

# Establishing Pooled Procurement Systems among Faith-Based Organizations: A Guidance Document for Successful Implementation

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# **Establishing Pooled Procurement Systems among Faith-Based Organizations: A Guidance Document for Successful Implementation**

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## **About SIAPS**

The goal of the Systems for Improved Access to Pharmaceuticals and Services (SIAPS) Program is to assure the availability of quality pharmaceutical products and effective pharmaceutical services to achieve desired health outcomes. Toward this end, the SIAPS result areas include improving governance, building capacity for pharmaceutical management and services, addressing information needed for decision-making in the pharmaceutical sector, strengthening financing strategies and mechanisms to improve access to medicines, and increasing quality pharmaceutical services.

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## **Key Words**

Pooled procurement, Cameroon, faith-based organizations, situational analysis, stakeholder engagement, consensus building, implementation planning, central procurement unit, procurement

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## ACRONYMS AND ABBREVIATIONS

CEO	chief executive officer
CFO	chief finance officer
CPU	Central Procurement Unit
EML	essential medicines list
EPN	Ecumenical Pharmaceutical Network
FBO	faith-based organization
INN	international nonproprietary name
M&E	monitoring and evaluation
MOU	memorandum of understanding
NGO	nongovernmental organization
PO	purchase order
RFT	request for tender
SIAPS	Systems for Improved Access to Pharmaceuticals and Services [Program]
SOW	scope of work
TA	technical assistance
TOR	terms of reference
TWG	technical working group
WHO	World Health Organization



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## INTRODUCTION

Faith-based organizations (FBOs) play a vital role in many developing countries in ensuring access to essential medicines and delivering health services to patients. This is particularly the case in rural areas, where public health facilities do not exist or are inadequate. However, many FBOs face challenges with providing a continuous supply and reliable availability of essential medicines. The influx of poor-quality (counterfeit) medicines on the African continent is also a growing challenge. Furthermore, weak regulatory systems, poor enforcement of regulatory laws and challenges associated with procurement and distribution of medicines by FBOs in many countries include the:

1. Inability of the public sector to meet the medicine and health commodity needs of the FBOs' health facilities
2. Limited procurement ability (lack of capacity, lack of funds, poor information systems to enhance efficiency), low volume of products on the market and overpriced, and complicated process of importing medicines
3. Lack of storage facilities and vehicles for the distribution of medicines
4. Lack of a coordination mechanism among FBOs (in some of the developing countries including Cameroon) for the procurement of medicines (e.g., a drug revolving fund in the hospitals was a challenge resulting in payment delays)
5. Limited negotiation and purchasing power to influence supplier and manufacturer prices

These challenges have resulted in varying approaches and designs of procurement mechanisms in the FBO sector that are inefficient and not cost-effective, contributing to lack of or limited availability of medicines in FBO facilities in developing settings. Procurement approaches like the pooled procurement models that have been implemented in other settings can mitigate these issues. The US Agency for International Development-funded Systems for Improving Access to Pharmaceuticals and Services (SIAPS) Program partnered with the Ecumenical Pharmaceutical Network (EPN) to build its capacity for providing technical assistance (TA) to its member organizations to adopt and implement the pooled procurement system for the FBO sector in Cameroon. This type of intervention has the potential to increase availability of medicines at affordable prices and thus enhance access to medicines and reduce the effect of the challenges contributing to limited availability of medicines that FBOs face.

Devising a pooled procurement system, which was implemented in Cameroon, enhanced EPN's ability to provide and coordinate TA and monitor the results of pharmaceutical management initiatives among its member organizations and countries. Taking lessons learned from implementation of this model in FBOs in Cameroon, SIAPS has developed this guidance document for organizations that may want to apply the same framework to overcome similar challenges. The pooled procurement intervention has been identified as an opportunity to enhance pharmaceutical management, especially in the procurement of essential medicines. By

designing procurement systems that better serves the needs of FBOs, as well as providing them with cost-effective options, availability of medicines can be improved for the communities they serve. Since the availability of medicines is an essential component of health care interventions, increased access to medicines will have an impact on treatment outcomes and the quality of life of patients, especially children.

## **Purpose of the Guide**

This guide focuses on documenting the process, along with the accompanying tools and lessons learned, from the establishment of the pooled procurement approach in Cameroon. As a model, it may be adapted to FBO's facilities in any country interested in adopting a pooled procurement system to increase availability and thus access to affordable and quality medicines. The guide can also be used by non-FBOs that want to leverage and maximize the benefits of pooled procurement. This guide serves as a resource for FBOs, non-profit organizations, or other NGOs interested in designing, implementing, and monitoring a pooled procurement mechanism.

## **How to Use the Guide**

This guide will benefit FBO boards, health managers, pharmacists, and procurement officers to organize and plan the pooled procurement processes. Such political capital and buy-in from senior management is vital for the success of the initiative. This resource discusses relevant issues related to procurement management in general and describes the concept and application of pooled procurement. The section entitled Procurement Management and Processes also discusses other options besides a pooled procurement system, emphasizing that this intervention may not be the most appropriate option in every scenario or country. Therefore, conducting a situational analysis is an important step in understanding the strengths and weaknesses of the system and the specific context, i.e., the country where its implementation is being considered.

The document also covers a section on the concept of pooled procurement, situations where it may be of benefit, and the four models or levels of pooled procurement implementation. Furthermore, the guide represents a step-by-step approach to its design and implementation, highlighting the following sections:

- Stakeholder engagement
- Situational analysis
- Consensus building and implementation planning
- Setting up a central procurement unit or agency
- Managing and organizing procurement

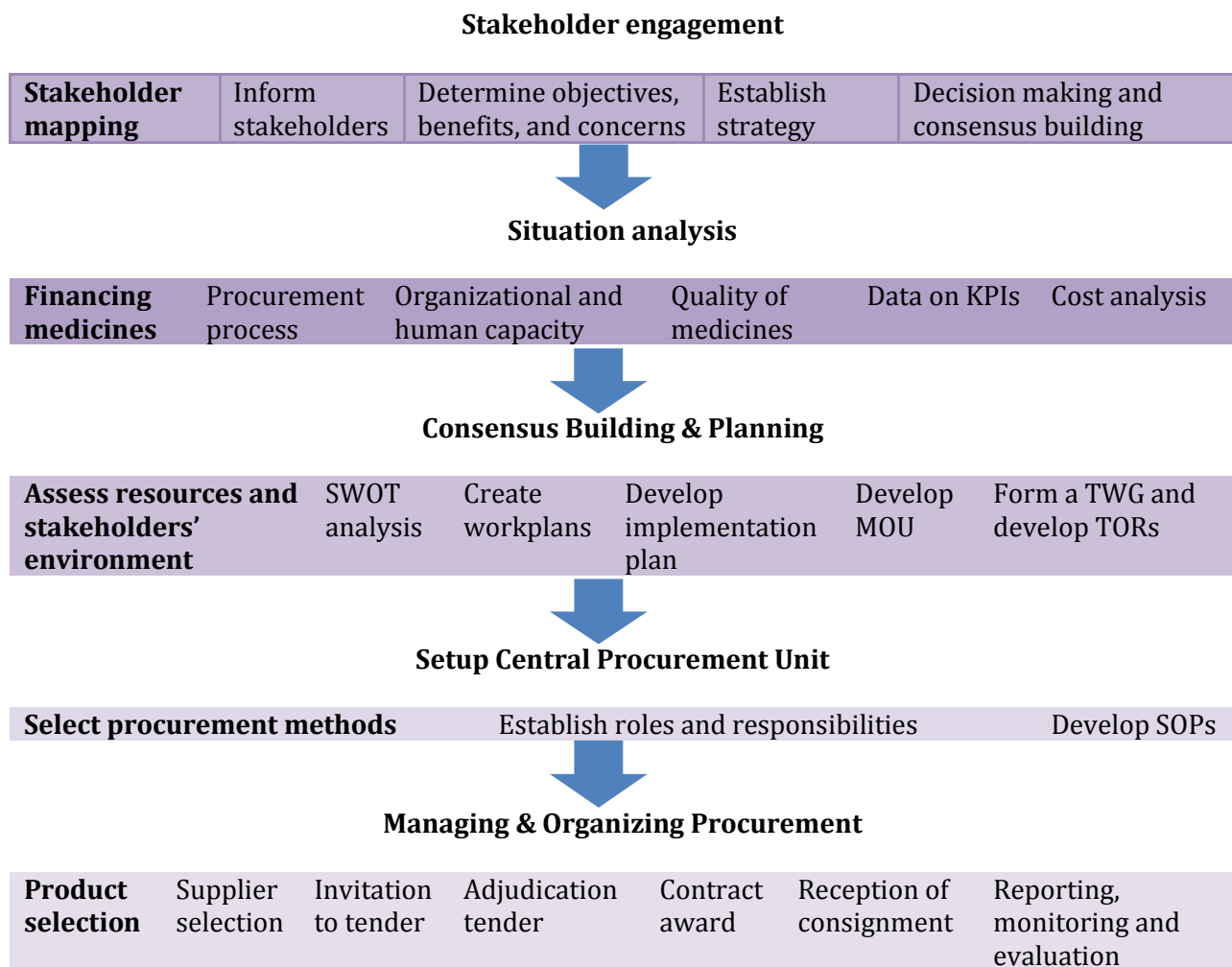
The sections of this guide can also be consulted individually when seeking guidance on the respective steps or process of implementation. In each section, there are considerations to keep in mind, as well as examples from the case in Cameroon, to demonstrate how pooled procurement was implemented in that particular context. The guide also shows examples of key performance indicators that stakeholders may choose to use to monitor and evaluate the performance of the new system. In the annexes, there are additional resources that specify how to organize

stakeholder discussions and minutes so that they are productive and clear. Other annexes provide examples of indicators to use for evaluating procurement processes and the performance of the pooled procurement system, as well as serving as a template for organizing an implementation plan. The guide also covers the establishment of clear scopes of work (SOWs), memorandums of understanding (MOUs), and terms of reference (TORs) for technical working groups (TWGs). These are equally important in defining the roles, responsibilities, and work associated with the successful setting up of a pooled procurement system.

Figure 1 is a graphic representation of the main stages and elements under each stage that are followed, providing a summary of the framework that can be implemented for a successful pooled procurement system. Note that this is the approach that was implemented in Cameroon, and subsequently improved upon based on lessons learned; it is now being used in other countries within the East African region. The important considerations within each step are highlighted here to give a broader view of the guidance document. It is important to proceed in a systematic way, addressing all applicable elements. For more information on the Cameroon case, please refer to EPN's "Pooled Procurement Report Submitted to SIAPS December 2015: approach to implementing pooled procurement in faith-based health supply organizations."<sup>1</sup>

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<sup>1</sup> EPN. Pooled Procurement Report Submitted to SIAPS December 2015: approach to implementing pooled procurement in faith-based health supply organizations. December 11, 2015.



**Figure 1. Pooled procurement framework and steps for implementation**

# PROCUREMENT MANAGEMENT AND PROCESSES

## Background on Procurement Systems

Procurement is defined as the process of purchasing supplies directly from national or multinational private or public suppliers; purchasing through global agencies and procurement mechanisms or regional procurement systems; or purchasing from international procurement agents. A pharmaceutical procurement system is a significant factor in ensuring that the appropriate medicines are made available to the right people, in the right place, at the right time. An effective procurement management process should:<sup>2</sup>

- Establish the accurate quantity and quality of commodities (specifications, quantification)
- Obtain the lowest practical purchase price
- Ensure that all pharmaceuticals procured meet the recognized standards of quality
- Manage the buyer-seller relationship in a transparent and ethical manner
- Arrange timely delivery to avoid shortages and stock-outs
- Ensure supplier reliability with respect to service and quality
- Set the purchasing schedule, formulas for order quantities, and safety stock level to achieve the lowest total cost of purchasing at each level of the system
- Achieve these objectives in the most efficient manner possible

The efficiency and success of procurement services affects the availability of essential medicines and the effectiveness of the health system. It is important that staff members conducting the operations behind procurement are competent and have available communication means, political knowledge, regulatory knowledge, and reliable data on medicine use and needs.<sup>3</sup> Figure 2 shows the complete procurement cycle.

