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PROCUREMENT PERFORMANCE OF THE DEPARTMENT OF HEALTH AND THE POPULATION WELFARE DEPARTMENT IN KHYBER PAKHTUNKHWA

Assessment Utilizing OECD MAPS Based Indicators

November 27, 2017

This publication was produced for review by the U.S. Agency for International Development. It was prepared by Chemonics International Inc.

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Chemonics Contact:

Muhammad Tariq
Country Director –-GHSC-PSM Pakistan
20th Floor, PTML Tower
Jinnah Avenue, Blue Area
Islamabad, 44000
P [+91 51-835-0530]
mtariq@ghsc-psm.org

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ACRONYMS

ADP	Annual Development Plan
ADGHS	Additional Director General, Health Services
BHU	Basic Health Unit
CPR	Contraceptive Prevalence Rate
DAC	Development Assistance Committee
DGHS	Director General, Health Services
DGPWD	Director General, Population Welfare Department
DHIS	District Health Information System
DHQ	District Head Quarters
Doha	Department of Health
DRAP	Drug Regulatory Authority of Pakistan
EPI	Expanded Program on Immunization
FMC	Finance Management Cell
FP	Family Planning
GHSC-PSM	Global Health Supply Chain-Procurement and Supply Management Project
GMP	Good Manufacturing Practices
GOP	Government of Pakistan
HR	Human Resource
HRD	Human Resource Development
HSRU	Health Services Reform Unit
IHP	Integrated Health Project
IMR	Infant Mortality Rate
IMU	Independent Monitoring Unit
ISCMIS	Integrated Supply Chain Management Information System
ISCM&CC	Integrated Supply Chain Management and Coordination Cell
KP	Khyber Pakhtunkhwa
KPI	Key Performance Indicator
KPPRA	Khyber Pakhtunkhwa Public Procurement Regulatory Authority
LHW	Lady Health Worker
LMIS	Logistics Management and Information System
M&E	Monitoring and Evaluation
MAPS	Methodology for Assessing Procurement Systems
MCC	Medicines Coordination Cell
MIS	Management Information System

MNCH	Maternal, New-born, and Child Health
OECD	Organization for Economic Co-operation and Development
PC	Procurement Cell
PROMISH	Procurement Management Information System
P&SHC	Primary and Secondary Healthcare
PWD	Population Welfare Department
RHC	Rural Health Centre
SCMIS	Supply Chain Management Information System
THQ	Tehsil Head Quarter
TORs	Terms of References
TWG	Technical Working Group
USAID	U.S. Agency for International Development
WB	World Bank

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FOREWARD

Public Procurement Assessments using MAPS (Methodology for Assessing Procurement Systems) indicators developed by the Organization for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC)

OECD-DAC MAPS- BASELINE INDICATORS SYSTEM[1]

The Methodology for Assessing Procurement Systems provides a common tool which countries, as well as development partners, can use to assess the quality and effectiveness of procurement systems.

- Increasing the effectiveness, efficiency and transparency of public procurement systems is an on-going concern of governments and of the international development community. All have recognised that increasing the effectiveness of the use of public funds, including funds provided through official development assistance (ODA), requires the existence of an adequate national procurement system that meets international standards and that operates as intended.
- Under the auspices of the joint World Bank / OECD Development Assistance Committee (DAC) Procurement Round Table initiative, developing countries and bilateral and multilateral donors worked together from 2003 – 2004 to develop a set of tools and standards that provide guidance for improvements in procurement systems and the results they produce. The Round Table Initiative culminated with the adoption in December 2004 of the "Johannesburg Declaration" including a commitment for the adoption of the Baseline Indicators Tool as the agreed international standards for assessment of national procurement systems. This tool was incorporated into the Preliminary DAC Guidelines and Reference Series – Harmonising Donor Practices for Effective Aid Delivery: Volume III (Strengthening Procurement Capacities in Developing Countries) which was tabled during the High level Forum on Aid Effectiveness in Paris in March, 2005. Following the conclusion of the Round Table initiative, under the coordination of the Working Party on Aid Effectiveness of the OECD/DAC, the Joint Venture for Procurement was created and has further advanced the development of the methodology for application of the baseline indicators and associated compliance and performance indicators.
- The methodology for assessment of national procurement systems is intended to provide a common tool which developing countries and donors can use to assess the quality and effectiveness of national procurement systems. The understanding among the participants in this process is that the assessment will provide a basis upon which a country can formulate a capacity development plan to improve its procurement system. Similarly, donors can use the common assessment to develop strategies for assisting the capacity develop plan and to mitigate risks in the individual operations that they decide to fund. The long-term goal is that countries will improve their national procurement systems to meet internationally recognised standards enabling greater effectiveness in the use of funds to meet country obligations.
- It should be noted that the methodology and the tool have capacity development as a core objective; progress is dependent upon country ownership and commitment by donors and partner countries to implementing the development program.

[1] See more at - http://www.oecd.org/gov/ethics/benchmarking-assessment-methodology-public-procurement-systems.htm

Relevant stakeholders in developing country governments or provinces with substantial devolution are naturally striving to increase the effectiveness, efficiency, and transparency of procurement systems. The World Bank and OECD-DAC Procurement Round Table Initiative have developed a set of tools and standards to support and guide improvements in procurement systems. These tools include (i) benchmarking for assessing the structure of public procurement systems, and (ii) monitoring and evaluation of public procurement systems.

A key analytical tool developed for benchmarking is the baseline indicators system which comprises four pillars elaborated through 12 indicators which are further detailed using 55 sub-indicators.

Pillar I: The legislative and regulatory framework
Indicator 1. Public procurement legislative and regulatory framework complies with applicable obligations with regard to national and international requirements.
Indicator 2. Existence of implementing regulations and documentation.

Pillar II: Institutional framework and management capacity
Indicator 3. The public procurement system is mainstreamed and well-integrated into the public-sector governance system.
Indicator 4. The province has a functional normative and/or regulatory body.
Indicator 5. Existence of institutional development capacity.

Pillar III: Procurement operations and market practices
Indicator 6. The provincial procurement operations and practices are efficient.
Indicator 7. Functionality of the public procurement market.
Indicator 8. Existence of contract administration and dispute resolution provisions.

Pillar IV: Integrity and transparency of the public procurement system
Indicator 9. The province has effective control and audit systems.
Indicator 10. Efficiency of appeals mechanism.
Indicator 11. Degree of access to information.
Indicator 12. The province has ethics and anticorruption measures in place.

Using the baseline indicators system, the scoring for the assessment ranges from 3 to 0. A score of 3 indicates full achievement of the stated standard. The maximum score that is achievable for each sub indicator is 3, and the total maximum score is the sum of maximum scores of the 55 sub indicators. A score of 2 indicates the system needs some improvements in the area being assessed, and a score of 1 indicates substantive work is needed for the system to meet the standard. A rating of 0 represents a complete failure to meet the proposed standard. The tool helps to identify when an element of the public procurement system meets or exceeds the baseline or where it needs modification to meet the baseline. It is anticipated that the exercise of benchmarking using the baseline indicators system will contribute to improving public procurement in a government in the following ways:

- The government will learn how much progress has been made towards creating procurement procedures that are effective, efficient, and transparent.
- The government will be able to view and synchronize its development strategy with a goods and services procurement strategy and set out to achieve shortcomings highlighted.
- The government will be able to identify, prioritize, and focus on areas requiring immediate attention.

- The government will be able to measure and monitor the implementation progress against the results and recommendations of the assessment.
- The assessment will provide opportunities for reform in the government procurement practices.
- The assessment will support the required harmonization of the public procurement law, the procurement rules, and procurement procedures, as well as the documentation to ensure consistency of application.
- The output of the assessment will highlight the inter connectivity and inter dependency of the entire supply chain, where, procurement is only one part of that chain. It will also highlight similar linkages that does and that must exist between the users of products and services, the suppliers of products and services, and the finance and budget formulation and allocation function. Accurate forecasting of supply requirements, a credible budget formulation process and a timely budget allocation process are all vital to the successful functioning of a supply system.
- The exercise will provide information to support strategic policy decision making by the government.
- Information on the structure of the government procurement system will enable a determination of the level of reliance that donors and all stakeholders can place on the system.

EXECUTIVE SUMMARY

At the request of the Government of Khyber Pakhtunkhwa, the USAID Global Health Supply Chain Program - Procurement and Supply Management (GHSC-PSM) project secured technical assistance to utilize the Methodology for Assessing Procurement Systems (MAPS) indicators to carry out a procurement performance review of Khyber Pakhtunkhwa Department of Health (DOH) and the Population Welfare Department (PWD)procurement systems with a focus on the main procuring entities reporting to the Directorate General of Health Services, the Procurement Cell (PC) and the Medicines Coordination Cell (MCC), and procurement of contraceptives by Department of Health (DOH) and Population Welfare Department (PWD).

The assignment included two country visits from the 29th July to the 18th August and from the 7th to the 20th of October 2017 to have discussions with DOH and PWD officials and other stakeholders to gather relevant information. The second visit included a consultative meeting with senior officials of the DOH and PWD, and a wide range of stakeholders on the 19th of October 2017. The Secretary of PWD, the Director General of Health Services of DOH, the Managing Director of the Khyber Pakhtunkhwa Public Procurement Regulatory Authority (KPPRA), the USAID Activity Manager for GHSC-PSM project, the Health Specialist, MNCH, UNICEF, Health and Nutrition Specialist UNICEF Peshawar, UNFPA Pakistan and a host of senior officials from DOH and PWD as well as senior staff of the USAID GHSC-PSM)project The key high level recommendations presented (Annex A), the program for the consultative meeting (Annex B), and the list of participants (Annex C), are attached.

Although a conventional MAPS assessment as per the Organization for Economic Cooperation & Development-Development Committee (OECD-DAC), standards is meant to assess the public procurement system of a country, it is also applicable for States within a country where substantial devolution exists for the States to determine their own laws, rules and regulations governing procurement in the public sector. A MAPS assessment as per OECD- DAC standards is undertaken to ascertain the extent to which such a public procurement system complies with international best practice in procurement as enshrined therein.

In this instance, the assessment was on the procurement performance of departments of the Government of Khyber Pakhtunkhwa in Pakistan i.e. the DOH and the PWD. For this purpose, the internationally accepted tool, MAPS, was utilized in order to ascertain the extent to which these departments met the OECD-DAC standards underscored in the four pillars, 12 indicators and 55 sub indicators in the MAPS assessment. The assessment takes stock of the fact that legal and regulatory requirements enunciated in Pillar 1 as well as integrity and accountability parameters listed in Pillar 4 are generally relevant in a country or overall provincial context vis-à-vis a provincial public procurement system.

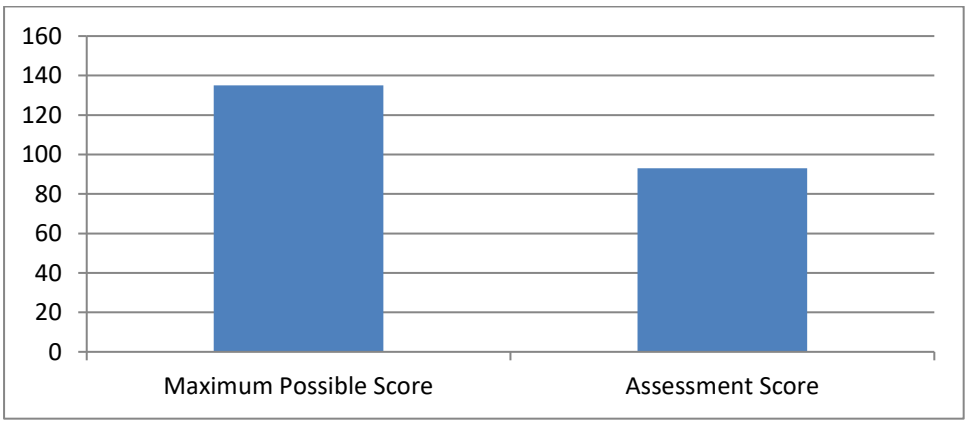
However, this proviso has been balanced with the fact that where procurement policies and rules are determined by the provincial government, as in the case of Khyber Pakhtunkhwa (KP), all public procurement entities in KP including DOH and PWD are mandated to adhere to them.

