospital

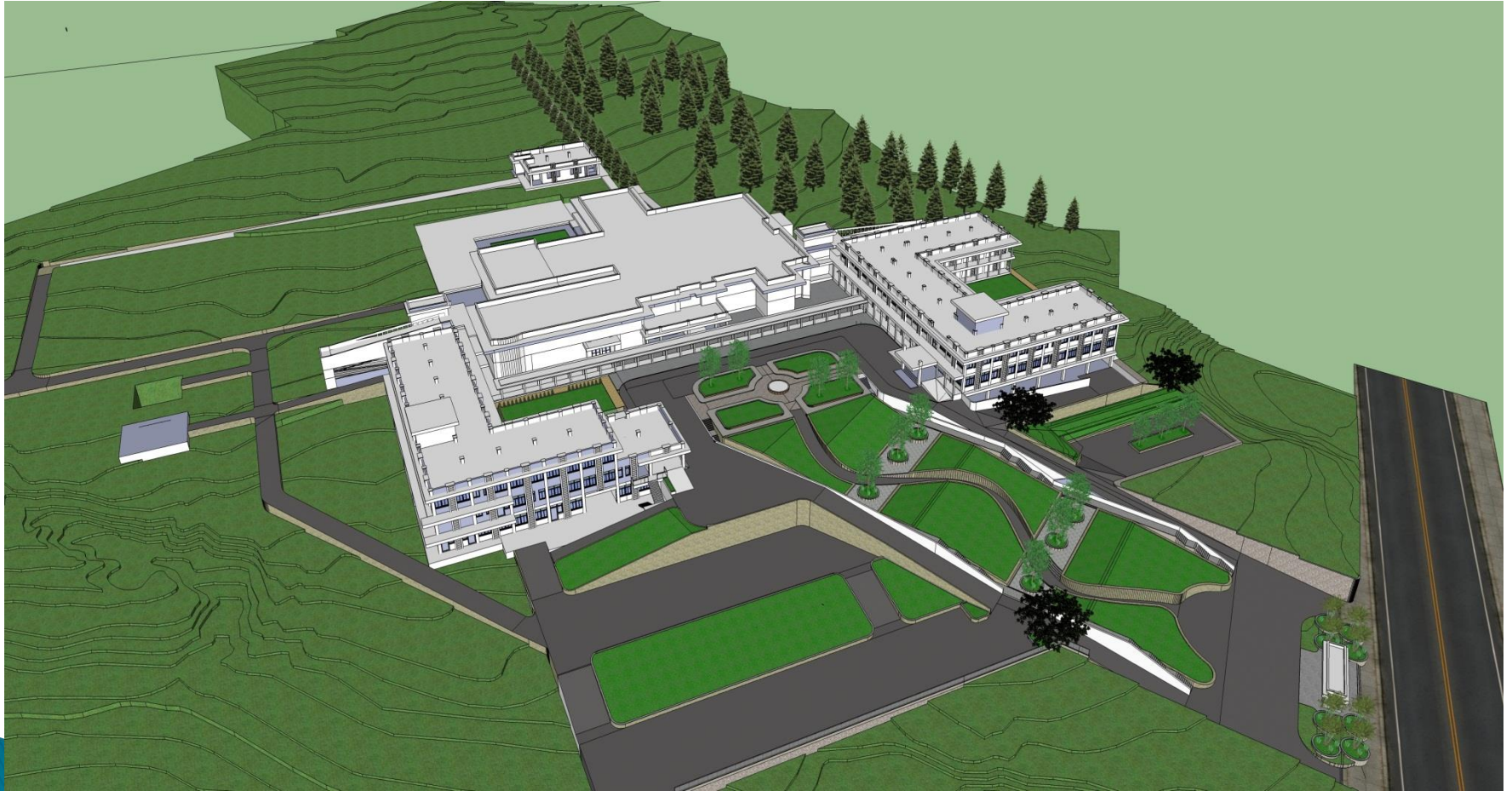




# Gangalal OPD



# Surkhet Regional Hospital



The background is a solid dark blue color. On the left side, there are several overlapping, curved bands of lighter blue shades that sweep from the bottom left towards the top right, creating a sense of motion and depth.