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<sup>2</sup> Management Sciences for Health. 2011. MDS-3; Managing Access to Medicines and Health Technologies. Sterling, VA; Kumarian Press; p.18.3

<sup>3</sup> MDS-3, p. 18.3

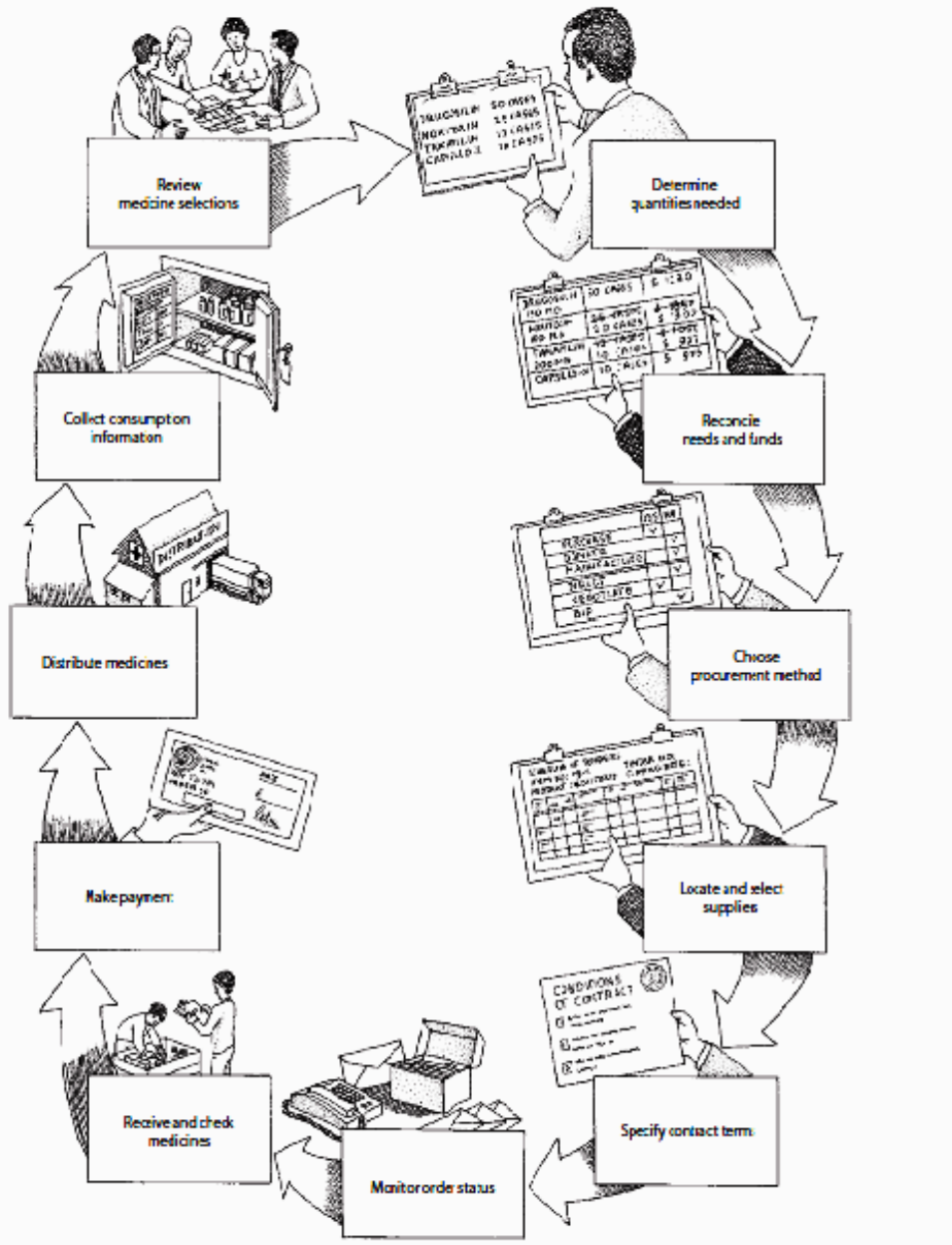


Figure 2. The procurement cycle<sup>4</sup>

### Factors that Influence the Price of Pharmaceuticals and Total Costs

When considering the type of procurement system necessary for the situation and the stakeholders involved, many decisions are based upon pharmaceutical prices and the total costs associated with procurement. In addition to acquisition costs, the costs not often considered and

<sup>4</sup> MDS-3, p. 18.4



factored into decisions are costs associated with holding inventory, operational costs, and costs incurred when there are shortages and stock-outs.

To minimize pharmaceutical costs, greater competition among suppliers and product manufacturers is essential. Toward this end, a helpful principle in pharmaceutical pricing is the “rule of five,” which holds that the lowest competitive prices exist when there are five or more generic alternatives for a particular product, or when there are at least five bids per item in a tender.<sup>5</sup>

To minimize costs associated with shortages, the optimal reorder frequency model includes these components:

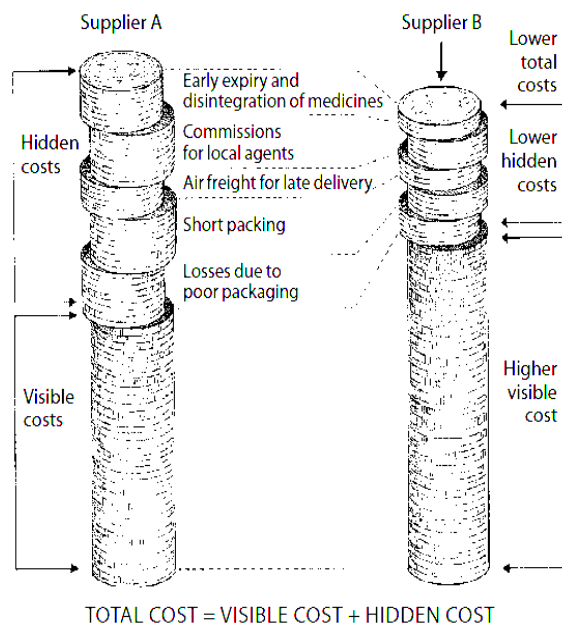
- Interval between orders (annual, scheduled, and perpetual orders)
- Safety stock targets (vary according to lead times, patterns of consumption, and service-level objectives/program targets)
- Formula used for calculating order quantity

It is important to consider and calculate other hidden or visible costs associated with the procurement process and agreement (figure 3). Some of these include:

- Increased acquisition costs due to emergency orders
- Replacement costs due to wastage, loss, expiry, spoilage, or theft
- Replacement costs for shipping products of differing specifications, for example, incorrect dosages or formulations
- Depending on the incoterms, i.e., the International Commercial Terms published by the International Chamber of Commerce widely used in international commercial transactions or procurement processes, costs for port charges, storage fees, or clearing procedures
- Economic impact on the health system and related costs during stock-outs due to delays or defaulted deliveries
- Costs related to the type of procurement (for example, will a virtual procurement be set up?)

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<sup>5</sup> MDS-3, p. 18.5



**Figure 3. Impact of hidden costs on total cost<sup>1</sup>**

A pooled procurement system can help streamline these costs, have them shared across FBOs, and reduce the total procurement costs across the different organizations.

## **Methods of Procurement**

It is necessary to consider the best procurement mechanism in the context of the organizations and country. The type of procurement method chosen should be based on the human resources available, the availability of product specifications, the appropriate quality levels in the local and international markets, and pharmaceutical procurement regulations and legislation in the country for the private sector. When considering a pooled procurement mechanism among FBOs, it is necessary to ensure that all systems considerations have been thoroughly explored and that options have been considered related to:<sup>6</sup>

- Medicines regulation and registration of products and their specifications
- Procurement processes and local preference issues
- Financial mechanism and payment methods to vendors among the organizations

The procurement system, method, and approach should be selected based on what is most fitting to the context of the country and its organizations. In terms of methodology, procurement can either be done in a competitive manner or one taking a noncompetitive or restricted approach to selection and negotiation. A tender can be open, which refers to a formal procedure in which quotations are invited from any suppliers, either locally or

<sup>6</sup> MDS-3, p. 18.9

globally, based on the scope and terms of the invitation.<sup>7</sup> A tender can also be restricted, so that interested suppliers must be approved beforehand for consideration; usually this involves undergoing a prequalification process that ensures that manufacturer abides by good manufacturing practices, good supply performance, financial viability, and other related factors.<sup>8</sup> With these methods in mind, buyers can select the type of procurement process to use, including those discussed below.

### ***Direct Procurement***

With direct procurement, purchasers establish direct contact with suppliers.<sup>9</sup> The price is either determined by the quoted list price or a negotiated standard discount off the list price.<sup>10</sup> The contract is established based on competitive pricing and the listed specifications for the products. This approach requires the ability to conduct and manage the process, which is greatly impacted by the number of suppliers whose bids are being evaluated.<sup>11</sup>

Direct procurement can be done through international competition or small-scale national competition.

International competition/local shopping involves adherence to standardized procedures when there are multiple potential suppliers. The procurement unit either creates an invitation to tender or requests bids directly to solicit formal offers from suppliers. The process follows international good procurement practices, which includes sealed bid responses to formal bidding documents; a public bid opening; and a contract award based on evaluation criteria specified in the bidding document.<sup>12</sup> The buyer usually obtains three different quotes; however, bargaining and negotiation are not generally permitted.<sup>13</sup>

Small-scale national competition is a process used to solicit offers from the local marketplace. Offers are usually requested from a few suppliers and prices are negotiated among them. This option works well when only a few local manufacturers produce the essential medicines needed. However, this method may not be appropriate or the best option in contexts where the products and their specifications are not available locally or the quality is uncertain or unsafe.<sup>14</sup>

### ***Indirect Procurement***

Indirect procurement is a type of service provided by an intermediate organization, such as international supply services and international procurement agencies. In this situation, the

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<sup>7</sup> MDS-3, p. 18.6

<sup>8</sup> MDS-3, p. 18.6

<sup>9</sup> USAID | DELIVER Project, Task Order 1. 2011. *The Logistics Handbook: A Practical Guide for the Supply Chain Management of Health Commodities*. Arlington, VA.; USAID | DELIVER Project, Task Order 1. p. 103

<sup>10</sup> MDS-3, p.18.7

<sup>11</sup> DELIVER Logistics Handbook, p. 103

<sup>12</sup> DELIVER Logistics Handbook, p. 103

<sup>13</sup> MDS-3, p. 18.7

<sup>14</sup> DELIVER Logistics Handbook, p. 103

procurement contract is between the procurement unit and the organization to which the procuring entity pays a fee for this type of service. This approach may cost more and also reduces resources for following good procurement practices, coordination, and management of the process.

### **Pooled Procurement**

Pooled procurement, which is discussed in greater depth below, is purchasing done by one procurement office on behalf of a group of organizations, facilities, health systems, or countries. In this case, group members must agree to purchase certain medicines exclusively through the group.<sup>15</sup>

### **What is Pooled Procurement?**

The concept of pooled procurement is meant to improve the procurement outcomes of the individual group members. If implemented successfully, pooled procurement can ensure access to better quality products, a more streamlined and efficient procurement management system, increased availability and continuous supply, and reduced transaction and product costs.<sup>16</sup> Pooled procurement is a policy and managerial approach to help improve availability of medicines and achievement of better health outcomes. However, its implementation should be attempted only after a situational analysis and comprehensive procurement assessment. Furthermore, there must also be political understanding and commitment, consensus between stakeholders, and transparency among the participating groups to successfully achieve its expectations.<sup>17</sup> A failed pooled procurement system can be a major financial and human resource burden. Depending on the capacity of group members, differing levels of pooled procurement stages can be implemented over time, if necessary.

An example of a successful pooled procurement model is that implemented in the Eastern Caribbean Region. Although this is a pooled procurement mechanism across several countries, the same principles and concept can be applied to FBOs planning to implement these types of activities. In that case, it was necessary to first make decisions focused on the following areas: the selection of essential medicines to be included on the procurement list; the determination of quantities required; initiation of the competitive bidding process across suppliers; supplier monitoring and quality assurance; variable purchase quantities by group members; monopsony commitment; reliable payment mechanism; and the fee to group members. (Refer to Chapter 18 of MDS-3 for the case of the Pharmaceutical Procurement Service, previously known as the Eastern Caribbean Drug Service.)

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<sup>15</sup> MDS-3, p. 18.24, aka group purchasing

<sup>16</sup> [http://www.who.int/immunization/programmes\\_systems/procurement/mechanisms\\_systems/pooled\\_procurement/en/index1.html](http://www.who.int/immunization/programmes_systems/procurement/mechanisms_systems/pooled_procurement/en/index1.html)

<sup>17</sup> [http://www.who.int/immunization/programmes\\_systems/procurement/mechanisms\\_systems/pooled\\_procurement/en/index1.html](http://www.who.int/immunization/programmes_systems/procurement/mechanisms_systems/pooled_procurement/en/index1.html)

In the context relating to FBOs, the following examples are situations in which members would benefit from pooled procurement:

- FBOs with facilities that are geographically isolated or serve a small population may benefit from pooled procurement with other FBOs, where capacity can be conjoined to conduct quality assurance checks and other procurement functions. Procurement needs can be aggregated among the service areas to increase the amount of medicines purchased and reduce the price of medicines.
- FBOs that are already part of an existing network or body, such as EPN, may benefit from the grouped coordination platform and connections that already exist as a benefit of being a member of such a group. Being part of a uniting network or umbrella organization makes decision-making processes and financial issues more efficient and streamlined.
- Individually, FBOs and their clinics may face limited negotiating power or capability. However, under a pooled procurement mechanism, there is more room for cost negotiations.
- FBOs that find it difficult to establish demand and advocate for the need for certain medicines or products can also benefit from a pooled procurement system.

There are four models of pooled procurement, with varying strategies or levels of commitment and collaboration. Pooled procurement models can be based on sharing information to allow for educated and informed buying choices, or they can be based on a completely joint purchasing system.<sup>18</sup> The best option for the members needs to be considered, and if each level or type of procurement is to be seen as a stepping stone to eventual central contracting and purchasing, this should be agreed upon among the stakeholders.

The differing levels and options of pooled procurement models include:

- **Informed buying**—Members share information about suppliers and product specifications through either a virtual or in-person sharing platform; however, they each conduct purchasing transactions individually.<sup>19</sup>
- **Coordinated informed buying**—Members conduct joint market research and share information in a more systematic way about supplier performance and prices. However, both purchasing and contracting arrangements are conducted between individual members and suppliers.<sup>20</sup>

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<sup>18</sup> MDS-3, p.18.9

<sup>19</sup> MDS-3, p.18.10

<sup>20</sup> MDS-3, p.18.10

- **Group contracting**—Members select suppliers based on information collected about quality and price, and jointly negotiate prices using group contracts. Members pre-qualify suppliers based on specific criteria; however, purchasing is done individually using the jointly selected suppliers.
- **Central contracting and purchasing**—After members jointly conduct tenders and award contracts through a representative or secretariat organization, a central procurement or buying unit manages the purchasing on behalf of the members in the group. This method of procurement requires fully committed and politically supported member groups.

This guide takes these models into consideration; however, its approach is based on experience implementing a central contracting and purchasing model. It is the most comprehensively integrated type of system among stakeholders and involved parties, and represents the highest level of commitment.

## ESTABLISHING A POOLED PROCUREMENT SYSTEM

This guidance document outlines a step-by-step approach to establishing and implementing a central contracting and purchasing pooled procurement system among FBOs in the EPN. The approach was established and shown to be successful in FBO sector in Cameroon, which is the reference used throughout the guidance document. The five steps discussed include; stakeholder engagement conducting a situational analysis, consensus building and implementation planning, setting up a central procurement unit (CPU), and managing and organizing procurement.