A conventional MAPS assessment does encounter difficulty in relating indicators and sub indicators in the survey document to situations where procurement and also finance have a decentralized or semi decentralized structure in sub units of a provincial public procurement system. This has been the case with the assessment as procurement and finance both have features of being structurally and operationally decentralized in DOH. This context needs to

be considered when studying the findings and recommendations especially with regard to some sub indicators in Pillars 2 and 3.

A MAPS assessment had been done in 2012 by the DFID funded Technical Resource Facility (TRF). The purpose of the assessments of 2012, and 2017, has been to identify the gaps between what are regarded as international best practices in procurement, and what in fact is the actual practice. Since the assessment of 2012, considerable progress has been made in KP particularly in respect of legislative and regulatory settings in Pillar 1 where the provincial government had enacted a procurement law (Procurement Act 2012), established a regulatory authority, the KPPRA, in 2014, issued a set of Procurement Rules in 2014, and developed Standard Bidding Documents in order to have uniform documentation when it comes to the bid invitation and evaluation process. A Procurement Cell has also been established within DOH to complement the Medicines Coordination Cell.

Although there are areas for further improvement, in this MAPS assessment, out of a maximum possible score of 135, it has scored 93 as depicted in the illustration below. This is a significant improvement to the 2012 assessment.



TOTAL ASSESSMENT – MAXIMUM POSSIBLE SCORE (135) VS ASSESSMENT SCORE (93)

A summary of the assessment score for all indicators under four pillars is given in Annex D.

While there are areas of improvements for both DOH and PWD, there are some areas for improvement which are more within the purview of the KPPRA rather than DOH and PWD that will require attention considering that high level policy settings at provincial level for all public procurement are the responsibility of the KPPRA and not the procurement entities. The KPPRA is the apex body in the province's public sector that develops rules to interpret the procurement law (Procurement Act 2012) of the province. It gives direction, guidance and then monitors compliance by public procurement entities of the public procurement rules.

It is also expected to take the lead role in capacity building of staff engaged in public procurement and also familiarize senior officials in the public sector with the Procurement Act and the Procurement Rules.

It is the body that is expected to engage with the private sector to abreast them with the Act and the Rules, but also the opportunities that are there for them to develop their businesses and avail themselves of the opportunities that come with the huge amount of public funds that are spent by the government of KP on goods, services, works, consulting engagements. The expectation is that greater competition will result in lower pricing and improved quality.

The achievements of the KPPRA since its establishment in 2014 are substantial and the key achievements have been articulated in the assessment findings. The KPPRA had naturally focused on establishing the ground work for public procurement in KP, and these are well established. Now, in the next phase of the KPPRA journey, they could revisit the rules to make sure they provide the basis for best practice in procurement.

The assessment findings have identified some areas where the Rules could be more reflective of best practice in procurement. The findings against each sub indicator in the assessment, and the specific recommendations will hopefully assist the KPPRA when a review of the Rules commences by the end of 2017. The assessment opines that the KPPRA Rules should provide operational and structural guidance to procurement entities for the purpose of consistency as well as to address areas where gaps exist in regard to best practice standards. Not only should the KPPRA be the body that simply develop rules, but it should also be the expert body that is geared to advise public procurement on how to achieve best practice in procurement.

In this respect, the MAPS assessment template document is not just a survey document but it is an excellent guide to develop requisite policies and procedures, and structural settings that provides the most effective and efficient procurement outcomes from a best practice perspective.

From the perspective of international best practice in procurement which is what a conventional MAPS assessment measures, DOH and PWD have shown progress in some areas and they have demonstrated their intention to build on the progress made and address whatever shortcomings in other areas. Overall, the 2017 assessment shows progress over the 2012 assessment. The findings against each sub indicator will provide the KPPRA, DOH and PWD an indication of specific areas within the four pillars, 12 indicators and 55 sub indicators in the MAPS assessment that require progress if a future assessment were to demonstrate further improvements to the scores and achieve the objective of scoring the maximum score of 3 against all sub indicators. A planning horizon of 1-5 years is suggested to achieve this objective.

It is further suggested that both DOH and PWD institute an implementation and monitoring mechanism to progress the recommendations made in the report. The KPPRA should institute a mechanism as per their policy settings and procedural guidelines to monitor the implementation of recommendations that are specific to them.

Finally, it is suggested that DOH and PWD gives consideration to developing a home-grown procurement system assessment tool based on the MAPS tool which could take more cognizance of the local context in respect of scoring criteria especially in Pillars 2 and 3. The departments could use this tool periodically to assess itself so that they are better placed with scoring in a future MAPS assessment.

In respect of PWD however, these two suggestions have to be considered from the context of their decision to enlist the assistance of DOH to undertake the procurement of contraceptives and reproductive health commodities on their behalf. However, considering that timely availability of supplies is crucial to achieving the medium and long-term objectives set out by the PWD, their participation particularly in a recommendation implementation and monitoring mechanism is seen as important to both DOH and PWD.

SECTION NO. 1

INTRODUCTION

An assessment was carried out of Health Department (DOH) and Population Welfare Department (PWD) of the Government of Khyber Pakhtunkhwa (KP) procurement system using the OECD Methodology for Assessing Procurement Systems (MAPS). The assessment also required recommendations on ways to build on the effectiveness, efficiency, and transparency of public procurement processes of health and population welfare department in the province. Health and population welfare are synonymous and maximizing synergies to achieve common objectives of the two departments has prompted the development of a coordinated approach to the procurement of reproductive health commodities.

Both departments strive for and contribute to the realization of the government's obligations towards its people and internal and global commitments toward increased contraceptive prevalence rate (CPR) and reduction in maternal mortality ratio (MMR), infant mortality rate (IMR), and under 5 mortality rate (U5MR).

As stated in the foreword and the executive summary, the OECD MAPS assessment is for assessment of a country's public procurement system, and it can be utilized for the assessment of a provincial public procurement system where substantial administrative devolution exists. By OECD-DAC standards, a MAPS assessment is not meant for assessing part of a provincial public procurement system.

However, using an internationally deigned and accepted tool to assess a procurement system is preferred to using a tool that is not. In this context, employing MAPS indicators to carry out an assessment of a sub system of a provincial public procurement system is seen as an acceptable methodology although it needs to be recognized that assessing Pillars 2 and 3 becomes complex in sub systems where decentralization exists as in DOH. The procurement process at DOH is decentralized and broadly, it comprises of:

a. The establishment of annual Rates lists for medicines and medical supplies by the Medicine Coordination Cell (MCC) and the establishment of annual Rates lists for medical equipment by the Procurement Cell (PC).
b. Devolved procurement carried out by Tertiary hospitals, vertical programs, and partially devolved procurement by district health offices, primary and secondary healthcare facilities including BHUs, RHCs, THQs and DHQs
c. The raising of purchase orders for items in the rates lists - mandatory for district health offices and voluntary for tertiary hospitals and vertical programs

During the course of the assessment, discussions were held with around 50 officials from the DOH and PWD, as well as with other stakeholders such as the World Bank and USAID. A full list of persons met is given in Annex E. Two questionnaires were designed and used to obtain feedback from as many officials as possible form DOH and PWD. One was directed towards more senior staff (Annex F) and the other for operational staff (Annex G).

The PWD procures reproductive health commodities and since 2015, their requirements have been procured jointly with the DOH with the exception of contraceptives which are procured from overseas suppliers. The PWD has had a difficult experience with their last such procurement of contraceptives and a decision has now been taken by PWD that future procurement of these items through an international bidding process, will be carried out jointly with the DOH.

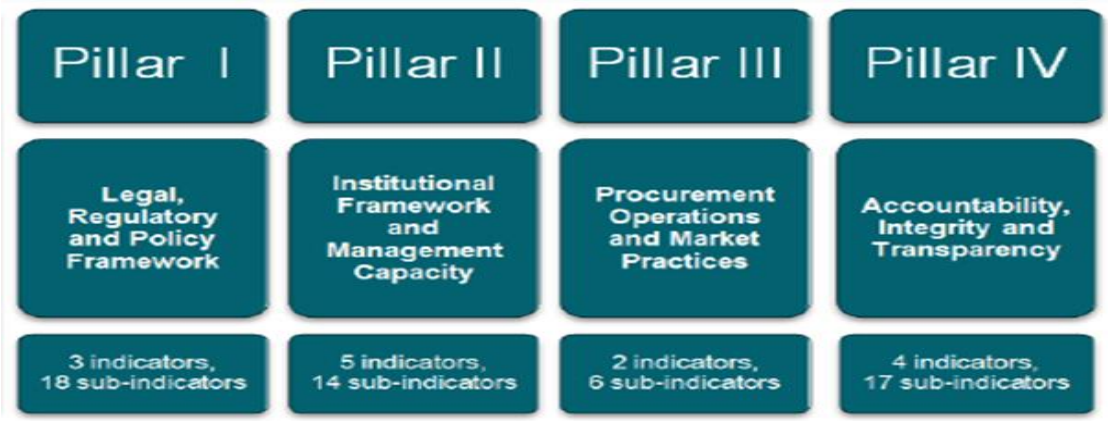
Although the focus for the GHSC-PSM project is MNCH and Family Planning commodity security through improvements to the supply chain for these items, it cannot be taken in isolation of the entirety of the supply system by the DOH and PWD. MNCH, family planning services and all other vertical programs as well as other health service delivery entities of DOH are composites of the whole.

The efficiency and effectiveness of the supply chain which comprises of forecasting & quantification, procurement, contract management, warehousing, transportation, quality assurance monitoring & evaluation, and an integrated management information system that provides links to all the components is vital if the DOH is to provide the desired service level of service to the people of Khyber Pakhtunkhwa. In this context, the findings and recommendations arising from this procurement performance assessment are valid for the MNCH and FP commodities, as much as they are valid for the broader supply chain.

Overall, the recommendations stress the importance of considering procurement, which is only one key component of a supply chain, from the broader perspective of the entire supply chain described earlier. This assessment, although it is a procurement performance assessment, has considered and suggested approaches for integrated supply chain management from a conceptual focus, as a detailed review of the supply chain was not part of the task assigned.

However, the strategies for improvement of the supply chain contained in the document developed by DOH and PWD[2], with special reference to MNCH and FP commodities but equally applicable to the entire DOH and PWD supply chain, has been noted.

The findings and recommendations of the procurement assessment are presented against the four pillars of a MAPS assessment, and its 14 indicators and 55 sub-indicators. A consolidated summary of key recommendations is also provided (Annex H) along with a proposed model for procurement integration within DOH which includes the procurement of reproductive health commodities for the PWD (Annex I).



As stated, the assessment has utilized the MAPS indicators as a guide and it has considered the contextual relevance of some indicators, in particular those under Pillar IV,

[2] KHYBER PAKHTUNKHWA PUBLIC HEALTH FORECASTING AND SUPPLY CHAIN STRATEGY 2017-2022

Accountability, Integrity and Transparency, more for country or provincial public procurement settings.

It has been noted that family planning commodities are procured for the PWD by the DOH and the PWD had invited bids for international procurement of contraceptives that are not manufactured in Pakistan[3]. It has also been noted that from FY 2015/16, with the concurrence of the Chief Minister of KP, procurement process for all PWD commodity requirements has been jointly managed by the DOH and PWD.

Pillar 1 – Legal, Regulatory and Policy Framework

The assessment fared best against this pillar as it found the policy settings and documentation relevant to procurement were in place with a Provincial Procurement Act (2012), a procurement regulatory body, the KPPRA, and Procurement Rules of 2014 that provides the legal and operational requirements for public procurement in KP province. However, the DOH practice of establishing Rates lists for medicines, medical supplies and medical equipment was not explicitly included as a procurement method in KPPRA Rules although SBDs were prepared for them and approved by the KPPRA. A DOH circular or notification granting degrees of procurement devolution to different DOH entities was not sighted although it was clear that this was indeed the actual practice.

Pillar 2 – Institutional Framework and Management Capacity

While the DOH procurement system relating to the establishment of annual rates list was functional from an institutional perspective, procurement in DOH was fragmented and was not coordinated. Many aspects of best practice in procurement were not being complied with, as discussed later in the document. The buying power of DOH was not maximized, and procurement was not considered from a broader supply chain context resulting in inefficiencies and very likely, service delivery shortcomings. Shortages of MNCH medicines had been reported, as well as supply issues relating to family planning commodities.