**Thank you**

# Progress on Public Financial Management (PFM)



Ram Sharan Chimoriya  
Joint Secretary  
HRFMD- MoH

# **We Prepared Guidelines and Frameworks to Improve the PFM System**

- Financial Management improvement plan (FMIP) 2012-2016**
- Procurement improvement plan (PIP) 2013-2016**
- Audit clearance guideline- 2013**
- Internal Control guidelines- 2013**
- Medium term expenditure framework**

# MoH Formed Committees to Monitor the PFM Reform

**Committees formed to oversight the PFM reform**



**Audit Committee chaired by Secretary**



**Public Financial management committee chaired by Joint secretary**



**Procurement committee chaired by DG**

# We Developed the Capacity of Officials to Practice the Reform

- Training to the managers and finance officers on basic PFM skills & audit clearance
- Executive training on procurement
- Training to run the financial software

# In NHSP-2 Period: We Been Able to Design and Roll out TABUCS

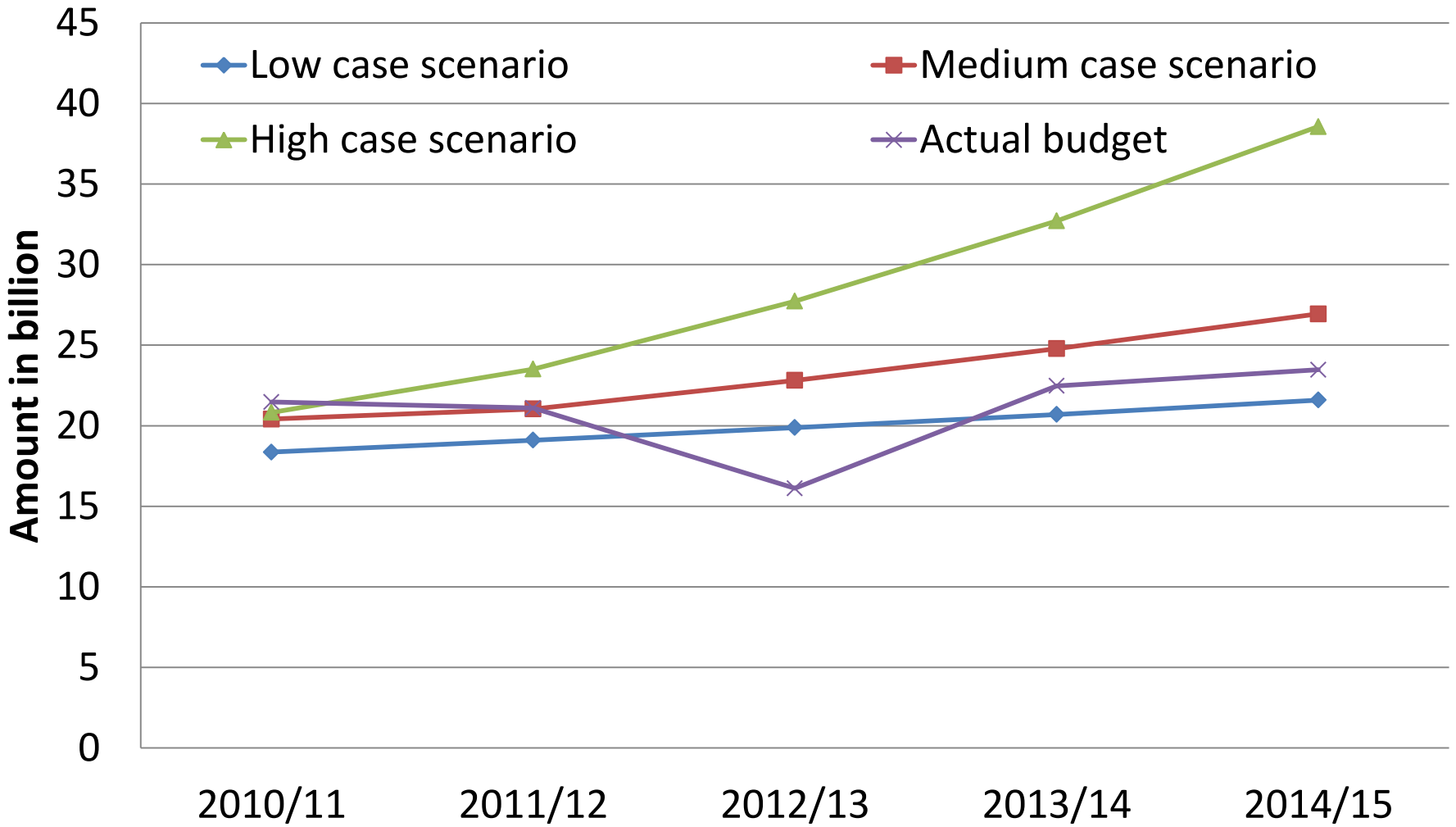
Period	Milestone
<b>February 2012</b>	MoH submitted a funding proposal for the design, piloting and implementation of TABUCS to the UK's Department for International Development (DFID)
<b>November 2012</b>	TABUCS specification and system design document prepared
<b>December 2012</b>	Assessment of cost centres selected for piloting
<b>March 2013</b>	Training of the users from selected pilot cost centres
<b>May 2013</b>	Installation of software and data entry in selected pilot cost centres
<b>August 2013</b>	Preparation of system manual, user manual, training manual, frequently asked questions, and situation analysis report
<b>October 2013</b>	MoH decides to roll out the MoH to all cost centres across the country
<b>June 2014</b>	TABUCS user training completed. Altogether 350 participants from 223 cost centres with are trained in 18 batches
<b>December 2015</b>	Developed and integrated the earthquake module in TABUCS
<b>December 2015</b>	Upgraded electronic Annual Work plan and Budget (eAWPB) to allow the district level planning and budgeting