### **Step 1. Stakeholder Engagement**

Engaging stakeholders is an essential step in developing and building a streamlined and effective pooled procurement system. The essence of pooled procurement is about bringing together different organization entities (e.g. different religious denominations), resources and participants to optimize value and efficiency in the pharmaceutical supply chain (figure 4). It is important that stakeholders be identified correctly and that they meet and engage often and regularly, building the rapport and trust to continuously improve processes and systems in a coordinated and transparent manner. Generally, the process for engaging stakeholders in the option of a pooled procurement system would include (figure 1):

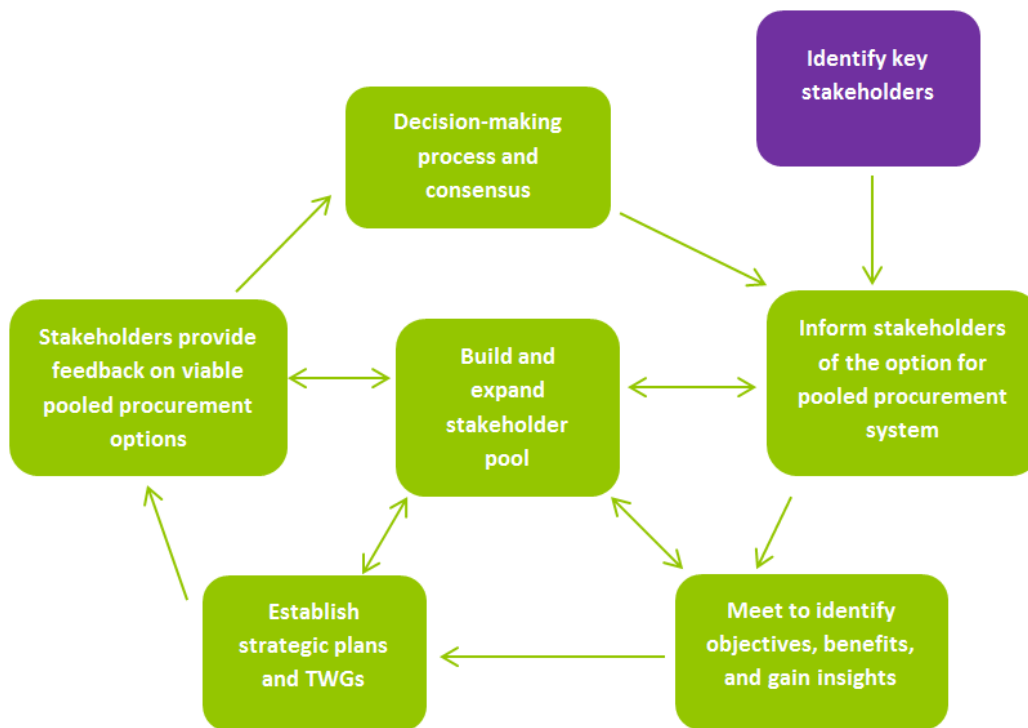
- Step 1.1. Identifying key stakeholders through stakeholder mapping
- Step 1.2. Informing stakeholders of the option to develop a pooled procurement system
- Step 1.3. Determining objectives, benefits, and primary concerns for collaboration in pooled procurement
- Step 1.4. Establishing strategy and plans for procurement and a TWG based on key stakeholders' feedback
- Step 1.5. Establishing a decision-making process and building consensus

#### ***Step 1.1. Stakeholder Mapping***

To begin the process, it is necessary to identify the key issues and players in the situation of pooled procurement among FBOs. Stakeholder mapping is a process that teams can use to collaboratively research and discuss the right players to include. The process for mapping stakeholders can be broken down into these steps: identifying potential organizations or institutions, analyzing perspectives and relevance, mapping relationships to the objectives, and ranking the stakeholders based on their impact on the identified issues.<sup>21</sup> This will involve talking to other FBOs to do due diligence, as those with more information can guide decisions.

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<sup>21</sup> [http://www.bsr.org/reports/BSR\\_Five-Step\\_Guide\\_to\\_Stakeholder\\_Engagement.pdf](http://www.bsr.org/reports/BSR_Five-Step_Guide_to_Stakeholder_Engagement.pdf)



**Figure 4. Stakeholder engagement process<sup>22</sup>**

### ***Step 1.2. Stakeholder Discussion of Pooled Procurement Option***

When discussing pooled procurement mechanisms with FBOs, the criteria on which stakeholders to include can be diverse. For example, in one country, the discussions may begin with select organizations that are assessed by various strengths and weaknesses, such as geographical and regional location in the country, the scope of procurement and orders the FBOs make.

However, a different approach can be taken, as was done in Cameroon, in which EPN hosted a meeting and invited all FBOs in the country, since all of the organizations were faced with similar challenges regarding access to quality medicines, availability on the local market, and high prices. EPN invited all the FBOs in Cameroon to join into the pooled procurement initiative as a viable solution to address the challenges and gaps that the organizations were all facing. This followed the 2014 EPN Forum at which nearly all the FBOs were represented, and where they held a sidebar meeting. Those who were absent were also invited and given time to join. It was found that the organizations in which the chief executive officers (CEOs) were present and most engaged were the ones that eventually decided to build the pooled procurement system among themselves.

<sup>22</sup> Adapted from Soucy Brown M, and D Lee Chin. 2016. Analyzing Options for Strengthening Pharmaceutical Systems. Systems for Improved Access to Pharmaceuticals and Services (SIAPS) Program. Arlington, VA: Management Sciences for Health; p. 5



Involving other stakeholders outside of the FBOs can also be beneficial, depending on the country-context. Other NGOs can become part of the pooling mechanism, such as different health systems or independent facilities. National stakeholders may also be invited, as can the other stakeholders in the private sector if a holistic approach to health care is taken. However, it is important to note that the members of a pooled procurement system should all share common characteristics and similar challenges to access of medicines. Although inviting governmental entities or other private sector players may be beneficial to notify them of the change, they may not necessarily fit into the group that will be actively implementing and participating in the pooled procurement systems. Considerations regarding whether organizations fall under the banner of not-for-profit would need to be addressed and taken into consideration when making the decisions. FBOs are not-for-profit organizations, and that may be one leveraging point to use during negotiations with potential suppliers. There is also the possibility of working with the government when the government and FBOs provide most of the health care. Smaller organizations should also be encouraged to join, as they often tend to benefit the most by the ability to conserve resources that they can channel to other areas of the health system.

### ***Step 1.3. Determining Objectives, Benefits, and Primary Concerns for Collaboration in Pooled Procurement***

After informing all stakeholders of the option to implement a pooled procurement system, it will be necessary to determine the objectives, benefits, and concerns related to collaborating in a pooled procurement mechanism. This is an opportunity to develop insight on critical issues and better understand the context of the stakeholders at large. Stakeholder engagement is critical in identifying the various types of issues, roadblocks, trends, and challenges the different FBOs are facing, to address them effectively with the proper procurement system. Stakeholders may be able to come up with different options on how to manage and implement the procurement system, and can contribute to the ideas on the table. At this stage, there is a need for evidence of what is the problem/s and possible interventions aligning to a need to collective action.

### ***Step 1.4. Establishing Strategy and Plans for Procurement and TWG based on Stakeholders' Feedback***

Once the problems have been correctly identified and the interested stakeholders have decided to adopt a pooled procurement system, the group establishes a strategic plan for the management and implementation of their pooled procurement model. At this point, stakeholders also establish plans and timelines around developing TWGs or a central unit for coordination. The stakeholder involvement and active engagement is critical to forming a collaborative and well-functioning procurement mechanism that can deliver quality medicines to patients in their respective catchment areas.

### ***Step 1.5. Decision Making Process and Consensus Building***

Eventually, as the different perspectives are understood across stakeholders and the problems become apparent, final decisions can be made on the structure and management of the pooled procurement mechanism. This will include discussions about the technical, operational, and

financial aspects of running an efficient model, one that will represent and benefit all stakeholders involved in various regards.

The decision making and consensus-building processes may be held within smaller subsets of the stakeholder group, such as the TWGs, or with a larger group as well, if necessary or preferred. Regardless, this process is iterative and continuous, as the feedback from stakeholders as well as the situational analysis should help improve the pooled procurement mechanism. Of critical importance, too, is the flow of information to the CEOs, who must be kept in the loop as they make some of the final decisions. The involvement of upper management, such as the CEO and chief financial officer (CFO) of the respective organizations, will facilitate making decisions and ensure there is sufficient buy-in from the stakeholders involved.

Ensuring that members of the supply-chain management teams are included in discussions is important for planning the processes around quantification, procurement, receipt, storage, and distribution. Health care providers and pharmacists are also essential to the process of selecting the appropriate medicines for the patients they serve, as well as reporting on data important for quantification processes.

## **Step 2. Situational Analysis**

A situational analysis is important to ensure that all stakeholders are in agreement about what the current issues are and where the performance gaps are in terms of procurement and ensuring availability of essential medicines. The situational analysis can be based on previous assessments and studies conducted in the country. There is a need for a more specific, detailed or updated assessment on the procurement related gaps<sup>23</sup> and associated costs. In this regard, it would be appropriate to conduct a situational analysis of products FBOs need that they are unable to procure in their country through their current procurement system, or what they are unable to attain from the government. This analysis should be objectively conducted across the FBOs or respective organizations considered part of the pooled procurement intervention. .

In this case, an assessment of the capacity at the individual and organizational levels to manage and conduct a well-performing procurement system would better gauge the gaps and needs the pooled procurement mechanism can address. The situational analysis can guide the implementation and strategic plan, helping organize the necessary operations and standards to run a pooled procurement system, if desired, among the FBOs. The situational analysis should include aspects related to:

- Organizational financing for products
- Ordering processes, e.g., traditional operations and placement of tenders
- Organizational and human capacity

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<sup>23</sup> UNICEF. 2016. Process Guide and Toolkit for Strengthening Public Health Supply Chains through Capacity Development; <http://peoplethatdeliver.org/sites/peoplethatdeliver.org/files/Process%20Guide%20and%20SC%20Toolkit%20for%20Public%20Health%20SC%20strengthening%20through%20CD.pdf>

- Product receiving
- Stock-outs/gaps in ordering
- Quantification methodology and data
- Quality of products received/issued
- Data on key performance indicators<sup>24</sup>
- Cost analysis of the procurement system

More specifically, some additional considerations to think about and explore in the situational analysis are:

- Country's background on access to medicines through public vs. private sector, and specifically through FBOs
- Availability of current and accurate data for decision making, or stock-out frequency for essential medicines as well as access to medicines gap that FBOs fill
- Country epidemiology on specific health areas, possibly to focus on a specific group or groups of medicines or specific target population
- The political environment; country regulations, timelines, and roadblocks concerning registration; rulings on generics; procurement regulations; request for importation from the Ministry of Health for shipments; receiving import licenses from government, quality of medicines on local market; and any special exemptions that may apply
- Local suppliers vs. international suppliers (do local suppliers have generic essential medicines)
- Supplier profile, including lead times
- Capacity to conduct international procurement
- Payment mechanisms such as insurance reimbursements or out-of-pocket payments and capacity of organizations to pay

Once the group conducting the situational analysis has finalized their findings, compile the information to present to other potential stakeholders (other FBOs). Some of this information should also be represented to include the perspective of the political environment and the capacities of the private sector in the country. Identify and present the weaknesses and opportunities among the FBOs to address gaps in access and availability, particularly in regards to pooled procurement processes.<sup>25</sup>

The situational analysis should also include a cost analysis. This is a major component that needs to be included in a cost analysis tool—indicators may be the cost of procurement, inventory

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<sup>24</sup> UNICEF Process

<sup>25</sup> Ibid

holding costs (storage and distribution), purchasing costs (administrative costs of procurement process), and shortage costs (costs incurred during a stock-out).<sup>26</sup> (Please refer to Chapter 40 of MDS-3 for a complete explanation of costing methodologies.)

### **Box 1. Cameroon Case Example: Situational Analysis**

EPN conducted a situational analysis of the supply chain problems related to inefficient procurement among the FBOs. The main areas in which the analysis uncovered problems were related to:

- Inefficient registration and poor quality of medicines
- Limited local suppliers
- Limited time and human resource for procurement process;
- Poor storage facilities
- Poor distribution mechanisms
- Inadequate funding for medicines/no governmental financial support
- Higher prices of medicines on the local market

### **Step 3. Consensus Building and Implementation Planning**

Consensus building is a process of seeking unanimous agreement. It involves a good-faith effort to meet the interests of all stakeholders.<sup>27</sup> Facilitation should be led by someone with meeting management skills is respected by the group and has no stake in the outcome. This person will assist in managing the conversation. Someone can also be selected from within the group who is skilled in meeting management and facilitative leadership. It is also important to have someone record meeting minutes and agreements; having a visual representation of key points of agreement, such as flip charts, slide shows, etc., can help ensure all stakeholders are in agreement and clear about the decisions, roles, and responsibilities discussed and decided on.<sup>28</sup> The minutes taken and decisions should be shared promptly after every meeting to keep everyone up to date.