Pillar 3 – Procurement Operations and Market Practices

As stated, in the DOH, the establishment of rates lists by MCC and PC were operational and the Cells had completed the process in 3 months. The fragmented procurement practices and lack of coordination however have created inefficiencies and a duplication of efforts. Suppliers and potential suppliers were not provided with demand information when inviting bids for the establishment of rates lists. Besides impacting on the buying power of DOH, it is likely this could have impacted on competition, and possibly obtaining lower prices and improvements to quality. The local manufacturing industry would have benefited in having demand information as it could have helped existing and potential manufacturers with their own investment planning purposes. This could have had the potential to increase competition, and possibly lower prices for health commodities. It is well established that competition has a tendency to improve quality of products as well.

[3] Condoms, IUCDs, Implants

Pillar 4 –Accountability, Integrity and Transparency

This is an area that has a greater relevance to policy setting more globally at provincial government level, and in this assessment, it has not been possible due to time constraints to look into these in detail. It is understood that the findings in a similar assessment done in 2012 are still valid. Criteria such as accountability and transparency are generally covered in the KP Procurement Act, and KPPRA Procurement Rules, and practices such as avoidance of conflict of interest, code of ethics are in practice. The Rates Contract Agreement has a well-documented clause on corruption and fraudulent activity and contractual consequences. The findings and the recommendations made against each pillar are compiled separately, with the recommendations presented with a format of an implementation plan.

If the total score of all indicators in 2017 is considered, while the legislative and regulatory framework is generally in place, the focus of DOH and PWD should now be in the operational aspects as shown in the assessment findings. The findings against each sub indicator will provide DOH (and PWD) procurement a guide on the areas that require attention.

The recommendations made will assist in addressing these areas and help DOH (and PWD) to move towards an improved overall score and achieve the objective of scoring the maximum score of 3 against all sub indicators over a suggested planning horizon of 1-5 years.

SECTION NO. 2

BACKGROUND

Since the Province of Khyber Pakhtunkhwa was granted substantial devolution of social sectors including health, the former Federal Ministry of Health has been abolished with effect from July 1, 2011. Drug Licensing, Registration & Pricing functions, export/import of goods and services has been retained as Federal functions besides keeping professional councils such as Pakistan Medical & Dental Council, Nursing Council and Pharmacy Council as Federal entities.

The responsibility to draft and enact a procurement law and Rules, management of Vertical Programs and initiation of Health Sector reforms, have become provincial subjects.

The financial resources required for the devolved activities are with Provincial governments and within their administrative control. The Government of Khyber Pakhtunkhwa has since enacted public procurement legislation in the form of a Public Procurement Act (2012), and instituted a regularity body, the Khyber Pakhtunkhwa Public Procurement Regulatory Agency (KPPRA)4 to give effect to the Public Procurement Act. As required by the Procurement Act, the KPPRA issued a set of Procurement Rules5 in 2014 for compliance by all public procurement entities in the province of Khyber Pakhtunkhwa.

In keeping with the Act and the Rules, the KPPRA has since introduced Standard Bidding Documents (SBDs) for compulsory use by all public procurement entities for their tendering processes. SBDs are publicly available via the KPPRA website for the procurement of Goods, Services and Works. The Public Procurement Act and the Procurement Rules promotes the requisites of integrity, transparency, fair play and equitable opportunities for the private sector through open competition for the supply of quality assured commodities at competitive prices to the public sector. The primary objective of the DOH Procurement Performance Assessment, initiated through the USAID funded Global Health Supply Chain Program – Procurement and Supply Management (GHSC) project is to support the Khyber Pakhtunkhwa Health Department and the Population Welfare Department to build on the strengths of its procurement system by maximizing on opportunities that are available, and to find ways and means to address weaknesses that pose a threat to the efficiency, effectiveness and sustainability of the system.

In discussions with the senior management of DOH and the PWD, it had been pointed out to the GHSC that there were areas of inefficiencies within the procurement system, and technical assistance was required to address these. Some relevant issues that were pointed out were

- The strengths of the procurement system, the strong legal and regularity environment, the availability of bidding documentation of international

[4] https://www.kppra.gov.pk/home/

[5] *The Khyber Pakhtunkhwa Public Procurement of Goods, Works and Services Rules, 2014*

standard, and the knowledge and experience of some key staff engaged in procurement.

- DOH was of the opinion that capacity building and succession planning could be improved as there appeared to be a dependency on the ability of a few personnel to drive the procurement process.
- The fragmented nature of procurement at DOH as there was considerable duplication of effort, the possibility of price variations for the same item within the system.
- The absence of a management information system to facilitate the procurement process and lack of coordination of the procurement process.
  ProMIS, the procurement management information system that is in the process of development was expected to address this void.
- The budgeting and budget allocation process not being aligned to the procurement planning process and delays experienced in receiving budget allocations to place orders with suppliers. These delays had at times resulted in underutilization of budget allocations

Several previous assessments and studies have highlighted these issues, in particular the fragmented nature of DOH procurement and this activity not being considered part of the supply chain for health products within the provinces public health sector. Some of these findings are discussed below to better understand the context relating to this assessment.

In regard to the Pillars relating to the MAPS assessment, the Public Procurement Act 2012, the Procurement Rules of 2014, the Standard Bidding documents including the general conditions of contract, special conditions of contract relating to goods and services, and the rates agreement contract document were reviewed in order to assess the extent to which DOH Procurement complied with the indicators and sub indicators in the MAPS assessment document. Besides this, the websites of the KP government, the KPPRA, DOH and PWD were also studied to assist the assessment.

Rather than focusing on operational procurement management, PWD has taken a long-term view to have a renewed focus on forecasting and storing contraceptives, and dispatching timely supplies of Contraceptives to stakeholders. PWD has engaged with DOH to undertake procurement of contraceptives and reproductive health commodities on their behalf by including several commodities in the DOH MCC Rates list, and to undertake joint procurement of others (contraceptives) with the DOH.

MAPS ASSESSMENT 2012 –STATUS OF RECOMMENDATIONS

The following Recommendations on Institutional Measures were made in the 2012 report. The current position with regard to these was assessed.

a. Formulation of a Health Sector Procurement Manual as a Supplement to Khyber Pakhtunkhwa Public Procurement Rules 2012:

A manual has been prepared and is available for use. It however was not sighted in the DOH or KPPRA websites. While the manual is based on the Procurement Act and the Procurement Rules of 2014, and is a well-prepared guide on best practice in procurement, it does not reflect the actual procurement processes in DOH. A recommendation has been made in the current assessment for a concise DOH Procurement Guideline to be developed which is reflective of the actual administrative practices so that the guideline would be relevant to those who are associated with the DOH procurement process, and along with the Procurement Manual would be the basis for the DOH procurement management process.

b. Strengthening of Procurement Cell at Directorate General Health Services

The procurement cell is functional and they have successfully established a Rates List for Items of medical equipment. Their role appears to be centered round this exercise and it does not appear most of the detailed recommendations contained in the report have been implemented. The exercise of establishing a rates list for equipment appears inconsistent with the spirit of the Procurement Act as such a vast array of high value equipment procurement has not been subject to a bidding process based on actual demand. While agreeing with the concept and mission of the procurement cell, and the recommendations contained therein, the current assessment and its recommendations have focused on how functional procurement integration maybe achieved as more effective efficiencies can be gained thorough such a focus. It is also mindful of the practicalities associated with introducing major administrative structures, and in this context, kept administrative requirements to a minimum. A strategic investment in a management information system has been identified as a key requirement for DOH procurement and supply chain management.

In this regard, a study of the functions and capabilities of ProMISH, the MIS already in operation in Punjab province has been recommended.

The assessment considered the recently disseminated KP Health Supply Chain Strategy[6] and the structure identified in it to introduce more efficient and effective supply chain coordination. The Procurement function falls within the ambit of the broader supply chain strategy and the mechanism identified to facilitate a better coordinated KP Health supply chain. This assessment expands on the strategic direction for a more integrated procurement function.

A separate paper titled "Department of Health – Province of KHYBER PAKHTUNKHWA - Draft proposed model for procurement integration" describes the concept that has been proposed in this assessment and is included in this document.

c. Utilization of a dedicated web-portal for the Health Department

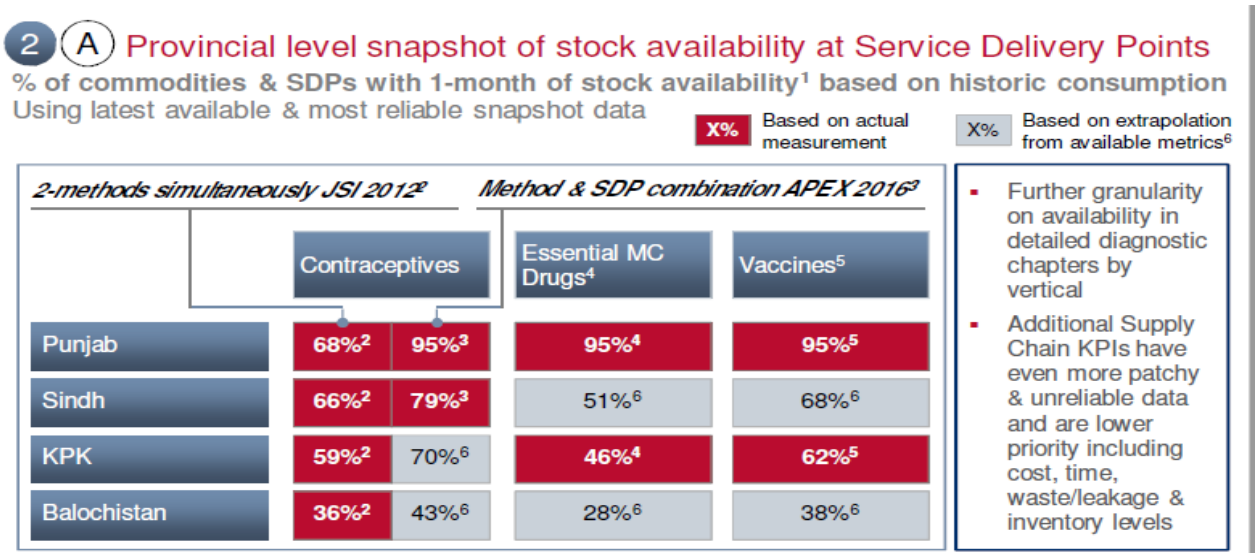
The DOH web portal is functional and contains a significant amount of information. However, the web page structure could be improved so that information could be better arranged under relevant headings. This would afford better ease of use internally and externally by the public. The information in the web page was not comprehensive and it

[6] KP PUBLIC HEALTH FORECASTING & SUPPLY CHAIN STRATEGY 2017 -2022

needs better management of inputs. This subject is covered in more detail in the current recommendations.

d. Human Resource Management

All indications are that the DOH has not acted adequately on this recommendation. The KPPRA does conduct a training program on the Procurement Act and Procurement Rules but the DOH does not have a formal program for training of their procurement staff and they do not have a formal capacity building program. They have attended occasional training events conducted by various bi lateral and multi-lateral programs.



e. Inventory & Warehouse Management

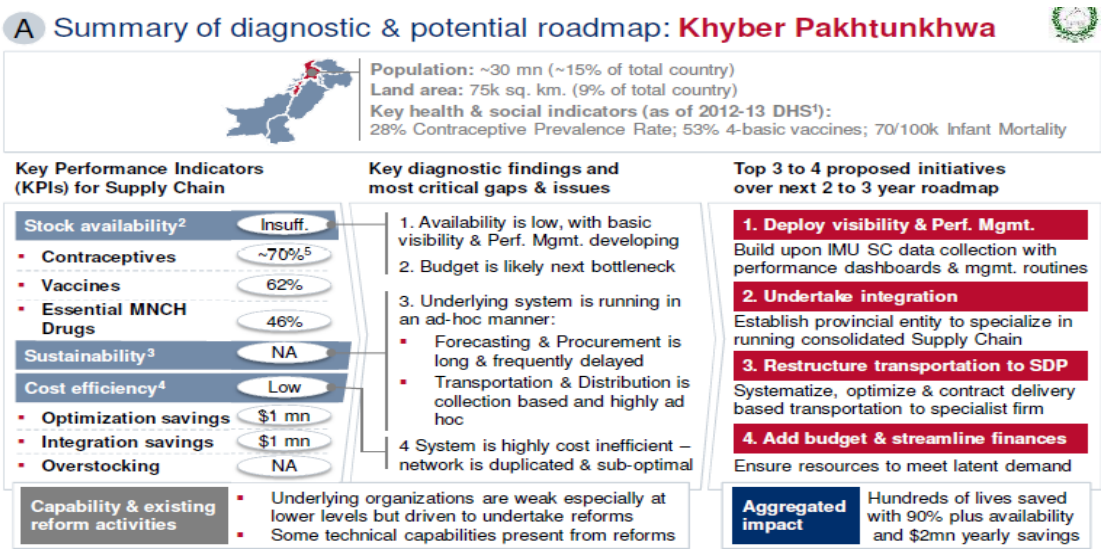
It was reported in the earlier assessment that "the current situation of Inventory and Warehousing management is far below the required WHO standards. Instead of re-inventing the wheel, the computerized Inventory Management software currently utilized by the Hayatabad Medical Complex (HMC) Peshawar may be replicated in all other medical institutions which may provide a streamlined platform for homogenized interconnectivity among the health entities". The assessment has noted the issues relating to availability of supplies in service delivery centers, in particular Family Planning commodities and MNCH commodities. A comparative study on the availability of Family Planning Commodities, essential MNCH drugs and vaccines in four provinces was reported in December 2016 in a USAID Global Health Supply Chain report7.