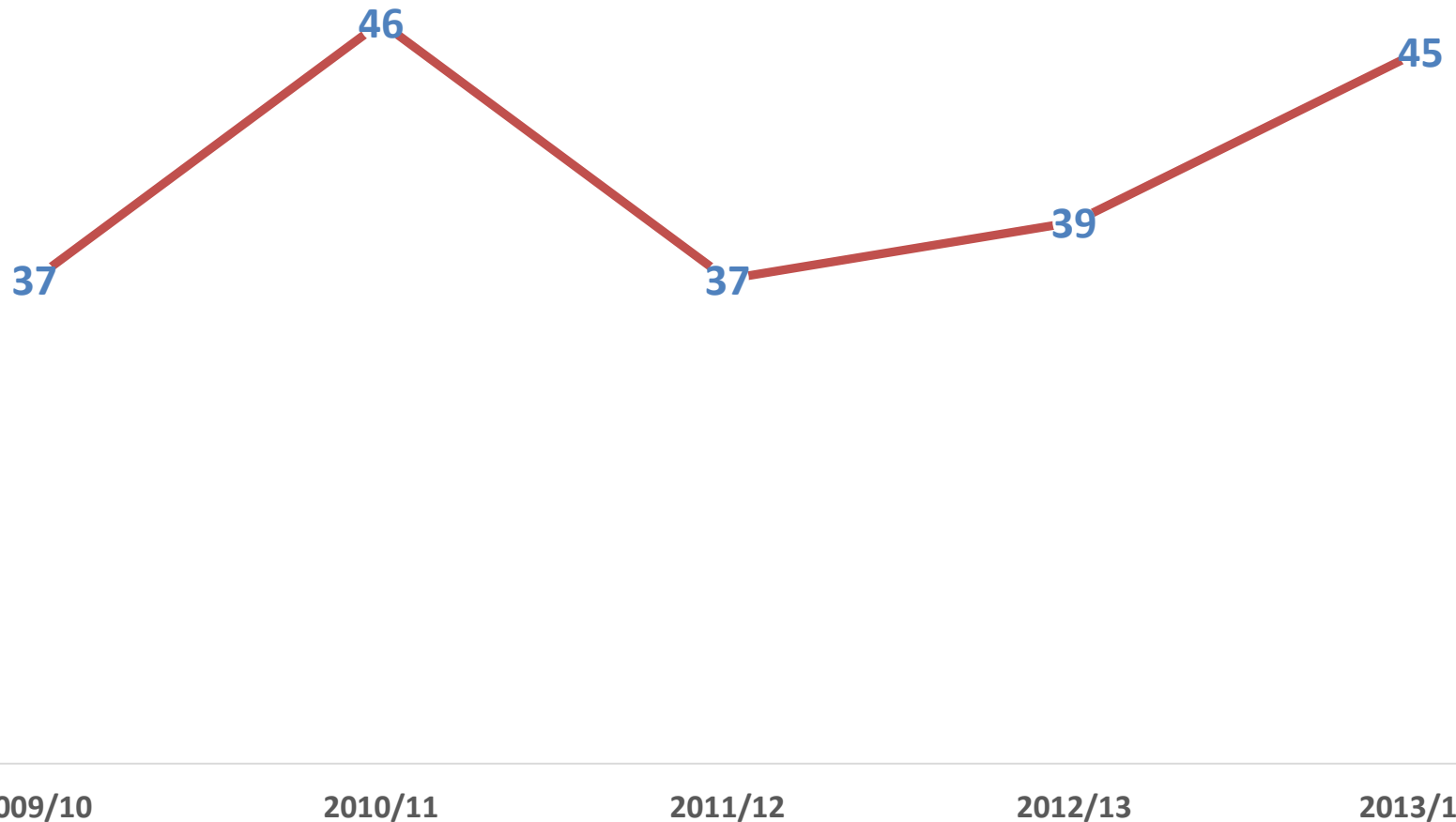
# We Achieved the Indicators listed in Financial Management Improvement Plan (FMIP)