Some of the core tasks of consensus building are described below.<sup>29</sup>

- Map stakeholder interests—Assess the nature of the problem; identify stakeholder groups, possible representatives to take part in the process; and relationships between the parties

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<sup>26</sup> Pp. 11 of Options Analysis document

<sup>27</sup> Susskind, L., McKernan, S., & Thomas-Larmer, J. *The Consensus Building Handbook: a comprehensive guide to reaching agreement*, Sage Publications, Thousand Oaks, CA. 1999. pp. 6

<sup>28</sup> Susskind, L., McKernan, S., & Thomas-Larmer, J. *The Consensus Building Handbook: a comprehensive guide to reaching agreement*, Sage Publications, Thousand Oaks, CA. 1999. pp-7-9

<sup>29</sup> Susskind, L., McKernan, S., & Thomas-Larmer, J. *The Consensus Building Handbook: a comprehensive guide to reaching agreement*, Sage Publications, Thousand Oaks, CA. 1999., pp 219- 224

- Establish a work plan or agenda and timelines—Participants must commit to the process and the roles. An agenda for the consensus building meeting will help participants/stakeholders to plan the length of time meetings will take, the level of commitment required by participants, issues that are open for negotiation, and activities needed to resolve the problem. When formulating the work plan, prioritize the activities needed to address the procurement and supply chain problems.
- Create a climate for collaboration and open discussions
- Jointly assess the options/alternatives
- Reach implementable agreements
- Evaluate outcomes

Consensus building involves a process of opening up issues, exploring them, prioritizing and resolving them. Issues must be clearly delineated and identified from the perspectives of all stakeholders. This creates a space for direct communication among the participants and allows an opportunity to probe deeply into the different stakeholders' interests and points of views. The goal is to build cohesiveness, with the stakeholders feeling empowered to solve each other's identified problems together. Identifying the problems can be challenging for many reasons. The problems are often technically complex and multi-faceted, the impact of options can be highly uncertain, and participants frame the issues in different ways. Once a problem is contextualized and agreed upon and well understood, framing the options for solutions is next.

Stakeholders can analyze the most promising options once they have eliminated those that do not work for their contexts. While listing the consequences of each option, stakeholders may redesign proposed options and assess their potential impacts. Participants may want to attempt to increase benefits to multiple stakeholders by identifying opportunities for joint gain or by seeking to redistribute the costs and benefits among the stakeholders. During this process, it is helpful to have documents that show discussions on agreement points—for example, a table of the issues being discussed/situational analysis, discussion, responsible party, and timeline (annex A).

Once options are identified, stakeholders must ensure that policy level, procedural, administrative, and technical actions will be implemented by specific parties. Create a feasible work plan with specified financial resources and sources. A small implementation advisory group or TWG with representatives from each interest group can be effective in this step.

The implementation plan should also include procedures to measure and evaluate the outcomes. It is important to include indicators that can be compared to the objectives of the pooled procurement system. Someone will be assigned to lead the tracking of indicators selected to evaluate the success of the pooled procurement implementation. After indicators are agreed upon and captured, there must be a concrete plan for the measurement and collection of data concerning the process and outcomes.

Furthermore, members should log and share their lessons learned throughout the process. The recorded lessons learned can illustrate how to continuously improve implementation and optimize procurement processes, to ultimately provide safe and affordable care to patients.<sup>30</sup>

One idea is that organizations should conduct stock takes to measure whether availability increased or if lead times decreased due to the newly implemented pooled procurement mechanism. For each situation, come up with appropriate key performance indicators (annex B).

Stages of consensus building revolve around preparing, creating value, and producing consensus. The three recommended strategies are:<sup>31</sup>

1. Creating additional joint gains by trading across issues
2. Using fair standards to distribute joint gains
3. Using dispute resolution procedures to handle impasses and the strong emotions that come with them

### ***Steps in Consensus Building and Planning***

To break down the process into overarching areas and steps, the stakeholders must have an organized and collaborative approach to planning implementation.

In the consensus-building process, it is important to have administrative and coordination support to facilitate and record discussions and agreements made among the stakeholders. It is important to have minutes of the meeting and a log of resolutions to ensure that everyone is clear on the discussion points. Meeting minutes should include the complete list of participants with their affiliations and the date the meeting took place. Important issues noted around the pooled procurement process should be listed, along with the discussion points associated with each issue, the agreed upon activities or decisions, as well as the responsible participants taking the lead on the completion, with a planned timeline. Some examples of issues to be discussed include:

- The situational analysis
- Central purchasing unit and its scope
- TWG's scope
- Selection of medicines
- Quantification procedures
- Potential suppliers and agreements on criteria
- Tendering process
- Ordering process
- CIF or DDP pricing
- Procedures and responsibilities around following up on orders
- Receipt of order process
- Procedures and agreements for distribution
- Financial agreements and payment mechanisms

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<sup>30</sup> *Building Local Coalitions for Containing Drug Resistance: A Guide*. September 2011. Pp. 54

<sup>31</sup> *The Consensus building Handbook*, pp. 327

The meeting minutes may also include the discussions and agreements about the logic model, framework, and indicators for monitoring and evaluating outcomes. The subsequent sections of the guide outline some basic steps to consider in the consensus-building process around implementing a pooled procurement system.<sup>32</sup>

### ***Assess and Describe the TWG's Resources and Environment***

Based on the context identified from the situational analysis, stakeholders should review their available resources and current environment, especially if situations may have changed in relation to medicine supply management and procurement after the initial analysis was conducted. This step is important to map the available resources before developing a work plan and assigning roles and responsibilities. Factors to consider when assessing resources include the planned selected products, the type of financial resources and mechanisms being considered, and the human resource capability for successfully carrying out a pooled procurement system. At this stage, the participants can decide on the objectives of the pooled procurement system model; the deliverables that should be produced before, during, and after the implementation of a procurement plan; and the agreed upon priorities based on feasibility.<sup>33</sup>

In terms of mapping and identifying financial resources, there should be programmatic funds put aside from the medicine and product costs that center around the management of the pooled procurement process. Such costs may include the venue space for meetings of the TWG, the technological systems that the central procurement unit must use to make procurement orders, and the level of effort of staff across the participating groups designated to manage the procurement functions. Some general steps include: creating a budget, determining available funding sources, identifying gaps in funding, and, ultimately, striving for financial sustainability.<sup>34</sup> Box 2 displays an example of things participants must consider when planning for the financial sustainability of managing the pooled procurement system. The other important factor to consider with funding is the fluctuations of most local currencies in developing countries. Strict timelines must, as much as possible, be adhered to, as delaying the process may lead to the loss of the pricing advantage established at the start of the pooled procurement process. This can derail the initiative and force the group to start over to attain prices once again.

The human resource capacity can be assessed by identifying the participants from the different member groups, and how their knowledge, skills, and abilities can be best used to lead the differing processes of procurement and coordination. Furthermore, this step creates an opportunity to assess if more stakeholders should be involved, and if the group would like to reach out to other FBOs, for example, to join the pooled procurement initiative. Stakeholder mapping can be re-conducted at this stage, based on gaps identified in human resource strengths and abilities, and formal invitations can be sent to other groups to participate in the effort.

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<sup>32</sup> SPS AMR Coalition Building Guide, pp. 50

<sup>33</sup> Building Local Coalitions for Containing Drug Resistance: A Guide. September 2011. p. 50

<sup>34</sup> Building Local Coalitions for Containing Drug Resistance: A Guide. September 2011. p. 51

**Box 2. Example of considerations when planning for financial sustainability of pooled procurement system<sup>34</sup>**

Financial sustainability can be defined as the ability to mobilize and efficiently use domestic and supplementary external sources on a reliable basis to achieve current and future targets.<sup>14</sup>

The four basic questions when planning for financial sustainability are—

- How much does it cost to achieve our targets?
- How much funding is currently available and will be available in the near future?
- How do the funds flow from the source to its use?
- How are the funds used to meet targets?

The long-term success of the working group depends on answering these questions. The main challenges to financial sustainability are—

- The money does not reach where it is needed.
- The program does not do as much as it could with the money.
- There is not enough money to meet the program's objectives.<sup>15</sup>

The group can also brainstorm the strengths, weaknesses, opportunities, and threats, by conducting a strengths, weaknesses, opportunities, and threats analysis. This exercise will keep the group focused on the objectives for developing a pooled procurement system, and the potential strengths and weaknesses of the option, as well as the external opportunities and threats that may present themselves in the process. Given the identified threats and barriers, it is important to create a contingency plan that the group can reach consensus on, if needed.<sup>35</sup>

### **Create Work Plans**

A work plan contains specific information around outputs, responsibilities, deadlines, and budget requirements. For each activity, there should be corresponding performance objectives that the participants and working group determine to be the planned achievement. Developing and tracking the performance objectives should be one of the first steps taken in the early implementation phase. Each objective should also have set targets and indicators to measure the progress and outcomes. A useful guide for creating objectives is the acronym SMART.<sup>36</sup>

- **Specific**—Objectives should specify exactly what they want to achieve to avoid differences in interpretation.
- **Measurable**—One should be able to measure whether the objectives are being met or not.
- **Achievable**—Objectives should be achievable and attainable.
- **Realistic**—Objectives should be realistic and feasible, given the resources.
- **Time-related**—Objectives should contain a time element to guide implementation and deadlines to maintain accountability.

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<sup>35</sup> Building Local Coalitions for Containing Drug Resistance: A Guide. September 2011. Pp. 52-53

<sup>36</sup> SPS AMR Coalition Building Guide, pp. 54 of pdf



### ***Develop an Implementation Plan***

To stay organized and ensure all stakeholders and TWG members are unified, an implementation plan should be drafted. The implementation plan (annex C) should include information on the objectives, activities, indicators, and a Gantt chart with the timelines for each task. The implementation plan is a management tool, keeping all the parties organized and accountable for the progress and sustainability of a pooled procurement system. It is also beneficial to mention the strategic approach the members are deciding to take, reasoning for the option of a pooled procurement system, and any background on how the groups decided to implement a pooled procurement system, based on the results of the situational analysis. An implementation plan is often broken down by the following categories:

- Introduction—This section should include background information on the context of the activities to set up and implement a pooled procurement system among the different organizations. The results of the situational analysis that indicated that a pooled procurement method is the most beneficial should also be listed here.
- Strategic Approach—This section should include the overall objectives of a pooled procurement system initiated by the stakeholders, plus the objectives for the various activities and strategies being used to successfully optimize the procurement process through a pooled procurement system.
- Implementation plan—Here the group can list more detailed information about communication or advocacy strategies or activities; work plans; management and human resource allocation; and monitoring and evaluation, including targets and indicators; and budgets.

### ***Develop a MOU***

A MOU is an agreement that expresses mutual accord on the issue/s between two or more parties. This document is a formal understanding and can convey significance, seriousness, and mutual respect between parties. The MOU usually (1) identifies the contracting parties, (2) spells out the subject matter of the agreement and its objectives, (3) summarizes the essential terms of the agreement, and (4) is signed by the contracting parties.<sup>37</sup>

In the case in Cameroon, the MOU was between the participating FBOs' health services departments, as beneficiaries of technical assistance provided by EPN, which was the umbrella organization and facilitator of developing a pooled procurement process. The CEO and pharmacists of the FBOs ensured that their respective organizations endorsed the MOU.

Furthermore, the MOU shows that the agreement is between the participating FBOs and an implementing partner or umbrella organization (such as EPN), if relevant. It is established to ensure the access to safe, affordable, and quality medicines through a pooled procurement

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<sup>37</sup> <http://www.businessdictionary.com/definition/memorandum-of-understanding-MOU.html#ixzz49aqbGt00>

system. The contact information for each participating organization should also be listed. The MOU typically covers other areas, as noted below.

- Descriptions and background on the specific organizations and parties participating in the pooled procurement are included.
- A scope of work (SOW) provides details on how to set up a pooled procurement mechanism through a central procurement unit or agency to coordinate the functions of the pooled procurement. The SOW may outline roles and responsibilities of the system's participants and facilitators. In Cameroon, EPN agreed to function as secretariat, providing services to coordinate and facilitate the pooled procurement process and decision making plans. EPN would ensure that the TWG and CPU members would perform their agreed-upon responsibilities and that it would conduct supportive visits and provide advice through SIAPS.
- The MOU lists the responsibilities of the FBOs, including such activities as establishing the TWG or central procurement unit, and to agree on the procurement cycle processes.
- Financial accountability should be specified. The mechanisms for proper records and documentation of spending and reporting can also be discussed in the MOU. The organizations would also agree on the payment schedule and payment processes. In Cameroon, the FBOs agreed that the payment schedule would be delivered as 50% payment within 30 days of pro-forma invoice, and 50% at disembarkation of the order.
- Deliverables from the listed partners, stakeholders, and organizations should be listed in the MOU as well.

### ***TORs for the TWG***

The TORs for the TWG should be decided by the pooled procurement mechanism stakeholders. The size of the TWG depends on the group's decisions. Based on the context, some stakeholders may prefer to have a smaller, more focused TWG, while others may decide to have a more open, public-forum style group to make decisions. Either way, this should be noted in the TORs. TWG members should be knowledgeable about the pharmaceutical products and procurement processes of the respective organizations. Some of the responsibilities of the TWG to be listed in the TORs include:

- Advising organizations on common approaches for the process
- Guiding and advising on the development of documents
- Reviewing the technical content of procurement process documentation
- Identifying issues for discussion and decision-making
- Planning activities that cut across beneficiaries in the group

- Providing and sharing information among the members on lessons learned during the pooled procurement process
- Coordinating activities on pooled procurement between the agencies and members

The TWG may be responsible for selecting the essential medicines to be procured through the pooled system, which requires developing specific criteria for inclusion and exclusion. Some options to consider are that the product:<sup>38</sup>

- Should be on the Essential Medicines List (EML) of the respective organizations
- Is one that is consistently out-of-stock and difficult to obtain on the local market
- Can be procured in generic form, unless it is unavailable
- Is less expensive than on the local market
- Meets at least 75% of the needs of the organizations joined in the pooled procurement

In addition, the TOR should outline all expectations and responsibilities of the TWG. The TWG may also be designated to conduct the quantification exercise to ensure equal participation across the organizations in the forecasting and supply planning processes. Organizations should ensure that the medicines being procured are included in their reporting forms, and to use reliable consumption data to capture accurate amounts needed. Some other roles and processes that the TWG may develop include: selecting suppliers; establishing a central procurement unit (CPU) to manage and implement processes; designating the tender and award procedures; developing a distribution plan; deciding on the methods of receipt of orders; and conducting the monitoring and reporting functions.

The TOR also includes the expected deliverables and outcomes of the TWG (e.g., a work plan, the monitoring and evaluation plan, documented policies and procedures for cooperation, etc.). Information on the frequency and expected outcomes of meetings can be included, as can further details on expenses, time, and how financing for TWGs works. It is highly recommended that along with the representation selected for each organization in the TWG, the CEO and CFO be updated on the discussions in the TWG. From lessons learned and the experience in Cameroon, it is clear that if the CEOs and CFOs are engaged in this process, it will lead to more streamlined discussions within and across the organizations, better decision making capacity, coordinated financial approvals and disbursements, and more successful pooled procurement systems.