As per this report the supply availability of these commodities in the KP province was sub optimal. While a recent detailed review of supply availabilities of health products has not been sighted, anecdotal information suggests that there are supply problems and the supply chain is not functioning as efficiently and effectively as it should. The current assessment was centered around procurement and not on other components of the supply chain. It has made a recommendation that DOH should consider procurement as

7 Public Health Supply Chain Diagnostic in Pakistan – GHSC –PSM, December 2016

a key component of the supply chain, and DOH should look at all aspects of the supply chain more holistically, and should have a unit dedicated to managing and in some cases, coordinating the entire DOH supply chain, meaning, all the below mentioned components.

The Public Health Supply Chain Diagnostic in Pakistan – GHSC –PSM, December 2016, illustrated the shortcomings in the Family Planning and MNCH commodity supply situation and in the vaccine availability in the depiction of a road map to improve the situation.



Although the present assessment is not specifically focused on these commodities, it could be likely that the supply situation of other health commodities may be in a similar situation.

However, as vertical programs like MNCH do their own procurement and have their own supply chains, it cannot be stated with certainty that the supply situation of all health commodities is in a similar situation. Further studies are needed to establish the position regarding health commodities that are procured using the rates lists developed by the two DGHS entities, the MCC and the PC. As has been stated, these two Cells are responsible for establishing rates lists with purchasing actually done by DHO entities. In doing this assessment, the following Concept Notes prepared by the USAID GHSC project on strategies to address shortcomings in the following components of the supply chain have been sighted, and the contents noted.

1. Forecasting and Supply Planning
2 Procurement
3 Warehousing and Transportation

The following major challenges associated with procurement, as stated in the concept note on procurement, have been noted.

- Inadequate financial planning / fragmented procurement environment
- Huge gaps in planned and released / utilized budgets
- Delays in international procurements and payments
- Lengthy procurement cycle
- Lack of structured and timely supply planning
- Inter and intradepartmental coordination
- Duplication of efforts and wastage of resources

These in fact were the issues highlighted by the senior officials of DOH who were met by the assessor during the assessment and taken note by the assessor for this MAPS assessment. The Concept Notes for the Public Health Supply Chain Strategy Khyber Pakhtunkhwa by the GHSC-PSM Project provide a synopsis of the strategies for the concept notes and highlight the rationale for each strategy. These have been taken into account when doing this MAPS assessment and making recommendations. The rationale for each strategy noted in the above document is given below.

SECTION NO. 3

KP PUBLIC HEALTH FORECASTING AND SUPPLY CHAIN STRATEGY 2017 – 2022

Since the development of these concept notes, and a subsequent consultative process, DOH and PWD have developed and released a strategy for KP Public Health Forecasting & Supply Chain [8].

A. FORECASTING AND SUPPLY PLANNING

Rationale: Forecasting and supply planning require unique resources and skill sets. At present these functions lack qualified and experienced human resource, structures and tools to improve accuracy and timeliness of forecasting and supply planning for all medicines, particularly FP and MNCH commodities.

B. PROCUREMENT

Rationale: Number of challenges impact on efficient and reliable public health commodities procurement system which include fragmentation, lengthy procurement cycles, lack of supply planning, deficiency of trained human resource.

C. QUALITY ASSURANCE

Rationale: A public health supply chain has to have ample measures taken to ensure that the commodities passing through the system are of reasonably high quality and meet their health expectation and outcomes. Doubts have been cast on the quality of the commodities in public health sector making it essential to have a robust quality assurance mechanism that meet GS1 standards and international best practices working in tandem with the supply system.

D. WAREHOUSING, INVENTORY MANAGMENT AND TRANSPORTATION

Rationale: Serious gaps exist in warehousing and transportation arrangements for health commodities in the province.

The main dilemma is lack of a unified plan to ensure smooth and effective flow from manufacturers to health facilities or dispensing units. On the scale of maturity FP supply chains are slightly stable as compared to MNCH.

E. MANAGEMENT INFORMATION SYSTEM

Rationale: Different health programs maintain standalone MIS systems most of which do not cover logistics functions like forecasting, supply planning, warehousing, stock requisitioning etc. LHW, MNCH, EPI, and Nutrition program MISs partially include logistic information which is insufficient to measure overall supply chain performance.

F. MONITORING AND EVALUATION

Rationale: Though there are quite a few information systems operative in the health sector,

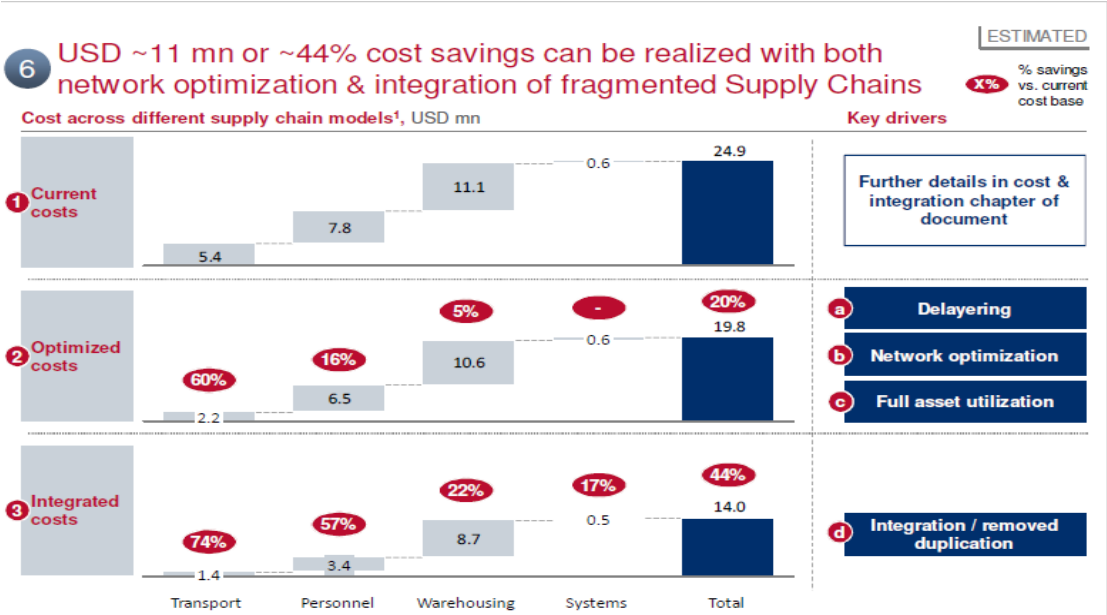
[8] KP Public Health Forecasting & Supply Chain Strategy 2017 -2022

the current supply chain system lacks measurement and improvement of performance, transparency, accountability and cost effectiveness as relevant information is either fragmented or absent in the system.

G. HUMAN RESOURCES CAPACITY DEVELOPMENT

Rationale: Public health supply network does not have adequately trained professionals and technical human resource as well lack appropriate service structure for this supply chain. This has led to an inherent and systemic weakness in the system.

Although not directly related to the present assessment, it is worth noting that there can be substantial monetary savings as a consequence of introducing efficiencies and through integration. This can apply to components of the supply chain or to the entire supply chain. The Public Health Supply Chain Diagnostic in Pakistan – GHSC –PSM, December 2016 projected that country wide, there can be a potential saving of USD 11 million or a 44% saving with optimization through efficiencies and integration of fragmented supply chains.



If only procurement was considered, integrated procurement could potentially yield considerable savings with the maximization of the buying power of the DOH.

The Public Health Supply Chain Strategy 2017 -2022[9] developed by DOH and PWD addresses measures needed to assure the supply availability and sustainability of MNCH and FP commodities. It has taken into account the Concept Notes prepared by the Pakistan GHSC –PSM project in developing this supply chain strategy. However, as the document states, the issues highlighted, and the solutions recommended, are equally applicable to all health commodities. The structural and process re-engineering initiatives suggested and the model proposed for an integrated Procurement & Supply Chain activity outlined have been noted in doing this assessment. The procurement component of this strategy as noted below is of direct relevance to this assessment as the recommendations contained herein

9 KP Public Health Forecasting & Supply Chain Strategy 2017 -2022.

will inform the development of policy and structural and process re-engineering initiatives relating to the procurement strategy.

PROCUREMENT

Objective: To develop a fully integrated, responsive, efficient, transparent, and functional procurement management system ensuring availability of high quality health commodities.

Rationale: Challenges around procurement are significant with increases both in provincial commodity financing and volumes of procurement.

Strategy: The strategy will streamline procurement processes while building institutional capacity for a lasting change.

The KP Public Health Public Supply Chain Strategy document notes the following implementation plan with regard to procurement. The basic task of the current assessment has been to look into the two areas mentioned.

"The following interventions are proposed to be carried out by the health and population welfare departments of the Government of Khyber Pakhtunkhwa for an efficient and sustainable procurement system:

i. ***Implement OECD MAPS-Indicators Based Assessment/Recommendations including Procurement Performance Management Tool:***

   In order to avoid delays and create visibility into the procurement process of FP and MNCH commodities, the available standard procurement recommendations of OECD MAPS will be adopted within provincial procurement mechanisms and a performance management tool will be adapted according to the needs of DOH and PWD. DOH and PWD will build a consensus and may engage relevant development partners for technical support to identify the tool and help for adaptation and implementation. The finalized tool will further be linked with web based Integrated Supply Chain Management Information System (ISCMIS) to make it accessible and user friendly.

ii. ***Develop and Implement a Comprehensive Medium to Long-term Procurement related Human Resource Capacity Development Plan:***

   Procurement related HR issues in terms of capacity and strength prevail in both health and population welfare departments. Both departments will coordinate with ISCM&CC to overcome HR issues through joint efforts which include; developing procurement professionalization plan through consultative process and nomination of relevant procurement staff at provincial and district levels for in-service training on procurement procedures."

H. AN INTEGRATED MANAGEMENT INFORMATION SYSTEM

The Draft KP Public Health Supply Chain Strategy document states "In Khyber Pakhtunkhwa province, various vertical MIS are in use by both the health and population welfare departments. These MIS were developed using government core funding as well as technical assistance from development partners. However, there is room for improvement in terms of integration of various systems and developing dashboards that serve as decision making tools at different levels of health management. The quality of data and reporting rates also need attention. Data management in PWD is quite satisfactory, while indicators around MNCH supply chain need improvement"

It then proposed initiatives to integrate the different systems in implementation plan included in the document.

The current assessment found it difficult to obtain procurement related basic information such as statistics on the procurement expenditure, including value of orders placed with different suppliers, value of orders for different items, information on orders placed and received, and not yet received, and generally, information that would assist procurement analysis, and procurement planning. The recommendations contained in this assessment report for procurement integration will hopefully pave the way for a procurement monitoring tool to provide relevant information.

As a general observation, a cautionary note is made that integration of a MIS should be mindful of the technological enabling environment, the capacity of staff to operate the system and the risks associated with linking the entirety of a supply chain MIS to a larger Health MIS, as an overload of information could make the system inefficient, and as a consequence, a hindrance to staff engaged in different components of the supply chain.

Key Criteria for a Procurement MIS

Based on the current procurement structure in DOH and the integrated structure suggested in this report, the following key criteria are considered important for a procurement MIS.