<b>FMIP Indicator</b>	<b>Achievement up to 2015/16</b>
<b>Audit queries in the audit report cleared to about 35%</b>	Achieved: 45.18%
<b>Financial monitoring reports are prepared within 45 days of the end of the trimester</b>	Achieved- Can be prepared within 2 weeks of the completion of FMR
<b>Audit reports are prepared and submitted within nine months of the end of the fiscal year</b>	System established within TABUCS
<b>Funds are disbursed to hospitals based on the performance</b>	System has been established in 7 hospitals

# Achieved Lowercase Scenario, Reached Close to Medium Case-Scenario and not been Able to Achieve High Case Scenario reflected in NHSP-2



# Trends in Clearance of Audit Queries (%)



# Challenges

- A major concern of both the MoH and the EPDs is the complete implementation of TABUCS such that 100% of cost centres enter their financial data into TABUCS
- Functional involvement of finance officials in the planning process
- Direct expenditure by external development partners and their audit reports not being presented to responsible government authorities is major public financial management concerns

# Challenges

- Weak capture of local revenue and expenditure of health facilities. This may contribute to increasing fiduciary risks at health facilities
- Due to delayed information from the Ministry of Finance (MoF) on virements, the MoH faces difficulties in reconciling its central financial statements. This is a key obstacle in finalising the financial reports including third (final) trimester's FMRs

# Way Forward

- First and foremost is the need to ensure the full functioning of the various TABUCS modules and to use its findings in local planning processes
- The budget preparation process to be sufficiently coordinated with the planning process. The use of expenditure status while preparing the following year's budget would improve the absorption capacity

# Way Forward

- The MoH must build the capacity of hospitals to capture local revenues and capture local resources in TABUCS to give a more comprehensive picture of national health expenditure
- Implemented of audit clearance and internal control guidelines will be a major reform agenda of NHSS 2015-2020
- MoH needs to carry out output- based decision-making and make effective use of available resources through decentralised needs-based planning, budgeting, and implementation