#### **Step 4. Setting Up a Central Procurement Unit or Agency**

The stakeholders or participating members of the TWG now must decide on the objective and overall mandate of the procurement unit. For example, in Cameroon, the Central Procurement Unit (CPU) was tasked with receiving orders, organizing tenders, and overseeing the entire procurement process (figure 2 on the procurement cycle to see the full cycle of steps in the procurement process). This included functions such as: conducting medicine quantification

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<sup>38</sup> Adopted from the EPN supported pooled procurement in Cameroon, Design of the Cameroon Pooled Procurement system Project Design, Quarterly Report. Nov 2015.

exercises; selecting procurement and ordering methods; prequalifying suppliers and products based on specified standards; managing the tender process, establishing contract terms; assuring quality of medicines; obtaining best prices; and ensuring that suppliers adhere to contract terms.<sup>39</sup> Some important considerations to apply to the process of establishing the CPU include:

- Selecting procurement methods for the CPU
- Establishing roles and responsibilities of the CPU
- Developing standard operating procedures around receipt and inspection, customs clearing, storing, and distribution and transport

During the process of designing the CPU, the TWG and deciding members need to agree on the procurement methods to be used. (Please refer to the Procurement Management and Processes section in this guide on various procurement methods for more information.<sup>40</sup>) Regardless of the procurement method chosen by the group, the important factors to keep in mind involve ensuring a continuous supply of quality medicines across the FBOs or clinics in the pooled procurement system.

Some operational and procedural decisions need to be finalized while establishing the roles and activities of the CPU. It is at this point that stakeholders may also decide on processes for the receipt and inspection of orders. For example, the facilities may decide to take turns and rotate which of them will receive the orders for each procurement period. They may also decide to divide the orders into parts, with different consignments being delivered to several facilities, if space to hold inventory at the facilities is a problem.

It is also important to decide on the procedures concerning who will conduct the clearing, and whether the best option is to hire a clearing agent, for example, to manage all customs-related duties when the bill of lading is received. Agreements on funds and when they will be available across the organizations should also be decided on and clearly relayed. Quality assurance checks will also need to be performed at this step to verify that all orders are correct and that they meet the specifications and quality standards agreed upon. A clear checklist should be developed and made available to ensure uniformity with the contractual agreements made. The stakeholders must also decide on who will be available to play that function once the medical products arrive.

Stakeholders must also develop a distribution plan for the consignment disbursement. Within the distribution plan agreements, inspections should be conducted by the parties involved to ensure that the correct and quality stock will be dispensed from their facilities. Within the scope, it may be decided that all products arrive at one facility's warehouses or stores, and the others come to pick up their consignments from there. Other arrangements may also be determined, such as having products arrive at a clearinghouse contracted to perform this service. The distribution and transport itself may be conducted by the separate entities retrieving their own products, or a

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<sup>39</sup> Ecumenical Pharmaceutical Network. *Pooled Procurement Report: approach to implementing pooled procurement in faith based health supply organizations*. Submitted to SIAPS December 11, 2015.

<sup>40</sup> MDS-3, p. 18.6

contract can be decided and agreed upon for delivery by the original receiving facility or FBO. Another option is for a third-party contractor to be hired to conduct the deliveries to all the facilities as well.

**Box 3. Cameroon Case Example: Implementing a Clear System for Receiving and Distributing Medicines**

In the implemented case in Cameroon, among the four FBOs involved in pooled procurement, one centrally located FBO was selected to receive the products. The warehouse at the selected FBO was also deemed to have adequate space and storage conditions to hold the products. The FBOs also agreed among themselves to pick up their consignments within 1 day, or pay warehousing charges for extra time for storage. The FBOs also decided that if any of the organizations would like for the FBO that was housing the products to deliver the products, that option can be arranged and provided for a fee. This system of providing clear guidelines and expectations among all players and stakeholders worked successfully in Cameroon.

**Step 5. Managing and Organizing Procurement**

The procurement agency or CPU plays a vital role in managing and organizing the procurement process. The processes of the CPU revolve around ensuring that the right products in the correct quantity arrive at the right place in a timely manner. This unit is also charged with obtaining the best possible process for the highest-quality products for distribution and use among the patients visiting the clinics of the respective organizations within the pooled procurement system. This section will discuss the processes for selecting essential medicines for pooled procurement, selecting suppliers who are qualified to deliver quality-assured medicine, tender management, awarding contracts, and monitoring and evaluating the procedures.

***Product Selection***

The selection of medicines has a multi-factorial effect on the quality of care, rational use of medicines, and the cost of products.<sup>41</sup> This step is critical in that a shorter list of essential medicines, with clear specifications and correct dosages and formulations, addresses the health needs of the populations that the FBOs serve.

**Table 1. Advantages of a limited list of essential medicines<sup>42</sup>**

<b>Major objective</b>	<b>Challenge</b>
Supply	Easier procurement, storage, and distribution
	Lower stocks
	Better quality assurance
	Easier dispensing

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<sup>41</sup> MDS-3, p. 16.2

<sup>42</sup> MDS-3, p. 16.4

Major objective	Challenge
Prescribing	Training more focused and therefor simpler
	More experience with fewer medicines
	Non-availability of inappropriate treatment alternatives
	Reduction of antimicrobial resistance
	Focused drug information
	Better recognition of adverse drug reactions
Cost	Lower prices, more competition
Patient use	Focused education efforts
	Less confusion and increased adherence to treatment
	Improved medicine availability

In the case of establishing a pooled procurement system, the essential medicine list is used as a supply list. To select the best essential medicines, the criteria should be based on:<sup>43</sup>

- Relevance to the pattern of prevalent diseases;
- Proven efficacy and safety
- Adequate scientific data and evidence of performance in a variety of settings
- Adequate quality
- Favorable cost-benefit ratio
- Desirable pharmacokinetic properties
- Possibilities for local manufacture
- Availability of single compounds

Note that medicines should be identified by the International Nonproprietary Name (INN), also known as the generic name.

The TWGs must decide on the criteria for the inclusion of medicines to address some of the issues presented in the situational analysis and match the country context. Since some of the criteria for quality and efficacy of medicines is burdensome for FBOs to prove, they can follow what has been selected at the national level, which should have gone through stringent quality and efficacy testing or verification. The FBOs may also decide to use medicines that are already on the WHO Model Essential Medicines List.<sup>44</sup>

Some tools and types of analysis for reducing a procurement or essential medicines list are described below.<sup>45</sup>

- **VEN (vital, essential, nonessential) analysis** — This classifies medicines in categories according to how critical they are for treating commonly encountered diseases in the population. Priority should be given to the vital medicines.

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<sup>43</sup> MDS-3, p. 16.2

<sup>44</sup> <http://www.who.int/medicines/publications/essentialmedicines/en/>

<sup>45</sup> MDS-3, p. 18.15

- **Therapeutic category analysis** — This applies economic analysis of therapeutic choices to help select the best medicines for treating common diseases while minimizing overall cost to the health system.
- **ABC analysis** — This assembles data from recent or projected procurements to determine where procurement money has actually been spent, allowing managers to focus first on high-cost and high-use items when considering ways to reduce procurement costs.

**Box 4. Cameroon Case Example: Selection criteria for medicines on the procurement list**

In setting up their pooled procurement system in Cameroon, the selection of medicines was a successful and straightforward process. Each organization had consulted with the Drugs and Therapeutic Committees before the stakeholder meeting, and ensured the involvement of medical personnel in the discussions to add clinical and practical value to the process. The organizations agreed to cap the limit of medicines at 50 products on the list. The TWG worked together to group similar products across the organizations to make sure to stay within the specified limit. The selection criteria they used to choose products and medicines were:

- The products must be included on the EML of each organization.
- The products must be frequently out-of-stock medications.
- The products must be difficult medicines to obtain on the local market.
- The products must be in generic formulation unless unavailable.
- The product must be cheaper than on the local market.
- The products must meet quality specifications.
- The products must meet 75% of the need across the three organizations.
- Consumption data on the products must be available to analyze the above criteria.

### ***Supplier Selection***

Before releasing the Request for Tender (RFT), the group is faced with the option of a restricted tender, in which suppliers are invited to submit tenders based on certain criteria, or to post an open tender. The benefit of a restricted tender is that it can be confined to only suppliers that have been prequalified. Prequalification involves being assessed on performance and being registered as prequalified suppliers based on references from previous clients and documentation of quality-assured products. The World Health Organization (WHO) also has a prequalification program that manufacturers can apply for; applicants must show extensive information on their product to enable effective evaluation of its quality, safety, and efficacy.<sup>46</sup> The procurement agency or CPU can also decide to undergo a rigorous post-qualification process after putting out an open tender.

The selection of suppliers is important and has a large impact on health programs and patient health. From a programmatic perspective, the suppliers the pooled procurement team chooses

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<sup>46</sup> MDS-3, Section 21.4

can have negative financial consequences if, for example, there are hidden costs and fees, deliveries are late or completely defaulted, or there are losses due to inadequate packaging or short expiration periods. Therefore, working with an unreliable supplier can end up impacting the system and increasing costs.<sup>47</sup>

The TWG or CPU may procure from among the types of pharmaceuticals suppliers and services listed below.<sup>48</sup>

- **Pharmaceutical manufacturers**—These suppliers can be either research-based or non-research based.
- **International procurement services**—These services can be provided by non-profit companies or international agencies; for a list of various international procurement agencies, refer to the International Drug Price Indicator Guide.<sup>49</sup>
- **Independent international wholesale exporters**—These wholesale exporters purchase products from various manufacturers for resale. When purchasing from a wholesale exporter, it is important to know the original manufacturer and that the distributor protects the quality of medicines in transport.
- **Local importers and distributors**—These suppliers are also known as wholesalers; it may also be beneficial to apply the WHO wholesaler prequalification criteria when qualifying this type of supplier.

#### **Box 5. Cameroon Case Example: Selecting Suppliers**

The FBOs in the pooled procurement system in Cameroon decided to send invitations to tender to suppliers with whom they had worked in the past. However, because some of the organizations used the same suppliers, and the suppliers were sent more than one invitation to tender from the CPU, it would have been useful for the organizations to also cross-check their contacts and verified suppliers. The criteria the FBOs selected for suppliers to tender were that they:

- Have WHO prequalification;
- Be an experienced supplier in the African region;
- Meet local authority's regulation standards;
- Meet internal quality control system requirements; and
- Follow local regulations of registration of medicines for supply.

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<sup>47</sup> MDS-3, pp. 21.10

<sup>48</sup> MDS-3, pp. 21.11

<sup>49</sup> International Drug Price Indicator Guide



## ***Invitation to Tender***

To prepare the bid package or post the invitation to tender, the TWG and CPU would have already selected the essential medicines to procure, decided upon the criteria for supplier selection, and conducted the quantification exercise to understand the forecasted need for the patients within the organizations' catchment areas. Depending on the type of tender process selected—open or restricted tender—the bid packages either go directly to prequalified bidders under a restricted tender or to all interested bidders in an open tender.

The documents that must be prepared for a clearly specified tender package include:<sup>50</sup>

- **An invitation to bid, or invitation to tender**—This describes the scope of the procurement and any criteria or conditions under which the tender will be accepted. The invitation also includes important information such as the address to ship the tender to, the date and time bids are due, and the dates within the contract.
- **Instruction to bidders**—Here is where the procurement unit can specify: how bids should be formatted; how to state prices; whether there is a domestic preference; the criteria for the bid evaluation; and the procedures involved in adjudication.
- **Conditions of contract**—This document outlines any conditions in relation to the current procurement to which the successful bidder must agree and sign.

## ***Adjudication of Tender***

The adjudication process must be transparent and fair for all bidding parties. To avoid any corruption-prone procedures, the bids are not opened until after the closing date for submission, when all offers are received. A planned time and date is specified for the opening of the bids, requiring that at least one member of the procurement unit and at least one of the bidders' representatives be present as well. When the adjudication process is conducted by the TWG, each organization participating in the pooled procurement should be represented. Each open bid should be logged into the procurement information management system or in the procurement ledgers. These processes help ensure transparency and organization for the adjudication.

Key information from all offers should be collated, either manually with a table or electronically using procurement software. Any bidders who fail to sign the bid or do not meet the requirements are to be disqualified, and a clear log of reasons for disqualification should be noted and communicated transparently. The next step is to evaluate the collated bids based on lowest prices for each product and other criteria outlined, which is done by the procurement unit or agency or the tender board. When the tender awards are determined, a contract is established with the winning bidders.

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<sup>50</sup> MDS-3, p. 21.13

**Box 6. Cameroon Case Example: Adjudication process and requirements from bidders**

**Important information included in the determination of tender packages in Cameroon**

- The bidder submitted information in hard copies in an Excel Workbook format, and provided the same information on a USB drive as well.
- The table had columns for: INN product names and strength; manufacturer; pack size; prices; lead time; payment conditions; and packaging information (including batch number and expiry dates).
- The currency exchange rate was the one agreed upon.
- Bidders provided supporting documents to show that they comply with local importation conditions.
- Copies of original receipt in the tender document were to be verified.
- Information from bidders that adhered to the requirements were collated and presented side-by-side in a report to compare offers.

### ***Contract Award***

Once the winning bidders are selected, the contract award is issued to specify the requirements for the consignment. It is important that the contractual terms match what was outlined in the tender document on which suppliers based their bids. The utmost attention to detail must be taken in writing the contractual agreement, since this document will also outline essential information such as: labeling and nomenclature; quality standards and shelf life; proper packaging (pack size, type of container, outer packaging); shipment and delivery dates; trade terms and indemnity (including patent rights<sup>51</sup>); financial guarantees and payment terms; and payment currency and validity of prices.