- It should be able to track a bidding process from the point of a decision to procure to the conclusion of contract awards.
- It should be able to track the purchase order execution from its origin to the conclusion which is the approval required to release stock to users and payment to suppliers.
- It should have a data base of items in the MCC and PC lists, with unique item numbers, descriptions and supplier details.
- Functionality in the purchase order originating mechanism to pick the item number which should then populate the description of the item, supplier details and the unit price.

The system driven purchase order format should provide for keying in the quantity that is required, which then will automatically extend the unit price by the quantity, and provide for keying in the delivery schedule.

- Ideally, a dashboard that provides high level information to senior management
- Reports that provides information on the progress of orders and quantities and value of values of purchase orders by item (one or more or all), by supplier for a period one could define.
- Reports on the purchase history of an item for a given period
- Reports on supplier performance- compliance/variations on quantity ordered and delivered, delivery specified and actual dates
- Reports on goods received as per Purchase Orders and payment made/not made

These key criteria will be considered when reviewing the Procurement Management Tool ProMISH.

SECTION NO. 4

PROCUREMENT PEFORMANCE AND MONITORING

Good practice in procurement is guided by five basic criteria:

Right price
Right quantity
Right quality
Right place
Right time

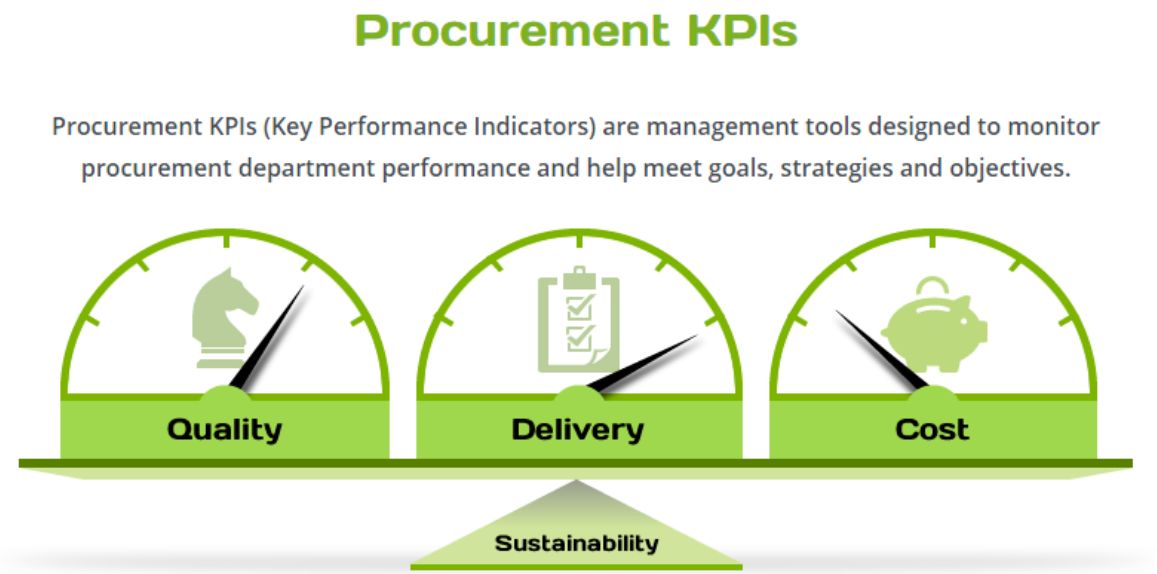
An efficient and effective procurement system should demonstrate the optimization of these five "R"s. These criteria then have to be measured and monitored in order to have an efficiently and effectively managed procurement operation that is sustainable.

It is said that a procurement organization or entity that does not set performance indicators and measures, and do not monitor them, is like a sail boat caught at mid- sea without a paddle and a compass. It can drift along wherever the wind takes it.

Procurement performance measures and monitoring of those measures will prevent the entity being swayed by external situations and events, and will help the entity to chart its own course to the satisfaction of those who depend on it to produce efficient and effective health service delivery outcomes. In order to do this, a procurement entity must develop measures or indicators to monitor its performance.

A notable feature within DOH procurement was the absence of key performance indicators and any measures to judge the outcomes of its procurement performance.

These Key Performance Indicators generally fall into three broad categories as shown in the illustration below.



Source – https://www.deltabid.com/procurement-kpis-key-performance-indicators/

This illustration clearly depicts the role of quality, delivery and cost and how sustainability of the system hinges on the balance act performed by these three categories of indicators. If the quality indicator swings to the left, the balance can only be maintained by increasing cost and under- performing on delivery. Similarly, if the cost goes up, the balance will be maintained by the other two indicators swinging to the left, meaning, lowering quality and under performing in delivery. Sustainability therefore hinges on the right balance achieved by these indicators where the cost is low, quality is high and delivery is efficient and timely.

(A) KPIS FOR QUALITY OF PROCESSES

1. **Competition helps improve quality**
   KPI – The number of suppliers accounting for the 80% of the procurement expenditure for each item included in the 80% expenditure. The goal is to increase the number of suppliers as competition should be greater for the bulk of the procurement expenditure.
   More suppliers compete for the business of an organization, the greater the chances of improvement to quality as suppliers offering poor quality will be disadvantaged over the long run.
2. **Poor quality –** consequences (higher replacement costs and impact on service delivery and patient health outcomes
   KPIs – (1) Percentage of defects and rejections of the total number of items supplied during a given period
3. **Expiration management**
   KPI -Percentage of products by value and number (of the procurement expenditure and the number of items supplied) that has expired prior to use during a given period
4. **Supplier credibility –** Buyer/Supplier relationships have to be mutually cooperative and advantageous, and to this end, both need to work together to ensure suppliers are efficient and can be relied on. The manufacturing standards of suppliers which are vital to ensure goods of quality are supplied, and the capacity and capability to comply with realistic delivery schedules needs to be ascertained by buyers.
   KPIs
   a. The percentage of suppliers (of the total number of suppliers) who comply with relevant international standards like ISO standards, or are WHO pre-qualified suppliers or are stringent authority pre-qualified suppliers. This KPI maybe more applicable for imported items.
   b. The percentage of suppliers who have not had rejections or defects, and who have delivered as per contractual delivery schedules.
5. **Procurement processes that are done with SBDs –** The objective here is to the consistency of the bidding process across procurement entities. If different entities use different procurement methods and documents, there will not be consistency of the process.
   KPI -Percentage of procurement events that used SBDs. Goal is to improve the %.
6. **Client satisfaction with supplier performance -** Client satisfaction assessments are done to ascertain satisfaction levels and such assessments will inform management of areas of dissatisfaction so that corrective action may be taken to improve the service
   KPI- Percentage of key stakeholders who are satisfied with suppliers.
7. **Professional development of procurement staff**
   KPI (a) Number of trainings per team member. Goal is to have a minimum of one per year.
   (b) Percentage of certified team members (if a certification program exists)
8. **Transparency of bid prices**
   KPI – Percentage of bids and their outcomes inclusive of successful bid prices (of the total number of bids for a given period) that are publicly available.

9. **Lead time measurement –** This is an internal efficiency measure to identify actual achievement of an outcome against a planned outcome.
   KPI – Percentage variation between planned procurement processing activities and actual achievements.

(B) KPIS TO MEASURE AND MONITOR IMPACT OF PRODUCT DELIVERY DELAYS

1. **Purchase order delivery**
   KPI – (a) Percentage delivered compared to what was ordered
   (b) Percentage of the exact items received as per what had been ordered as per the purchase orders
2. **Stock out situations** –Stock out situations can occur for many reasons such as shortcomings in inventory control management, unforeseen demand, deterioration of stock due to poor store keeping etc.
   It can also occur if expected stock replenishment is delayed due to supplier delivery delays or for administrative reasons such as delays experienced in opening Letters of Credit.
   KPI- Percentage of the number of stock outs of items during a given period in relation to total number of items stocked in a DOH entity. The reasons for stock outs should be noted.
3. **Percentage of Emergency purchases** – For similar reasons as for stock out situations, and to overcome stock out situations and/or stock shortages, procurement entities may resort to emergency orders. In order to ascertain whether the emergency was beyond the management control of a procuring entity, reasons for the emergency orders must be recorded.
   KPI –Percentage of the value of emergency orders against the total value of purchases during a given period
4. **Maintaining inventory management parameters –** The reason this item is noted under this sub heading is because of the responsibility of the inventory control function to take not of delivery delays and anticipate any possible impact in stock availability as a consequence.
   KPI – Percentage of DOH entities that have inventory control parameters, Minimum, Maximum stock levels and Reorder Points defined for each item that is stocked.

(C) KPIS TO MEASURE AND MONITOR FACTORS IMPACTING ON PROCUREMENT COST

1. **Actual procurement expenditure overruns over planned expenditure-** Procurement planning is an integral part of procurement management. If there is efficient planning, the actual expenditure on procurement and the planned expenditure in a procurement plan should be equal or within a pre- determined variation factor.
   KPI- Percentage expenditure incurred over amount in procurement plan
2. **Level of competition in open bids –** As stated earlier, greater the competition, greater the possibility of a lower price for goods of comparable quality.
   KPI - Percentage of number of bids (3 or more per item) received in bids invited for procurement of items.
3. **Price trends for key items that account for a significant portion of procurement expenditure –** Senior health officials would be interested in knowing the price trends for high value/high volume items that account for a large component of procurement expenditure. Such information will be useful for budget planning purposes. In addition, this information will be useful to study the price trend from the perspective of competition as per item 2 above.

KPI – Percentage variance in price over the past 3 -5 years of a select number of high value/high volume items that account for a significant portion of the procurement expenditure

4. **Cost comparisons with other Provinces in Pakistan** – It is useful if the unit price of the same select number of items that account for a significant portion of the procurement expenditure is compared with prices paid by other provinces.

   This information should be publicly available in the DOH Website so that supplier's attention could be drawn to price variations within provinces.

   KPI - Percentage of unit price variations of select number of identical items that account for a significant portion of the procurement expenditure in different provinces

SECTION NO. 5

PROCUREMENT PRACCTICES AT THE DOH & PWD

A multitude of DOH entities handles procurement and this demonstrates the fragmented nature of DOH procurement. It appears that it is only mandatory for District Health Departments to procure items in the rates contracts for medicines, medical supplies and medical equipment, although it has been mentioned that they could procure around 30% of their needs directly. It is understood to be optional for other DOH entities. A directive to this effect has not been sighted. The full list of Procurement Entities of DOH is given in Annex J.

The PWD on the other hand has taken steps to enlist the assistance of the DOH to undertake procurement of contraceptives and reproductive commodity requirements on their behalf and focus more on improving the accuracy of forecasting and quantifying their requirements.

A per the previous MAPS analysis conducted in 2012[10], the current procurement practices of the Health Department Khyber Pakhtunkhwa are based on a mixed system where the centralized establishment of unit rate contracts is done by the two procuring units of the DGHS, namely the Medicine Coordination Cell (MCC) and Procurement Cell located at the Directorate General Health Services Peshawar.

The Medicine Coordination Cell (MCC) contracts out the unit rates of the selected pharmaceutical products of the pre-qualified and lowest evaluated responsive pharmaceutical firms and the bulk of the said products are in turn purchase by the 25 Health Districts for their respective BHUs and RHCs. Use of these rates lists is understood to be compulsory for the health districts. Before the establishment of MCC in 1996, medicines were provided to the health institutions through Medical Stores Depot (MSD). The MSD was set up at Peshawar more than 25 years ago to make bulk purchase of quality medicines in the most economical manner ensuring their timely delivery to the Government health institutions throughout the Province.

Medicines up to Rs. 20 million were usually purchased with no fixed time frame by the MSD and the rest by the Health Department entities locally at different rates that stated to have led to financial irregularities. Over a period of time, it failed to achieve its objectives and Audit raised findings regarding mismanagement, sub-standard procurements, faulty distribution, undue cost adjustments and storage shortages etc.

MSD was finally re- designated as Government Medicine Coordination Cell (MCC) on 01.07.1996 vide Health Department's Notification No. SOH(V)9-5/96MCC dated 16.05.1996. The MCC conducts a centralized contracting process for selected medicines and medical supplies through a competitive bidding process. The PC does similarly for a

[10] An Assessment of Procurement System and Capacity of Health Department, Khyber Pakhtunkhwa December 2012

range of medical/health equipment and consumable medial accessories.

The previous practice of estimating current requirements for the procurement planning process was for all health institutions to be based on last year's purchase and with around 10% variation. It is understood that this has changed and presently, all health institutions estimate their demand based on previous consumption and projected consumption. It has not been possible to establish this process as a fact. Although the there is a demand figure which is included in procurement plans, all such plans are not found in the DOH website. A list of items to be included in the two rates lists are subjected to the bidding process wherein the firms with lowest evaluated bid is selected as the supplier for a particular item the single rate contract from the Directorate General Health Services. Potential bidders are not provided with information on quantified demand. The said products are in turn bought by the 25 Health Districts, Autonomous Medical Institutions and Vertical Programs etc.

The chief executives of the AMIs are understood to have the authority to procure 40% of those pharmaceutical products which are included or not included in the approved rates list contracted by the MCC Cell. Program Coordinators of the Vertical Programs appear to have the same flexibility to procure their programs requirements and so do Executive District Officers (EDO) Health and Medical Superintendents DHQs given the authority to procure medicines and surgical disposables at District and District Headquarter Hospital level respectively. A DOH directive or circular to this effect was not sighted although it appeared to be the practice.

As stated earlier, PWD has engaged with the DOH to undertake the procurement of contraceptives and reproductive health commodities and the process of including reproductive health commodities in the MCC rates list had commenced in 2016. PWD had invited international bids for contraceptives considering they are not manufactured locally. This process had been protracted and it is understood that from the point of inviting bids to the opening of a letter of credit, it had taken a period of 18 months. As future procurement of contraceptives is to be managed by the DOH, they need to examine reasons for this delay and take steps to avoid such delays in the future.

For DOH and PWD, the Departmental entities in the form of Preliminary Scrutiny Committee, Comparative Statement Committee, Technical & Evaluation Committee and finally the Selection (Purchase) Committee, as discussed later, are part of the purchasing life cycle.

The Procurement Cell, created vide DGHS Notification No. 10760-67/Personnel, dated 30.12.2011, is expected to purchase bio-medical equipment and medical/health equipment on the basis of requirements sent by the Health Districts and DHQs. Currently the Cell is also responsible for establishing rates contracts for medical/health equipment. As per the said notification, the Cell is headed by a Deputy Director (Admin) and manned by an Assistant Director (Admin), Superintendent Complaint/Coordination Cell DGHS Office, Superintendent Accounts Section, DGHS and a Computer Operator.

Procurement demand is prepared and included in the Annual Development Plan (ADP) of the DOH and the PWD The DOH demand is submitted to the Health Secretariat. Specifications and requirements are prepared by the end users and they are approved by the Departmental Technical Committee. Equipment is procured by open bidding by the Procurement Cell. The purchased equipment is then delivered to the hospital/district. The Technical Committee may physically inspect the equipment before final selection according to the specifications mentioned in the tender. The Technical Committee, headed by the Director General Health Services is composed of concerned Head of Department of the

medical institution and executive engineer of electro-medical workshop etc. Purchases recommended by the Technical Committee are approved by the Departmental Purchase (Selection) Committee. Purchase of minor equipment, purchase of special drugs and medicines which are not a part of the regular hospital supply are purchased through the process of local purchases.

In 2017, the rates lists for medicines, medical supplies and equipment for the financial year 2017/18 has been finalized in 3 months. As stated earlier, both lists have been established without reference to estimated demand for the items in the lists. This is not consistent with the best practice of "the Right Price", as suppliers are unlikely to have submitted their best prices in the absence of any knowledge of the volume of business they would have with DOH entities. Considering that an indicative demand could be computed using information in the annual procurement plans, it appears DOH has lost the opportunity to obtain the best possible prices for items their entities purchase using the rates lists.

It has been recommended that the MCC rates list should be expanded to include as many medicines and medical supplies in it, and making it mandatory for ALL DOH health entities to use the lists for their requirements. However, an indicative demand should be included during the bidding process. A recommendation has also been made to rationalize the list of medicine purchases by developing a DOH formulary and also to introduce a mechanism to rationalize the use of medicines.

A recommendation has also been made to introduce a unique item number for items appearing on the MCC and Equipment list. This is covered in detail in the recommendation contained in the assessment document itself. A suggested item numbering protocol for medicines is given in Annex K.

In regard to the equipment list, it is recommended that DOH should revise its current practice and invite bids for the supply of specific quantities of items appearing in the list, indicating in the bid documents, the total quantity of each item that is required, with a breakdown of which DOH entity requires which item and where the item/s should be delivered. The fact that the equipment rates list contains only 57 items is indicative that the fragmented procurement system may be procuring medical equipment outside this list. A recommendation has been made that ALL equipment procurement should be managed centrally by the Procurement Cell and DOH should also develop a Medical Equipment Management Policy.

In regard to the process of establishing these rates lists, attention is drawn to the conditions and the process relating to the establishment of Framework Agreements recommended by the World Bank document11 (Annex L). These regulations are intended for Investment Project Financing by the World Bank, but they would be regarded as International Best Practice when it comes to developing Rates Lists which DOH may consider renaming Framework Agreements and model them on the lines defined by the World Bank.

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[11] PROCUREMENT IN INVESTMENT PROJECT FINANCING -Goods, Works, Non-Consulting and Consulting Services July 2016, THE WORLD BANK -Procurement Regulations for IPF Borrowers (pages 127 -129)

A. HEALTH SECRETARIAT, PESHAWAR

Annual Procurement Plan consolidation is conducted by the Health Secretariat. The Secretary Health is the approval authority for the contract award recommendations being chairman Selection (Purchase) Committee and acting as the Principal Accounting Officer. The administration of procurement in the DOH is the responsibility of the Director General Health Services.

B. DIRECTOR GENERAL HEALTH

The office of the Director General Health Services facilitates procurement by entering into rates contracts with suppliers through a bidding process. The bidding process for medicines and medical supplies is managed by the Medical Coordination Cell (MCC) and medical equipment by a Procurement Cell.

These Cells coordinate the bidding process for unit rates contracts, technical and financial evaluations, and awarding the contracts. These unit rate contracts are used by DOH entities to place Purchase Orders based on their needs during the financial year.

C. DISTRICT HEALTH DEPARTMENTS

The Districts headed by EDOs (Health), are procuring entities and as per the current policy of the Health Department, these entities place Purchase Orders for medicines/medical supplies & for medical equipment on the basis of rates appearing in the rates lists for these items. These orders are placed as per their requirements and within available budget allocated to them. They are permitted to undertake their own procurement of items from the local areas wherever such items are not in the two rates lists and to procure emergency supplies when emergencies occur. Although a relevant policy document has not been sighted, it is understood that it is mandatory for the District Health Offices to use the rates lists for 70% of their requirements of medicines, medical/health supplies and equipment requirements. There are twenty five districts in Khyber Pakhtunkhwa namely, Kohistan, Bannu, Chitral, Shangla, Tank, Haripur, Lakki Marwat, Hangu, Karak, Dir Upper, Dir Lower, Nowshera, Swabi, Abbottabad, D.I. Khan, Battagram, Buner, Mansehra, Tor Ghar, Charsadda, Malakand, Kohat, Mardan, Swat and Peshawar.

D. DISTRICT HEADQUARTER HOSPITALS (DHQS)

Headed by the Medical Superintendents, the DHQs in all the Districts are under administrative supervision of the EDOs (Health) but the Purchase Orders for delivery of medicines & surgical disposables selected by the MCC and the equipment by the PC under unit rate contracting are placed by the respective Medical Superintendent DHQ.

E. AUTONOMOUS MEDICAL TEACHING INSTITUTIONS (MTIS)

These Institutions are also independent procuring entities at the Provincial level headed by Chief Executives and although not mandatory, manage their procurement on the basis of unit rates selected by the MCC and the PC as per their requirement & available budget. It is understood that AMIs have the flexibility to independently procure their requirement of medicines, medical/health supplies and equipment. Their Board of Management governs matters related to Procurements. It is understood the colleges follow a procurement structure similar to the DGHS, with a T&E Committee, composed of concerned Associate Professors & Professors for preparation of equipment specifications and finalization of acquisition by a high-level Selection (Purchase) Committee headed by the Chief Executive of the College.

F. MEDICAL COLLEGES

Medical colleges are headed by the Principals and these entities independently purchase their requirements, and although not mandatory, access the unit rates selected by the MCC and the PC as per their requirement & available budget. It is understood the colleges follow a procurement structure similar to the DGHS, with a T&E Committee, composed of concerned Associate Professors & Professors for preparation of equipment specifications and finalization of acquisition by a high-level Selection (Purchase) Committee headed by the Principal of the Colleges.

G. HEALTH/VERTICAL PROGRAMMES

Vertical Programs, also known as Stand-alone, Categorical or Disease Control Programs, focus either on a specific disease or health issue or target a specific demographic population. The underlying objective of Vertical Programs is to achieve specific measurable outcomes within a given timeframe. Vertical Programs have independent management and implementation structures headed by Program Coordinators, which run parallel and in addition to the general health system of the Health Department of Khyber Pakhtunkhwa. They too access their medicines, medical/health supplies and equipment requirements specifically related to their scope of work using the MCC and PC rates lists, but it is not mandatory for them to do so.

F. SPECIAL PROJECTS

Special Projects like Aids Control obtain their funding from donors and the Government. Their procurement methodology is similar to the Vertical Programs.

G. INTEGRATED HEALTH UNIT

This unit undertakes procurement on behalf of the MNCH and Lady Health Worker LHW), Nutrition and Expanded Program for Immunization (EPI) programs. However, currently, the MNCH program has been carrying out their own procurement.

SECTION NO. 6

ASSESSMENT OF DOH & PWD PROCUREMENT PERFORMANCE USING MAPS BASELINE INDICATORS

In doing this assessment, the focus of operational indicators in Pillars 2 & 3 has been primarily DOH procurement and not PWD procurement considering DOH is now undertaking joint procurement of PWD commodity requirements.

PILLAR I – LEGISLATIVE AND REGULATORY FRAMEWORK

INDICATOR 1. PUBLIC PROCUREMENT LEGISLATIVE AND REGULATORY FRAMEWORK ACHIEVES THE AGREED STANDARDS AND COMPLIES WITH APPLICABLE OBLIGATIONS

The indicator covers the legal and regulatory instruments (national law, act, regulation, decree, etc.) down to detailed regulation, procedures and bidding documents formally in use. This indicator is broken down into eight sub-indicators (a-h) which are individually scored.

Sub-indicator 1(a) – Scope of application and coverage of the legislative and regulatory framework.

The purpose of this sub-indicator is to determine: a) the structure of the regulatory framework governing the public procurement; b) the extent of its coverage; and c) the public access to the laws and Rules. The adequacy of the structure of the legal framework and its clarity was assessed besides applicability to all procurement (goods, works and services, including consulting services). The accessibility to the law and Rules and whether they had ease of access to the public was also assessed.

Scoring Criteria	Score
The legislative and regulatory body of norms complies with all the following conditions: (a) Is adequately recorded and organized hierarchically (laws, decrees, Rules, procedures,) and precedence is clearly established. (b) All laws and Rules are published and easily accessible to the public at no cost. (c) It covers goods, works, and services (including consulting services) for all procurement using national budget funds.	3
The legislative and regulatory body of norms complies with (a) plus one of the above conditions.	2
The legislative and regulatory body of norms complies with (a) of the above conditions.	1
The system does not substantially comply with any of the above conditions. .	0

Score –2

Findings

1. The Public Procurement Act 2012 , Rules (KPPRA 2014) are in place
2. They cover goods, works and services
3. Public access to these documents is possible the rough the web sites of the KP Government, the KPPRA, DOH and PWD.
4. The DOH & PWD websites needs updating and reconstruction as information is not easily accessible under relevant components and sub components of the web page, and it is not comprehensive.
5. Besides the Act and the Rules, DOH specific policy and procedural information is contained in directives issued by the Secretary/DG Health. All relevant ones are not

seen in the website.