The contract should also mention whether the prices are for fixed or estimated quantities; if they are estimated, it is beneficial to mention whether or not there is a guaranteed minimum. This helps suppliers to correctly estimate their price fluctuations and structures depending on the certainty of the amount and the period in which they should supply the products.<sup>52</sup> It is also essential that the financial capabilities of the suppliers being awarded contracts are understood. The payment currency should also be specified, and this should match the terms of the bid prior. To avoid problems associated with currencies with high inflation and conversion rate fluctuations, use of an international trade currency is recommended. Many international suppliers do not accept payment in local currency or have “contingency factors” associated with the prices.<sup>53</sup>

The payment terms must guarantee timely disbursement to ensure obtaining the best price. It is important to take into consideration that when suppliers build their prices, they conduct risk analyses to take into consideration delays in payment if the buyer has been continually late in payments. It will make a difference in the efficient process of receiving products at the best

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<sup>51</sup> MDS-3, p. 39.4.

<sup>52</sup> MDS-3, p. 39.6

<sup>53</sup> MDS-3, p. 39.7

prices for the pooled procurement team to ensure that the bank accounts have been set up and are ready and available to pay suppliers in a timely fashion.

In the contract the buyer also states that all pharmaceutical products should conform to established pharmacopoeia standards of quality by the manufacturer. For each separate product, the suppliers should be able to provide batch certificates of quality manufacturing, as well as the WHO certificate of a pharmaceutical product.<sup>54</sup> Furthermore, contract terms should require that there be standard labelling for the products to be procured and that the language of the labeling include a list of the required specifications. Labels on each ampoule or vial should include: the generic name of active ingredients; batch number; expiry date; quantity of active ingredients; manufacturer name; directions for use; and instructions for reconstitution, if required.<sup>55</sup>

To reduce conflict, confusion, or delays, some additional requirements should also be stated in the contract: information on proper packaging; shelf life and expiry date requirements; security deposits such as bid bonds and performance bonds; proof of experience in pharmaceutical sales; shipment date; any patent provisions in countries that recognize patent laws; and any penalties on the supplier for default.

With multiple organizations partaking in the pooled procurement, stakeholders must decide on who will sign the supply contract and follow up with the shipment on behalf of the organizations. In Cameroon, the TWG decided to have a rotating system where a different organization took the lead for each order. However, in other settings, the TWG or the CPU may be chosen to manage this process completely.

### ***Reception of First Consignment***

When the consignment has shipped, the entity responsible or contracted for clearing the products at the port must be ready. Having a checklist prepared and established to ensure the conformity, accurateness, and quality of the orders is recommended. The TWG should have already decided where products will be stored—either at a central location or warehouse or distributed directly to other destinations on behalf of the participating FBOs. If stored at a central location, there should be a plan and schedule for all entities to make arrangements to collect their supplies in a timely manner.

The cost of storage and distribution must be discussed beforehand, and if the central storage unit also has capability to distribute, the unit can be contracted to offer transportation services. If the central storage unit does not have transportation capacity, those services should be sourced from another participating FBOs that are interested or outsourced to private distributors. Alternatively, depending on the suppliers contracted and the type of agreements established, the supplier may be responsible for delivering commodities directly to the respective FBOs themselves. However, in many countries the routes for transport may be limited or require a deep knowledge of the inner routes for delivery. In such cases, the most appropriate option may be to have specified on FAS (free along-side ship) or FOB (free on board) terms in the contractual agreement with the

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<sup>54</sup> MDS-3, p. 39.8

<sup>55</sup> MDS-3, p. 39.8

supplier, and have a separate provider ship, transport, and insure the products.<sup>56</sup> To make proper storage and distribution arrangements, schedules and extensive planning must be established and agreed upon in TWG and stakeholder meetings.

**Box. 7. Cameroon Case Example: Proposal for the reception of orders agreed upon by the TWG**

**These criteria were used to guide how orders are received among the participating FBOs.**

1. The orders will be received by a different FBO for each consignment.
2. Clearing agents of two FBOs will provide fee quotations for clearing.
3. The charges will be a fraction of the value of individual offers.
4. When the bill of lading is received, a clearing agent will be contracted.
5. Before the arrival of goods, funds will be made available.
6. Products will be distributed if they meet specified quality standards.
7. In terms of storage, it was agreed that one of the FBOs with adequate space was selected to receive all products.
8. Collection dates will be organized between the FBOs and the manager of the storing facility; failure to collect products on the same day will lead to fees and warehouse charges.
9. An FBO that would like the storing facility to deliver will need to make the proper arrangements with that FBO.

### **Reporting, Monitoring, and Evaluation**

The stakeholders will decide in the planning phases whom will be responsible for continually reporting and monitoring performance and evaluating the pooled procurement system. For example, the TWG or the CPU may be in charge of compiling data on the quality of medicines received, supplier lead times, and monitoring the stock at the various FBOs. The use of modern tools like dashboards\* will enhance visibility of stock levels at facilities and provide an Early Warning System of an imminent stock-out at a specific facility. Furthermore, given the contractual terms agreed upon between the FBOs and the suppliers, the CPU may also be tracking delivery status, compliance with pricing and terms, shelf life, and packaging of the product.<sup>57</sup>

The pooled procurement system is meant to optimize processes, reduce costs, and better manage procurement for the participating FBOs. Therefore, to meet those objectives, it is important to track the various aspects of the established mechanism, including having key performance indicators related to areas of measurement. It is also beneficial for the pooled procurement team

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<sup>56</sup> MDS-3, p. 39.5

<sup>57</sup> MDS-3, p. 21.18

\*The West Africa Regional Project Dashboard: Better Information for Better Decision Making;  
<http://siapsprogram.org/2014/09/05/the-west-africa-regional-project-dashboard-better-information-for-better-decision-making>

or stakeholders to log all the processes to review the system in its entirety, including the processes around the following:

- The situational analysis approach
- Establishing the CPU and TWG
- Selection of medicines
- Quantification procedures across the participating FBOs, and how results are compiled
- Criteria and methodology for selecting or shopping for suppliers
- The tender process
- Developing the contract award
- Ordering procedures and follow-up
- Receipt of orders and quality of medicines
- Distribution
- Managing finances
- Accessibility and availability of medicines to patients

It is best practice to have a procurement information system that tracks and regularly reports the performance around these listed processes. Computerized reports and use of dashboards\* make it easier to track functions such as pharmaceutical and supplier selection, quantification, tender collation and adjudication, and status reports on payments. However, if necessary, these can also be tracked and reported with a manual system.<sup>58</sup> Continuous evaluation of the CPU performance and all of the above-listed functional areas will allow stakeholders to make evidence-based decisions to improve the processes and outcomes of their pooled procurement system.

## **Summary**

The pooled procurement of the FBOs in Cameroon demonstrated a number of benefits that such initiatives can bring in addressing issues around access of quality medicines. The initiative not only increased accessibility to the medicines that were hardest to get through bulk purchasing and increased volumes, but it also accomplished the goal of increasing availability of medicines at a lower cost through negotiated prices. The low prices allowed the institutions to buy larger quantities, saving money that they used to invest in other services in their health systems—benefits passed on to the end users, the patients. This increased the affordability of quality medicines. Some of the savings were as high as 70%.

Other positive results included TWG capacity building, which will continue strengthening pharmaceutical systems in Cameroon. With the need for different health systems to plan and work together, this initiative exemplified how trust and working together, through sharing of

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<sup>58</sup> MDS-3, p. 21.23

\*The West Africa Regional Project Dashboard: Better Information for Better Decision Making;  
<http://siapsprogram.org/2014/09/05/the-west-africa-regional-project-dashboard-better-information-for-better-decision-making>

vital information in addressing today's pharmaceutical challenges, can bring the most benefits to patients.

Along with having the political will to succeed, it is important to choose a framework that works, one that was developed in keeping with the organizations' unique mandate and situation. Based on the success of pooled procurement of the FBOs in Cameroon, more FBOs in Cameroon want to join the scaled up activities as the FBOs continue to work together. Lessons learned from Cameroon are already being used in pooled procurement for four drug supply organizations (DSOs) from four countries in the East Africa region.

## ANNEX A. EXAMPLE OF MEETING MINUTES FROM CAMEROON STAKEHOLDERS MEETING

### SIAPS/EPN Sponsored Pooled Procurement Stakeholders Meeting Central Pharmacy of Cameroon Baptist Convention Mutengeni, Cameroon, September 1-2, 2014

**Participants:**

Dr. Fidelis Nyaah , Chief Pharmacist, Presbyterian Church in Cameroon( PCC)  
 Dr. Dina Ngend Juliene, Chief Pharmacist, Organisation Catholique de la Sante du Cameroun (OCASC)  
 Dr. Yonikeu Irene, Chief Pharmacist, Eglise Evangelique du Cameroun  
 Dr. Tabeteh Frunjang Gerald, Chief Pharmacist, Cameroon Baptist Convention  
 Dr. Mirfin Mpundu, Executive Director, Ecumenical Pharmaceutical Network

Subject	Discussion	Responsible	Timeline
<b>Situation analysis</b>	<ol style="list-style-type: none"> <li>1. Inability of CENAME to meet local demands of essential medicines (FBO needs are not met)</li> <li>2. Increased need for essential medicines in FBO health facilities, as there are increased numbers of patients going to these facilities to receive treatment and medicines that are not always available in government health facilities</li> <li>3. FBOs are not on CENAME's priority list (CENAME will first supply government hospitals before FBOs)</li> <li>4. Local suppliers do not have a range of essential medicines in their generic forms available from off their shelves, as they mostly stock brand products, i.e., medicines that provide high profit margins</li> <li>5. Higher prices of generic medicines inhibit access due to a monopoly by a few suppliers that might have the stock</li> <li>6. The above issues also lead to stock-outs in the FBO health facilities</li> <li>7. Poor-quality medications available on the Cameroon market (e.g., from unscrupulous sources)</li> <li>8. High demand for generic medicines</li> <li>9. Limited quantities available in the market</li> <li>10. Many local suppliers are of doubtful legal status</li> <li>11. For international imports, the ease of clearing and dealing with the documents when placing 1 order instead of 4 orders</li> </ol>	Dr. Mirfin Mpundu and TWG (Dr. Gerald Tabeteh, Dr. Irene Tankoure, Dr. Dina Ngend Juliene, and Dr. Fidelis Nyaah)	

<b>Subject</b>	<b>Discussion</b>	<b>Responsible</b>	<b>Timeline</b>
	12. FBOs provide more than 40% health care services, evidence of the trust people have in FBOs 13. FBOs are located in areas where government health facilities are lacking 14. FBOs have financial challenges, as most may not receive government subsidies		
<b>Central Purchasing Unit (CPU)</b>	Composition of Membership:  4 chief pharmacists and 4 CEOs of the 4 organizations TWG will be composed of 4 pharmacists and 4 CEOs or their respective representatives	TWG (Gerald, Fidelis, Irene, Juliene, and the 4 CEOs)	
<b>Scope CPU</b>	Ensure that the CPU is achieving the desired goals and that the TWG is meeting set goals		
<b>Scope TWG</b>	TWG will focus on development and implementation of the pooled procurement cooperation between members of the signed MOU and provide relevant technical expertise on the process and infrastructure, as described in the MOU		
<b>Selection of medicines</b>	Medicines will be selected on the basis of the following criteria:  1. Be on the EML of each organization 2. Be an out-of-stock medication, difficult to get on the local market 3. Be in generic formulation unless unavailable in generic 4. Cheaper than on the local market 5. Meet quality specifications 6. Satisfy 75% of needs in the 4 organizations (3 of the 4 organizations need to order it)	TWG	
<b>Quantification</b>	1. 50 essential medicines selected based on the above criteria 2. Organizations use past consumption data for 1 year to come up with quantities for their lists 3. This is an increase from the initial 20 the group considered		
<b>Shopping for Suppliers</b>	Each member of the TWG was assigned to use the following criteria to provide at least 5 suppliers:  1. WHO prequalified 2. Experienced organization in supplying the African market 3. Meet local regulatory requirements 4. Meet standard quality control systems 5. Meet local regulation of registration		
<b>Tendering Process</b>	The method agreed upon was restricted tender; members of the TWG were assigned to draw up the tender notice; the following parameters were to be considered in establishing the tender notice:  1. Price of medicine 2. DDI 3. Experience and reliability		



*Annex A. Example of Meeting Minutes from Cameroon Stakeholders Meeting*

<b>Subject</b>	<b>Discussion</b>	<b>Responsible</b>	<b>Timeline</b>
	<ol style="list-style-type: none"> <li>4. Lead time</li> <li>5. Packaging, presentation, and meeting specifications</li> <li>6. Expiration dates (2 years unless for special products with less than 2 years of shelf life)</li> <li>7. Proof of verification, certificate of customer satisfaction</li> <li>8. Certificate of GMP accreditation certificate</li> <li>9. Quality certification for analysis (specify in the application that if it fails, they will pay for the process)</li> <li>10. Equal terms in the quotation</li> <li>11. Quote per product</li> <li>12. Local registration criteria of medicines must be met</li> <li>13. Supplier will be requested for a pro-forma invoice within 1 week of being selected.</li> <li>14. Equal terms</li> </ol>		
<b>Ordering</b>	<ol style="list-style-type: none"> <li>1. The order will be placed by CBC</li> <li>2. CBC shall follow up the tender</li> <li>3. Clearing agent service quote shall be solicited from CBC and PCC clearing agents</li> </ol>		
<b>Follow-up of order</b>	Document follow-up: Health transit visa , invoice, external application, agent taxes		
<b>Receipt of Orders</b>	<ol style="list-style-type: none"> <li>1. Received by PCC plan B EEC</li> <li>2. Clearing agent (2 quotes PCC and CBC)</li> <li>3. Normally arrange/deliver to CBC/EEC</li> <li>4. Clearing charges (may engage services/ get offers either PCC/CBC)</li> <li>5. Charges fraction of value of individual offers</li> <li>6. Clearing agent contacted when bill of lading</li> <li>7. When B4 goods arrive, money should be made available</li> <li>8. Arrange for PCC to receive clearing agent fees</li> <li>9. As the bill of lading is made, funds will be made available</li> <li>10. Products to be received if they meet quality standards set</li> </ol>		
<b>Distription</b>	<ol style="list-style-type: none"> <li>1. Drugs will be received and stored at CBC</li> <li>2. Collection date will be communicated by CBC</li> <li>3. An organization wanting CBC to deliver will need to make arrangements with CBC</li> </ol>		
<b>Finances</b>	<ol style="list-style-type: none"> <li>1. EPN will open an account for the purposes of purchasing</li> <li>2. Finances transferred to that account by the organizations</li> <li>3. Having such an account means that no organization is at risk or shoulders the expenses</li> <li>4. Remove storage, HR issues, transportation, etc</li> <li>5. Issue of coordination</li> <li>6. How do we manage finances?</li> <li>7. EPN should play a crucial role to put pressure on organizations</li> <li>8. To avoid holding products for any organization, no one was willing to do warehousing for the product</li> </ol>	TWG members to start talking with their CEOs concerning order and finances that will be required.	