6. DOH does not have a DOH specific procurement manual or a guideline that describes the procurement procedures in DOH. The document titled Medicines and Supplies Procurement Manual of the Department of Health, Government of Khyber Pakhtunkhwa is not in the website and it does not reflect the current administrative procurement process in DOH. It however complies with the provisions of the Procurement Act and KPPRA Rules. PWD has a Procurement Manual but it too does not reflect the actual procurement practice in PWD.
7. 7PWD web site has developed an interface to the KP government web site and it transfers users to the KP Government website for information on this sub indicator
8. The KP Government web site has interfaces to all departments under it, and it also contains information on public tenders invited by the different departments. However, information is not comprehensive

Recommendations

1. DOH & PWD Websites to be updated and thereafter reconfigured for easier access to information. Redesigning could provide for inclusion of information relating to all components of the supply chain
2. KPPRA to explore the possibility of an interface with the DOH website (and other public procurement entity websites) so that relevant procurement related information posted on the DOH & PWD websites automatically populates specific fields in the KPPRA website. This could avoid a duplication of effort.
3. All procurement (and supply chain) related directives issued by the Secretary/DG DOH & PWD should be included in the web site as a standard practice under appropriate headings.
4. DOH should develop a Procurement Guideline that is consistent with the Act and Rules but specific for DOH procurement practices.
5. PWD website should display the status of joint tenders invited with DOH

Sub-indicator 1(b) – Procurement Methods

This sub indicator assesses whether the legal framework includes: a) a clear definition of the permissible procurement methods; and b) the circumstances under which each method is appropriate.

Scoring criteria	Score
The legal framework meets all the following conditions: (a) Allowable procurement methods are established unambiguously at an appropriate hierarchical level along with the associated conditions under which each method may be used, including a requirement for approval by an official that is held accountable. (b) Competitive procurement is the default method of public procurement. **(c)** Fractioning of contracts to limit competition is prohibited. (d) Appropriate standards for international competitive tendering are specified and are consistent with international standards	**3**
The legal framework meets the conditions of (a) and (b) plus one of the remaining conditions.	**2**
The legal framework meets the conditions of (a) and (b).	**1**
The legal framework fails to substantially comply with any three of the conditions a) through d).	**0**

Score – 2

Findings

1. The Public Procurement Act 2012 and the KPPRA Rules 2014 meets all the above requirements from (a) to (d).
2. Procurement is fragmented and it was not possible due to time constraints to

ascertain compliance with allowable procurement methods in all different DOH procurement entities

3. Procurement methods are stated and were observed at DOH (MCC), DOH (Procurement Cell) and the PWD
4. The objective of DOH procurement done by MCC is to establish a rates list for medicines and medical supplies, and the PC (to establish rates for a list of medical equipment). In both cases, there is no relationship to actual demand for items in the rates list. Fractioning is an issue at DOH (MCC & PC) for the above reason. Unintentional fractioning does happen due to the fragmentation of procurement. The extent of it can be ascertained only through further study.
5. A specific medical equipment procurement policy document was not sighted,
6. The establishment of a rates list for items that appear on the respective DOH entities procurement plans, and where consolidation of requirements can easily be done for purpose of procuring such specific requirements, without a linkage to demand seems an inappropriate practice and not consistent with the spirit of the Procurement Act.
7. PWD procurement tenders are now done jointly with DOH. PWD intends including their Family Planning Commodities made in Pakistan in the DOH MCC list. Items that have to be imported (Contraceptives) will be done via International Tenders by DOH.
8. Programs such as EPI, MNCH, Nutrition, Lady Health Worker does their own procurement or it is done through the Integrated Health Project. It was not possible to ascertain their compliance due to lack of time. EPI procures all vaccines through UNICEF.
9. MCC and PC had not done any international tenders last year.
10. Tertiary hospitals are able to do their own procurement, but they do access the MCC and PC lists for some items in them.
11. A percentage of DHO budgets are available for procurement to be carried out by the DHO entities, and it was not possible due to time constraints to ascertain compliance with the Act and Rules at these levels

Recommendations

1. To avoid any unambiguity, the policy relating to establishing Rates lists should be included in the KPPRA Rules as a specific procurement method. The current practice does not conform strictly to the test of competitiveness since prices have no bearing on the quantities procured.
2. KPPRA and DOH considers replacing the Rates Lists with Framework Agreements modelled on World Bank criteria contained in the document titled *PROCUREMENT IN INVESTMENT PROJECT FINANCING -Goods, Works, Non-Consulting and Consulting Services July 2016, THE WORLD BANK -Procurement Regulations for IPF Borrowers (pages 127 -129).* A copy of this Framework document is attached (see Annex H).
3. As there is no DOH Specific Procurement Manual, all of the above legal requirements should be explicitly included or referred to in the proposed Procurement Guideline as being applicable to ALL procuring entities in DOH.
4. DOH should develop a Medical Equipment Procurement & Management Policy.
5. There is a need to introduce a procurement coordination function to ensure compliance with the Procurement Act and the Procurement Rules. Recommendations to address the procurement fragmentation issue, and integration of procurement is made elsewhere in this document.

Sub Indicator 1(c) – Advertising rules and time limits

This sub indicator assesses whether: a) the legal framework includes requirements to publish contract awards as a matter of public interest and to promote transparency; b)

there is wide and easily accessible publication of business opportunities; and, c) there is adequate time provided between publication of opportunities and submission date, consistent with the method and complexity of the procurement, to prepare and submit proposals.

Scoring Criteria	Score
The legal framework meets the following conditions : **(a) Requires that procurement opportunities other than sole source or price quotations be publicly advertised.** **(b) Publication of opportunities provides sufficient time, consistent with the method, nature and complexity of procurement, for potential bidders to obtain documents and respond to the advertisement. Such timeframes are extended when international competition is sought.** **(c) Publication of open tenders is mandated in at least a newspaper of wide national circulation or in a unique Internet official site, where all public procurement opportunities are posted, that is easily accessible.** **(d) Content of publication includes sufficient information to enable potential bidders to determine their ability and interest in bidding.**	**3**
The legal framework meets the conditions of (a) and (b) plus one of the remaining conditions.	**2**
The legal framework meets the conditions of (a) plus one of the remaining conditions.	**1**
The legal framework only meets the conditions of (a) above.	**0**

Score – 3

Findings

1. The KPPRA which has been given powers under the Public Procurement Act 2012 to frame necessary Rules governing public procurement clearly details requirements relating to this sub indicator.
2. DOH MCC, PC and PWD complies with these. However, the intention to procure indicative quantities which is reflected in procurement plans were not sighted from all procuring entities and were not sighted in the DOH website
3. Unable to ascertain compliance from DHO and entities, and other procurement entities due to time constraints.
4. It was mentioned by staff member of the PC that a guideline and a format for public advertisements would be useful as there had been some instances where the cost of newspaper advertisements had been as much as 50% of the cost goods that had been tendered for.

Recommendations

1. A DOH/PWD guideline and a standard advertising format to be developed for newspaper advertisements to ensure the cost of advertising is proportionate to the estimated cost of goods and services being procured.

Sub-indicator 1(d) – Rules on participation

This sub indicator assesses the participation and selection polices to ensure that they are non-discriminatory. As a general principle, firms, including qualified foreign firms, should not be excluded from participating in a tendering process for reasons other than lack of qualifications. Exclusions from tendering that are not based on the qualifications of the firm may arbitrarily limit competition and may result in inefficient procurement and higher prices.

Scoring Criteria	Score
The legal framework meets the following conditions: **(a) Establishes that participation of any contractor or supplier or group of suppliers or contractors is based on qualification or in accordance with international agreements; requires the use of pass/fail basis for determining qualifications to extent possible; limits domestic price preferential, if allowed, to a reasonable amount (e.g.15% or less); and requires justification for set asides that limit competition.** **(b) Ensures that registration if required does not constitute a barrier to participation in tenders and does not require mandatory association with other firms.** **(c) Provides for exclusions for criminal or corrupt activities, administrative debarment under the law subject to due process or prohibition of commercial relations.** **(d) Establishes rules for the participation of government owned enterprises that promote fair competition.**	**3**
The law and Rules meet the conditions of (a) and (b) plus one of the remaining conditions.	**2**
The law and Rules meet the conditions of (a) plus one of the remaining conditions.	**1**
The law and Rules do not meet the conditions of a) through d) above.	**0**

Score 3

Findings

1. The Procurement Act 2012 is clear on preferences (section 18) and on international obligations (section 17) and conditions applicable for restrictions on participation (section 18, sub sections (2) and (3).
2. DOH MCC & PC complies with these. The local manufacturing sector is already strong and the assessor did not sight special provisions to support local manufacture although the KPPRA Act did mention that any such provision should be included under special conditions in the SBDs. Importation is limited to few health products.
3. Unable to ascertain compliance with this sub indicator from DHO and entities and other procurement entities. However, since all entities use the Standard Bidding Documents, it can be assumed there is compliance.
4. The proposed procurement coordination function will be able to monitor compliance by all procurement entities. See recommendation 2 against sub indicator 1 (b).

Recommendations

1. No specific recommendations are made relating to this sub indicator besides recommendation 2 against sub indicator 1 (b).

Sub-indicator 1(e) – Tender documentation and technical specifications

The sub indicator assesses the degree to which the legal framework specifies the content of tendering or solicitation documents to enable suppliers to understand clearly what is requested from them and how the tendering process is to be carried out.

Scoring Criteria	Score
The legal framework meets the following conditions: (a) Establishes the minimum content of the tender documents and requires that content is relevant and sufficient for tenderers to be able to respond to the requirement. (b) Requires the use of neutral specifications citing international standards when possible. (c) Requires recognition of standards which are equivalent when neutral specifications are not available.	**3**
The legal framework substantially meets the conditions of (a) plus one of the remaining conditions.	**2**
The legal framework meets the conditions of (a).	**1**

The content of the bidding documents is totally or largely left at the discretion of the procuring entity.	**0**

Score -2

Findings

1. Procurement Act 2012 specifies details of content of bid solicitation documents.
2. The KPPRA has developed comprehensive Standard Bidding Documents (SBDs) for procurement of goods, services and works.
3. The Standard Bidding Documents (SBDs) are extensive and provides clarity to potential bidders on DOH/PWD expectations
4. The SBD is not explicit about standards in specifications. For example, no pharmacopeia standards are mentioned for pharmaceuticals.
5. However, the SBD states that ALL drugs/medical items require to be registered with the DRAP and for imported items, a valid free sale certificate & valid GMP certificate has to be submitted.
6. Specification development is carried out by expert committees with personnel relevant to the item being members of such committees. Composition of these committees has been provided to the assessor as regards MCC and PC bidding process.

Recommendations

1. Proposed DOH Procurement Guideline to be more explicit on specification and standards requirements
2. DOH to establish a data base of specifications especially for medical equipment and made available in the DOH website for public viewing.

Sub-indicator 1(f) – Tender evaluation and award criteria

This sub indicator assesses: a) the quality and sufficiency of the legal framework provisions in respect to the objectivity and transparency of the evaluation process; and, b) the degree of confidentiality kept during the process to minimize the risk of undue influences or abuse.

Scoring criteria	Score
The legal framework mandates that: (a) The evaluation criteria are relevant to the decision, and precisely specified in advance in the tender documents so that the award decision is made solely on the basis of the criteria stated in the tender documents. (b) Criteria not evaluated in monetary terms are evaluated on a pass/fail basis to the extent possible. (c) The evaluation of proposals for consulting services gives adequate importance to the quality and regulates how price and quality are considered. (d) During the evaluation period, information relating to the examination, clarification and evaluation of tenders is not disclosed to the participants or to others not involved officially in the evaluation process;	**3**
The legal framework covers the conditions of (a) and (b) plus one of the remaining conditions.	**2**
The legal frame work covers (a) but does not fully cover the other conditions.	**1**
The legal framework does not adequately address any of the conditions (a) through (d) above	**0**

Score – 3

Findings

1. The Procurement Act 2012 specifies the basic criteria relating to evaluation criteria (section 28)

2. The SBDs developed by the KPPRA for procurement of goods clearly outlines the evaluation criteria and more weightage is given to quality (70%) as against price (30%) when evaluating goods.
3. A SBD are available for Works and Services in the KPPRA website and evaluation criteria are clearly spelt out.

Recommendations

1. A DOH specific training and capacity building program to include familiarization of all SBDs with procurement staff in all DOH procurement entities

Sub-indicator 1(g) – Submission, receipt and opening of tenders

This sub indicator assesses how the legal framework regulates the process of reception of tenders and tender opening. Public opening of tenders is a means of increasing transparency to an open tendering exercise. Bidders or their representatives must be permitted to attend, as well as others legitimately interested (e.g. representatives of civil society bodies duly recognized as having a stake on the tendering process).