<b>Subject</b>	<b>Discussion</b>	<b>Responsible</b>	<b>Timeline</b>
	9. To order quantities, have enough warehousing space 10. Most suppliers to be advanced 50% upon signing contract 11. Bill of lading is expected within 2 weeks of signing contract 12. Want EPN to host the accounts		

### **Logical Framework Matrix: Pooled Procurement Cameroon**

<b>Outcome</b>	<b>Output</b>	<b>Activities</b>	<b>KPI</b>	<b>Means of verification</b>
Coordination of FBO procurement activities	Mechanisms for coordination on of pooled procurement activities	1. Identify FBO interested in pooled procurement 2. Situation analysis 3. Stakeholders workshop 4. Defined SOW, TOR 5. Establish structure of CPU	1. SOPs 2. TORs 3. Drug list	Status report/actual documents
Improved patient outcomes and satisfaction of pharmaceutical care	Increased availability of stock/reduced incidences of loss of essential medicines		90% availability of selected meds	Stock cards/prescription or drug register review
Create CPU	1. List of tender companies 2. Table of comparison of the different tenders	1. Selection 2. Quantification 3. Tender launch 4. Allocation of tender 5. Attribution of drugs to suppliers based on good favorable terms 6. Delivery note	1. Receipt and supply of drugs 2. Availability of essential medicines in the pharmacy	Project documents, invoices
Tool kit		1. Document everything that happens during this process 2. Stakeholders evaluation 3. Review of documents, TORs, SOPs 4. Delineation of responsibilities 5. Compiling all data, records into one booklet or binder		Project report

## **TERMS OF REFERENCE**

The group identified the following four areas on which to have SOPs developed:

1. Selection and quantification
2. Procurement
3. Finances
4. Monitoring and evaluation

### ***Selection and Quantification of Medicines***

#### *Selection*

1. Organizations will determine and quantify their needs (quarterly, semi-annually, or annually) and bring them to the group
2. EML
3. All groups will make one list
4. Quantities specified
  - Fluctuating availabilities
  - Use ABC system
  - VEN
5. List of drugs to be procured through pooled mechanism compiled
6. Adoption of medicines must satisfy 75% or 3 of the 4 groups
7. Groups will bring the list of medications to the first meeting

#### ***Procurement***

1. Tender launch (30 days)
1. TWG to convene after closure of tender to open tenders
2. Selection of the supplier will be based on criteria (refer to earlier notes); the entire group must be present
3. A member organisation will host the meeting
4. Person responsible for submitting the order is selected
5. Clearing agent is selected
6. Order is followed by group that made the order.
7. Notify others of the progress
8. A communiqué for the clearing agent will be put in the media by one of the member organizations
9. Items will be checked against the packing list by representatives of the four organizations
10. Member organizations will pick up medicines on that day or agree with the host on storage or distribution

## **Finances**

1. An account will be maintained by neutral party (e.g., EPN) for the sole purpose of this project.
2. Members shall remit or transfer 50% within 30 days of issue of pro-forma invoice.
3. Remaining 50% is due upon arrival of order at the port (60 days after they have offloaded at the port).
4. Payment of visa fee, then SGS will be made as required by law (the group organizing the order will pay these fees and bill the other groups).
5. Fees will be paid to the organization selected for clearing once they have received the quote (based on the volume of order).
6. Any storage and distribution fees will be the responsibility of the organization upon agreement.
7. Cost for quality control will be based on the order volume.

## **MONITORING AND EVALUATION**

1. Each organization documents its experience.
2. Determine whether the objective of pooled procurement was met.
3. Determine whether stocks in facilities increased.

## **List of key considerations**

### Deliberated on in the initial meetings of setting-up the pooled procurement system

1. Determining selection criteria
  - a. What to do if one institution needs one or more pharmaceutical products that the other institutions do not need
  - b. What to do if one institution needs more than 50 or less than 50 products
2. Group started with a list of 20 essential medicines which they expanded to 50. Twenty (20) did not satisfy the needs of the groups.
3. Deciding what to do when a new organization wants to join the team after the process has started. (Teams can join up to the point before tenders are advertised; after that, they would have to wait until the next order is placed.)
4. Forming the CPU
  - a. Will it be a new organization?
  - b. What legal status will it have?
  - c. How will the government perceive this organization?
  - d. Where will it be located?
  - e. How will it be managed?
5. Other issues raised and discussed

- a. Deciding upon an agent to engage and the agent's fees
- b. Why not have one list? (look at the change on the ground)
- c. Whether certain drugs should be in the same group, e.g., mebendazole and albendazole; enalapril and captopril; ibuprofen and diclofenac
- d. Should a medical doctor be present at the meeting?
- e. Question indicators, may not be correct because the drugs may not be available, possibly because the DSO may not have them

## ANNEX B. PROCUREMENT, PRODUCTS ASSESSMENT AND REGISTRATION, AND PRODUCT QUALITY SURVEILLANCE<sup>A</sup>

A. Source: SIAPS compilation of PSS Indicators

Indicator	Domain	Definition/Interpretation
% Vendor on-time delivery (VOTD)	High-level supply chain	This indicator measures the supplier's compliance with the agreed quantities and agreed delivery time. This indicator is aggregated to include all vendors in an overall (VOTD) calculation. This formula could also be used on individual vendors for performance management on a vendor-by-vendor basis. Failure to meet agreed upon delivery times leads to commodity shortages and/or requires emergency orders. This measure assesses vendor management capabilities and allows those in charge of procurement to monitor vendor's adherence to agreed delivery date trends.
Tracer medicines availability	Inputs and processes	
Median drug price ratio for tracer drugs		
Percentage of items received for which the minimum shelf life equaled or exceeded the shelf life specified on PO	Operational considerations	Determines whether shelf life regulations in a country are adhered to. Given the short shelf span of ACTs, keeping track of shelf lives of all received products is important to reduce the risk of having expired or nearly expired stocks.
On-time payment to vendor	Process-level supply chain	This indicator measures the percentage of payments made to vendors on or before the contractually agreed upon date. On-time payment to vendors is a key part of vendor management. Low performance in this area is indicative of insufficient funds or poor financial management.
Shipping accuracy	Process-level supply chain	This indicator measures the accuracy of shipments in terms of the products and quantities shipped. It measures the percentage of lines of product that were shipped without error out of all lines shipped during a defined period of time. Ensuring that the quantities shipped are accurate in type and quantity is important to ensure that vendors adhere to contracts and there is not a product shortage. Procurement personnel and warehouse managers can use to monitor supplier performance and shipper performance if shipment is contracted separately.
Supplier fill rate	Process-level supply chain	For each supplier, this indicator measures the percentage of orders (e.g., POs) that meet the set criteria (e.g., correct products received in the correct amounts, at the correct time, in the correct packaging; product arrived undamaged with adequate shelf life remaining; quantity shipped equals quantity received, etc.) out of all orders fulfilled during a defined period of time. This measure is useful for procurement personnel and warehouse managers to hold their suppliers accountable for meeting the requirements specified in the PO or contract. By monitoring order compliance, managers can assess supplier performance and take action, when needed, to address any lack of order compliance.
Percentage (by value) of pharmaceuticals procured through competitive bid	Process-level supply chain	This indicator measures the percentage of procurements that are competitive bids. Competitive tenders often lower the cost of pharmaceutical purchases. Competitive bidding can be open to international and national companies/wholesalers, and is often dependent on the robustness of the

*Annex B. Procurement, Products Assessment and Registration, and Product Quality Surveillance*

Indicator	Domain	Definition/Interpretation
		local pharmaceutical market. Often a high percentage of procurement through competitive bid suggests that the procurement agency gets a better price.
Percentage of products entering the country that undergo quality testing	Process-level supply chain	This indicator measures the percentage of individual products entering the country that undergo quality testing over a specific period of time, as defined in national guidelines. This indicator can provide insight into quality testing requirements for health products and the capacity of a country to do quality testing on products entering the country. It can indicate whether quality control measures are being taken. It is possible that products that have undergone rigorous pre-shipment testing, such as condoms procured by USAID and other donors, may not require post-shipment testing unless their integrity was compromised during shipment.
Fixed order cost	Process-level supply chain	This indicator measures the average estimated cost of operating the entire procurement unit per order in a defined period of time (e.g., monthly, quarterly, annually). This indicator can help managers determine how efficiently the procurement unit is operating from one review period to the next and to see if there are cycles in the costs. Each program can decide which operating costs to include in its calculations.
Average number of orders processed per FTE in procurement	Process-level supply chain	This indicator measures the average number of orders processed per FTE staff member working in the procurement unit, and is measured annually. This indicator can measure the productivity or efficiency of the procurement unit. The average number of orders processed per each FTE can indicate staff productivity or the need for additional training or skills building.
Supplier lead-time variability	Process-level supply chain	This indicator is the average of the absolute percentage differences (APD) between the supplier's forecasted lead time and the actual lead time for each order placed with the supplier. This indicator can be calculated for any supplier that supplies products to the requesting facility. It can be measured over any time period, but 1 year is typical; it is usually measured in days. During quantification exercises, it is important to estimate the expected lead time to determine when the next procurement cycle should begin. If the forecasted lead time differs significantly from the actual lead time, stock excesses or shortages may occur. It is important that these two figures be as close as possible. This indicator measures only the supplier's lead time; however, it does not measure the total PO cycle time, which is defined as the time from when the quantification of the PO begins until the products are received by the warehouse. It includes time on the front end to put together the PO and the time on the back end to get the item from the port to the warehouse.
Percentage of contracts issued as framework contracts	Process-level supply chain	This indicator measures the percentage of contracts issued as framework contracts over a specific period of time. Framework contracts are multiple-year contracts where terms, conditions, time periods, and other specifications are negotiated before the contract goes into effect. Framework contracts can save time and money by reducing lead times and by eliminating the negotiation time and administrative costs to issue several individual contracts. It also helps the suppliers anticipate demand, leading to better planning and potentially lower unit prices for the purchaser. This indicator can help clarify whether there is capacity to negotiate framework contracts and if governments are seeking the most efficient procurement mechanisms.

*Establishing Pooled Procurement Systems among FBOs: A Guidance Document for Successful Implementation*

Indicator	Domain	Definition/Interpretation
Average lead time for contract/PO issue	Process-level supply chain	<p>This indicator measures the average amount of time it takes from when a decision to order is made to when the procurement unit issues the contract or PO). For planning, it is important to know the amount of expected lead time required to develop POs. Long lead times will extend the procurement cycle and will delay the time in issuing a PO with the supplier or manufacturer. This, in turn, will lead to delays in orders being placed and delays in shipments, potentially leading to shortages and stock-outs.</p> <p>This indicator measures the efficiency with which requests are processed and POs prepared. Improving the contract issue lead time will improve response times to in-country facilities that need the products.</p>
Lead time for contract award	Process-level supply chain	This indicator measures the average amount of time it takes from when a PO is issued to when a supplier actually signs a contract. The indicator can help identify delays to determine if the process of negotiating and contracting with suppliers needs to be adjusted. A lengthy process can lead to procurement delays and can cause shortages in stock and ultimately stock-outs. The indicator can be used to identify bottlenecks in the process and can be used to advocate for improved efficiency.
Percentage of orders with products on backorder	Process-level supply chain	This indicator measures the percentage of orders for which the supplier did not have sufficient stock on hand and had to back order products on an order, out of all orders placed during a defined period of time. A supplier with a high percentage of items on backorder may indicate poor stock management (e.g., frequently under-stocked/stocked out). In business terms, this could result in a loss of potential revenue if competitors can fill orders. Procurement personnel and warehouse managers can use this measure to monitor their suppliers' performance and ability to fulfill orders in a timely manner. Delays in receiving product can result in shortages and even stock-outs throughout the in-country distribution network.
Percentage of orders to be cleared from port before established deadline	Process-level supply chain	This indicator measures the percentage of orders that are cleared from the port before established delivery deadline. Customs clearance can cause delays, impacting on-time delivery. Two causes of the delay could be inefficient customs clearance processes and failure of procurement unit to incorporate standard customs clearance lead-times into agreements.
Ratio between median price of products procured and international median reference value	Procurement and supply management	This indicator measures the efficiency of procurement practices by comparing the prices paid for medicines with international price standards. Calculation: Median price paid for each medicine per unit per year of treatment /International median price for the same medicine per unit
Percentage of orders delivered in full and on time (as stated in the procurement agreement) per supplier in a defined period (6A)	Procurement and supply management	This indicator measures the supplier's compliance with the agreed quantities and agreed delivery time. It also measures the timely clearance of goods from the port.
Percentage of orders to be cleared from port that were cleared before deadline (6B1)	Procurement and supply management	This indicator measures the supplier's compliance with the agreed quantities and agreed delivery time. It also measures the timely clearance of goods from the port.



*Annex B. Procurement, Products Assessment and Registration, and Product Quality Surveillance*

Indicator	Domain	Definition/Interpretation
Average number of days between arrival at port and date of clearance from port (6B2)	Procurement and supply management	This indicator measures the supplier's compliance with the agreed quantities and agreed delivery time. It also measures the timely clearance of goods from the port.
Number of registered pharmaceutical products with more than 3 active ingredients, out of the total number of pharmaceutical products registered in the country, excluding vitamins (indicate year).	Regulatory functions	
Number of registered pharmaceutical products, out of total number of pharmaceutical products, that require registration in the country (indicate year).	Regulatory functions	
Number of categories of products (by type) currently subject to registration, out of the total categories of products available on the market that should be registered according to the drug legislation.	Regulatory functions	
Number of categories of products (by source) currently subject to registration, out of the total categories of products available on the market that should be registered according to the drug legislation.	Regulatory functions	
Percentage of ACT shipments received in the past 12 months that have been rejected based on quality issues (poor or substandard quality or that do not meet quality standards)	Review of quality assurance mechanisms	Measures whether or not ACT shipments are monitored for quality at the point of entry  Once products are registered in the country, they must be tested for quality at the port of entry to ensure that medicines of good quality are allowed into the country and that quality presented at registration is maintained in supplies sent to the country following orders.
Percentage of samples of circulating ACT stocks that were	Review of quality assurance	Measures whether antimalarial medicines are monitored for quality once they are introduced into the health system. Because the conditions under which medicines are transported, stored, and

Indicator	Domain	Definition/Interpretation
tested in the past 12 months and found to be substandard	mechanisms	dispensed can affect their quality and thus efficacy, countries must implement a product quality surveillance (post-marketing surveillance) system to detect problems with the quality of medicines circulating in the system.
Does the government use transparent and explicit procedures for procurement of pharmaceutical products?	Transparency	<p>Written procurement procedures for procurement of pharmaceutical products can help to ensure that the procurement process is open and transparent. They are also important to attract the best suppliers and the best prices. Secretive procedures create room for cronyism and corruption (whether real or perceived) in the procurement process. Eventually, suppliers, health care providers and patients may lose their trust in the system. As the pool of applying suppliers decreases to a small set, price competition will decrease as well, and procurement prices may be much higher than the international reference prices.<sup>1</sup></p> <p>The government should have an explicit document that describes the procurement process for pharmaceutical products clearly. This document should be publicly available and requires as a minimum:</p> <ul style="list-style-type: none"> <li>• Procurement that is based on the national list of essential medicines</li> <li>• The use of inn or generic names</li> <li>• The advertisement of tenders; contract specifications that are publicly available</li> <li>• Criteria for adjudication of tender are included as part of the tender package</li> <li>• Contract awards that are recommended by the tender committee</li> <li>• Information on the tender process and results that are made public (to the extent permitted by the law)</li> <li>• A description of the internal process to be followed by the procurement staff for processing bids</li> </ul> <p>Interpretation guidelines: If there is no evidence of such procedures, the indicator will be rated with a 0. If the procedures exist, rate the indicator as a Method 2 question.</p>
Is there written guidance for procurement office staff on the type of procurement method to be used for different types of products?	Transparency	<p>There are several types of procurement methods used to purchase pharmaceutical products that fall into one of four basic categories: open tender, restricted tender, competitive negotiations, and direct procurement.<sup>2</sup> The procurement method chosen for each product should aim to obtain the lowest possible purchase price for assured quality products and to ensure the supplier's reliability in terms of quality and service. Moreover, it should maintain transparency in the process and minimize the opportunity for illicit influence on procurement decisions. In most public-sector programs, the majority of medicines should be purchased through competitive tenders, but depending on the experience of the procurement office and the situation (e.g., emergency), another method may be chosen. Written guidance for procurement office staff on which method to use, depending on the products and situation, are essential to prevent possible personal arrangements with the suppliers, for example, by</p>

*Annex B. Procurement, Products Assessment and Registration, and Product Quality Surveillance*

Indicator	Domain	Definition/Interpretation
		<p>planning a direct procurement instead of a competitive tender to favor a specific supplier. In many countries, laws and procurement regulations dictate the procurement method to be used, often based on the value of the goods being purchased. There should be clear written guidance for procurement office staff on what procurement method to use for the different types of products to be purchased.</p> <p>Interpretation guidelines: If written guidelines exist, the indicator will be rated with a 1. If there is no written guidance, the indicator will receive a 0.</p>
<p>Is procurement done with an objective quantification method to determine the quantity of pharmaceuticals to be purchased?</p>	<p>Transparency</p>	<p>To reduce the risk of oversupply, undersupply, or unnecessary supply of pharmaceuticals, medicine purchases should be based on objective, actual, or expected health needs, and on budget availability. Use of an established methodology for estimating needs reduces vulnerability to unwarranted pressure from pharmaceutical suppliers on government officials to make medicine purchases through the use of kickbacks and other types of payoffs.</p> <p>There are four major methods for quantifying medicine needs: consumption based on historical data, morbidity-based consumption, adjusted consumption, and service-level projection. Ideally, a combination of these will be applied to obtain the most accurate estimates.</p> <p>Interpretation guidelines: If the methodology for quantifying medicine needs is well documented and based on objective criteria, as defined above, then the indicator should receive a rating of 1. If there is a non-comprehensive model in place, this indicator should receive a 0. If there is no evidence of a model in use, this indicator should receive a 0.</p>
<p>Is there a formal appeals process for applicants who have their bids rejected?</p>	<p>Transparency</p>	<p>A formal appeals process in the procurement system helps promote honest behavior on the part of the governments and suppliers/manufacturers.</p> <p>A protest mechanism works in the following way. If a firm is unsuccessful in its bid for a tender, a representative from the firm can file a protest based on the firm's view that the tender excluded it unfairly or that the tender process was flawed.</p> <p>Interpretation guidelines: If there is a protest mechanism in operation and there is evidence of its use, this indicator should receive a rating of 1. Evidence should support this. If there is a protest mechanism in place but there is little evidence that it is used, this indicator should receive a rating of 0. If there is no protest mechanism in place, this indicator should receive a rating of 0.</p>
<p>Is there a tender committee? If so are the key functions of the procurement office and those of the tender committee clearly separated?</p>	<p>Transparency</p>	<p>There are several key procurement functions that, in general, should be handled by different individuals or committees. These functions include: selection of medicines; quantification of medicine requirements; preparation of product specifications; approval of suppliers (pre-qualification and post-qualification); and adjudication and award of tender. Without separation of functions, the procurement process is much more susceptible to being influenced by special interests. Procurement office staff</p>

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Indicator	Domain	Definition/Interpretation
		<p>may be able to influence each of these functions. For example, they may be able to bias selection of medicines, manipulate the orders to increase the quantities of some medicines, prejudice supplier qualification decisions, manipulate the final tender award, or slant product specifications to limit competition (e.g., by selecting less-common dosage forms). Separation of key functions contributes to professionalism, accountability, and avoidance of conflict of interest.</p> <p>The main role of a tender committee is to review information on suppliers and determine which suppliers should participate in the tender (if a restricted tender is used) and which suppliers receive contracts. Staff from the procurement office (whose main role is to collate information on needs) manage the tender process and monitor suppliers' performance.</p> <p>Interpretation guidelines: If there is no tender committee, the indicator will be rated with a 0. If there is a tender committee, the indicator will be rated as a Method 2 question.</p>
<p>To what extent do you agree with the following statement? "Decisions of the tender committee are always taken into account in the procurement process."</p>	Transparency	<p>Despite the establishment of a tender committee that operates efficiently, transparently, and with integrity, in some circumstances, the committee's decisions may not be followed by the procurement office. For example, the procurement office may purchase medicines from a supplier not approved by the tender committee or may purchase quantities in excess of what has been approved by the tender committee. This question will help gain some insight into how things happen in practice.</p>
<p>To what extent do you agree with the following statement? "There are specific criteria for tender committee membership."</p>	Transparency	<p>Medicine procurement contracting typically involves large amounts of money, so there is potential for unethical practices. Clear criteria for selection of tender committee members can help reduce the likelihood of illegal practices and subjective decisions by the committee members. These criteria will help promote transparency in the procurement process. They will also help in ensuring that the selection of tender committee members is based on the professional merit of the experts and not on favoritism or other influences.</p> <p>The government should have clear guidelines that specify what criteria are applied for selecting the members of the tender committee. The procurement committee should be composed of members who are appointed for their professional expertise. These members should have skills that complement each other, including senior government officials in departments served by the procurement system, and officials from user facilities. The membership should rotate periodically as it reduces opportunities for unwarranted influence on committee activities. Moreover, the criteria should require that each member declare any conflict of interest.</p> <p>Interpretation guidelines: If there is no evidence of such criteria, the indicator will be rated with a 0. If the criteria exist, rate the indicator as a Method 2 question.</p>
<p>To what extent do you agree with the following statement?</p>	Transparency	<p>This indicator determines if the government is trying to mitigate conflict of interest and measures a government's commitment to penalize public officials for behavior that breaches the law.</p>

*Annex B. Procurement, Products Assessment and Registration, and Product Quality Surveillance*

Indicator	Domain	Definition/Interpretation
“There are written guidelines on conflicts of interest (COI) with regard to the procurement process.”		<p>Written guidelines on COI and a COI declaration form should exist and include, as a minimum, the following:</p> <ul style="list-style-type: none"> <li>• Definition of what a COI is</li> <li>• Rules on accepting gifts</li> <li>• Rules on reporting COI</li> <li>• Mechanism protecting informers of COI</li> <li>• Actions to be taken in case of failure to comply with policy</li> <li>• Evidence of enforcement of these regulations (evidence that these forms are in fact systematically completed by the members of the tender committee)</li> <li>• Require signature by both procurement office staff and tender committee members</li> </ul> <p>Interpretation guidelines: If there is no evidence of such guidelines, the indicator will be rated with a 0. If the guidelines exist, rate the indicator as a Method 2 question.</p>
To what extent do you agree with the following statement? “The members of the tender committee are systematically selected based on specific criteria?” (See question V.6.)	Transparency	<p>Rationale and Criteria to select the members of the tender committee may exist and be as comprehensive as they are defined in question V.6, but in reality, they may not be used systematically or not used at all. Asking the perception of KIs will bring valuable insight on the transparency of the selection process for tender committee members and on the application (or non-application) of existing rules and regulations in a given country.</p>
To what extent do you agree with the following statement? “Is there a computerized management information system used to report product problems in procurement?”	Transparency	<p>One of the most important tools in the procurement office is its management information system. The procurement office and its clients should all use this system to monitor the medicine procurement process. It should track the entire process and signal problems when they arise so they can be easily addressed. This indicator can help to show if the government is making sure that the requisite checks are in place to ensure that the procurement process is seamless and opportunities for corruption are minimized.</p> <p>The management information system can be computerized or manual. However, a computerized system is preferable, as this will make checking for fraud and abuse easier. It should include product records, and monitor supplier and facility performance. It should also record all quality assurance information for products purchased, and track the status for each order, including the quantities actually purchased compared with the original estimates made.</p> <p>Interpretation guidelines: If there is no evidence of a computerized management information system, the indicator will be rated with a 0. If a computerized system exists, rate the indicator as a Method 2 question.</p>
Are there SOPs for routine inspection of consignments?	Transparency	<p>The quality of the products received needs to be verified as soon as possible after arrival, both by physical inspection of each shipment and by laboratory testing of selected products. This is an</p>

Indicator	Domain	Definition/Interpretation
		<p>indispensable part of the medicine procurement process to check against the risk of counterfeit (both brand-name and generic) or substandard pharmaceutical products.</p> <p>Each medicine shipment should be physically inspected. This involves checking adherence to contract specifications. Additionally, batch samples should be sent to quality control laboratories (random sampling for known suppliers and systematic for new ones). All documents (inspection reports and laboratory testing results) should be archived in the procurement office.</p>
<p>Is there an efficient post-tender system in place to monitor and report on suppliers' performance to the tender committee?</p>	<p>Transparency</p>	<p>Monitoring of the procurement process post-tender is critical to ensure that medicine suppliers are honoring their contracts. Poor performers can be identified and "blacklisted" from future tenders. The procurement office should monitor supplier performance and compliance with the contract terms. To this end, it needs to track suppliers' lead time, delivery status, shelf-life, and packaging of products. Product quality must also be tracked and suppliers with poor performance blacklisted.</p>
<p>Does the procurement office undergo regular audits?</p>	<p>Transparency</p>	<p>Given that the procurement of pharmaceutical products carries a high risk of corruption, an annual audit of the procurement unit—verifying procurement office accounting records—is indispensable. The procurement office should undergo an audit (internal or external) at least once a year, and its results should be available publicly. The annual audit should report on the operating costs of the procurement office, pharmaceutical products tendered, quantities of the products procured, and the contracts awarded.</p>
<p>To what extent do you agree with the following statement? "The procurement system in your country is operating in a totally transparent manner."</p>	<p>Transparency</p>	<p>Despite having clear and written procurement procedures, a formal tender committee, and clear criteria for selection of tender committee members, the procurement process remains vulnerable to unethical practices.</p>
<p>In your opinion, what types of unethical behavior are common in the procurement system in your country? These can include bribery, material gifts, favoritism (family, friends), conflict of interest (e.g., investments in pharmaceutical companies), etc.</p>	<p>Transparency</p>	<p>Procurement office staff and tender committee members have the responsibility to ensure that the procurement of medicines is done in accordance with national procedures. It is therefore important that they carry out their activities professionally and with integrity and honesty. They should not place themselves under any financial or other obligation to outside individuals or organizations or take gifts that might influence them in the performance of their official duties. Their decisions should be based solely on their inspection findings.</p>
<p>If you were in a position of highest authority, what would be the first action that you would take to improve the systems and processes of procurement?</p>	<p>Transparency</p>	

## ANNEX C. IMPLEMENTATION PLAN TEMPLATE

Activities and objectives	Indicators	Group with primary responsibility	Resources needed	Gantt chart for year _____													
				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		