Scoring Criteria	Score
The legal framework provides for the following conditions: (a) Public opening of tenders in a defined and regulated proceeding immediately following the closing date for bid submission. (b) Records of proceedings for bid openings are retained and available for review. (c) Security and confidentiality of bids is maintained prior to bid opening and disclosure of specific sensitive information during debriefing is prohibited. (d) The modality of submitting tenders and receipt by the government is well defined to avoid unnecessary rejection of tenders.	3
The legal framework provides for (a) and (b) plus one of the remaining conditions.	2
The legal framework provides for (a) plus one of the remaining conditions.	1
There is no requirement in the legal framework for public opening of tenders.	0

Score – 2

Findings

1. The Procurement Act does not define bid opening protocols.
2. Public opening procedures are stated in SBDs
3. The Procurement Act mentions the necessity of retaining all procurement records (section 20) although not specifying details.
4. SBD mentions that minutes of bid openings will be prepared. However, there is no mention of record retention in the SBDs although Rules and section 20 of the Act notes record keeping,
5. The SBDs do not mention where bids received will be kept to ensure their security, for example whether in a tender box or under lock and key elsewhere.
6. Modality of submission of bids is mentioned in SBDs

Recommendations

1. The KPPRA should issue a specific directive on record keeping indicating the documents that needs to be retained and the period for which they should be retained.
2. Proposed DOH Procurement Guideline to be more specific on record keeping, including how the security of bids received will be managed, how records will be kept of the entire procurement process and the period for which records will be kept.

Sub-indicator 1(h) – Complaints

The purpose of this indicator is to assess whether the legal framework establishes; a) the right to review, b) the matters that are subject to review; c) the timeframe for such reviews; and, d) the different steps in the review process. Confidence in a procurement system is a powerful incentive to competition. A fundamental part of this is the establishment of the right to review procurement decisions by an efficient and functionally independent process.

Scoring Criteria	Score
The legal framework provides for the following: (a) The right to review for participants in a procurement process (b) Provisions to respond to a request for review at the procuring/agency level with administrative review by another body independent from the procuring agency that has the authority to grant remedies and includes the right for judicial review. (c) Establishes the matters that are subject to review (d) Establishes timeframes for issuance of decisions by the procuring agency and the administrative review body.	3
The legal framework provides for (a) and (b) plus one of the remaining conditions.	2
The legal framework provides for (a) plus one of the remaining conditions.	1
The right for review of the proper application of the procurement process is not provided in the legal	0

Score – 1

Findings

1. The Procurement Act (section 35) includes a two tier process for review/complaints. The first point of submission is to the head of the procuring entity and then an appeal to the KPPRA if the procuring entity decision is not accepted. The KPPRA decision is final as per the Procurement Act.
2. The procedure is outlined in the KPPRA Rules as well.
3. The Rate Contract Agreement template in the SBDs is not consistent with the Act and the Regulation.

Recommendation

1. KPPRA should ensure the review process is consistent with the Act and all documents that give effect to the Act are consistent.
2. The rate contract agreement template should be reviewed to ensure its compliance with the Act and the Regulation.
3. The proposed DOH Procurement guideline should include a section on the review process which is consistent with the Act and the Regulation.

INDICATOR 2. EXISTENCE OF IMPLEMENTING RULES AND DOCUMENTATION.

This indicator verifies the existence, availability and quality of implementing Rules, operational procedures, handbooks, model tender documentation, and standard conditions of contract.

Sub-indicator 2(a) – Implementing regulation that provide defined processes and procedures not included in higher-level legislation

This sub indicator aims at verifying the existence, clarity, accessibility and comprehensiveness of Rules to the law that further detail and clarify its application. Rules are an important aspect of a procurement system as they provide the detail that explains and enables the application of the legal framework in a variety of applications.

Scoring Criteria	Score
There are Rules that supplement and detail the provisions of the procurement law that meet the following requirements: **(a) They are clear, comprehensive and consolidated as a set of Rules available in a single and accessible place** **(b) They are updated regularly;** **(c) The responsibility for maintenance is defined.**	**3**
The Rules meet the conditions of (a) plus one of the remaining conditions.	**2**
The Rules exist but there is no regular updating, the responsibility for updating is not clearly defined or there are many important omissions in the Rules or inconsistencies with the law.	**1**
There are no Rules or the existing ones do not meet substantially any of the requirements listed above.	**0**

Score – 3

Findings

1. KPPRA Rules exist to give effect to the Procurement Act and there are periodic reviews. A review has been completed in 2017 and awaiting adoption by the KPPRA Board.

Recommendations

1. Reviews should ascertain whether there is consistency between the Act, Rules and DOH/PWD policies and procedures presently contained in the SBDs.

Sub-indicator 2(b) – Model tender documents for goods, works, and services

Model documents of good quality promote competition and increases confidence in the system. Potential contractors or suppliers are more willing to participate when they are familiar with the documents and their interpretation.

Scoring Criteria	Score
(a) There are model invitation and tender documents provided for use for a wide range of goods, works and services procured by government agencies; **(b) There is a standard and mandatory set of clauses or templates that are reflective of the legal framework, for use in documents prepared for competitive tendering.** **(c) The documents are kept up to date with responsibility for preparation and updating clearly assigned.**	**3**
Model documents and a minimum set of clauses or templates are available, but the use of such documents is not mandatory or regulated. The documents are not updated regularly.	**2**
Model documents are not available, but a set of mandatory clauses is established for inclusion in tender documents.	**1**
There are no model documents and the procuring entities develop their own documents for with little or no guidance.	**0**

Score – 3

Findings

1. The Procurement Act assigns the responsibility for developing SBDs to the KPPRA.
2. The KPPRA has developed set of SBDs use in procurement of goods, services and works. Their use by all public procurement entities including DOH is compulsory.
3. They include general conditions of contract, provision for special terms and conditions and a rate contract agreement applicable for establishment of rates for

medicines, medical products and equipment.
4. A clear policy directive requiring a mandatory periodic review was not sighted

Recommendation

1. KPPRA to include a clear policy directive requiring procurement entities to work with the KPPRA to review SBDs to ensure consistency with any Procurement Act and KPPRA regulation updates.

Sub-indicator 2(c) – Procedures for pre-qualification

This sub-indicator covers the existence of procedures for pre-qualification of participants in a particular procurement. Pre-qualification is normally limited to requirements of a high level of complexity where it is possible to determine, primarily using pass/fail criteria, if the interested companies possess the capacity to perform the requirement.

Scoring Criteria	Score
Procedures exist that define pre-qualification which: **(a) Provide for limitations on the content of pre-qualification criteria that are based on the needs of the specific procurement** **(b) Specify the use of pass/fail for application of qualification criteria.** **(c) Provide guidance on when to apply a pre-qualification procedure.**	**3**
Procedures exist that cover (a) plus one of the remaining conditions.	**2**
Procedures exist that cover (a).	**1**
Procedures for the application of pre-qualification procedures do not exist.	**0**

Score -3

Findings

1. Pre-qualification rules are clearly stated in KPPRA Rules.
2. SBDs do not include pre-qualification criteria

Recommendation

1. SBDs to include pre-qualification criteria

Sub-indicator 2(d) – Procedures suitable for contracting for services or other requirements in which technical capacity is a key criterion.

If technical capacity and/quality is a key criterion for selection of consulting services or other requirements, the law should specify clearly how this aspect is to be considered. While technical qualifications can be assessed by a pass/fail review, in most cases a scored evaluation of technical qualification against stated criteria is considered necessary in order to select the highest qualified proposal, price and other factors considered. In the case of consultants and other professional services, selection based on technical qualifications alone should also be authorized. If a combination of price and technical capacity is permitted by law, it should establish the obligation to include in the solicitation documents the manner in which they are combined and the relative weights to be allocated to technical capacity and price.

Scoring Criteria	Score
The legal framework and its implementing Rules provide for the following: **(a) Conditions under which selection based exclusively on technical capacity is appropriate and when price and quality considerations are appropriate.** **(b) Clear procedures and methodologies for assessment of technical capacity and for combining price and technical capacity under different circumstances.**	**3**
Implementing Rules meet a) above but leave b) to the discretion of the procuring entity.	**2**
Implementing Rules leave the possibility of use of technical capacity in selection but neither the law nor the Rules elaborate on the procedure.	**1**
Neither the law nor implementing Rules cover this procedure	**0**

Score –3

Findings

1. The Procurement Act, the KPPRA Procurement Rules and the SBDs are clear on the evaluation methodology using a two envelope process for technical evaluation and financial evaluation, and circumstances where direct contracting is permissible.

Recommendations

1. Considering that the Procurement Act, KPPRA Rules are clear and unambiguously stated, no specific recommendations are made

Sub-indicator 2(e) – User's guide or manual for contracting entities

This sub-indicator covers the existence of a user's guide or manual for contracting entities. This is an important implementation tool that can help provide staff with information that incorporates the law, policy and procedures and helps turn policy into practice. Such tools are more important as a system becomes more decentralized. Creating a manual or user's guide is often a function of a central management unit and can help create a consistency of application within the government procurement system. Although not a substitute for training, a manual can contribute to building and maintaining capacity and provides an easy reference for users

Scoring Criteria	Score
(a) There is a unique procurement manual detailing all procedures for the correct administration of procurement Rules and laws. (b) The manual is updated regularly; (c) The responsibility for maintenance of the manual is clearly established.	**3**
There is no unique manual but there is an obligation for the procuring agencies to have one that meets conditions (b) and (c.)	**2**
There is no manual and no obligation to have one but many procurement agencies have an internal manual for administration of procurement.	**1**
There is no manual or requirement to have one.	**0**

Score -2

Findings

1. The Procurement Act (section 5 c) assigns the power and authority to the KPPRA to assist major procuring entities to design their procurement manuals in compliance with the Act.
2. A manual exists at DOH for the procurement of medicines and medical supplies and it comprehensively covers best practice in procurement, but it is not reflective of the procurement practice in DOH Procurement. For example, it makes no mention of the functions of MCC and
3. Procurement cell of DOH with regard to producing Rates Lists and the roles and

responsibilities of different procurement entities
4. The manual has no date of issue and a version reference.
5. DOH does not have a procurement manual to guide the procurement of other goods, services and works.

Recommendations

1. Develop a DOH specific procurement guideline that outlines the procurement structure including the composition and responsibilities different committees associated with procurement, the outcome of some activities (for example the development of Rates lists), and actual practices including the product requisition process and order placement by DHOs, so that the document would be more congruent with the actual practices
2. Ensure the DOH Procurement Guideline has a version reference and dates of issue and revisions
3. Ensure the manual is made available in the web sites of KPPRA and DOH
4. Ensure the DOH Procurement Guideline, along with the SBDs are included as material for capacity building training courses in DOH procurement.
5. Review the Medicine Procurement Manual and the Contraceptive Procurement Manual to ensure they are up to date with the KPPRA Procurement Rules and Standard Bidding Documents. Such reviews should be undertaken periodically.

Sub-indicator 2(f) – General Conditions of Contracts (GCC) for public sector contracts covering goods, works and services consistent with national requirements and, when applicable, international requirements

This sub-indicator deals with General Conditions of Contracts that set forth the basic provisions which will be included in a contract with the government. The GCC are based on the laws in the country and generally reflect the commercial codes that deal with contracts between parties. It is important to participants in a procurement that they know the specific conditions under which they will perform a contract before they submit a price for performing the contract since conditions of contract will often have an impact on pricing. The GCC provide information that enables participants to understand the allocation of risk between parties to a contract as well as other obligations that the signatories to the contract will incur.

Scoring Criteria	Score
Both of the following apply: **a) There are GCC for the most common types of contracts and their use is mandatory.** **b) The content of the GCC is generally consistent with internationally accepted practice.**	**3**
There are GCC for the most common types of contracts, consistent with international practice, but their use is not mandatory.	**2**
There are GCC for the most common types of contracts but they do not conform to internationally accepted practice and their use is not mandatory.	**1**
There are no GCC and individual agencies use the form of contract of their choice.	**0**

Score – 3

Findings

1. The Procurement Act states that the general conditions of contract shall not be modified (section 23 (3))
2. A GCC is part of the SBDs.

PILLAR II. INSTITUTIONAL FRAMEWORK AND MANAGEMENT CAPACITY

Pillar II looks at how the procurement system as defined by the legal and regulatory framework in a country is operating in practice through the institutions and management systems that are part of the overall public sector governance in the country.

INDICATOR 3. THE PUBLIC PROCUREMENT SYSTEM IS MAINSTREAMED AND WELL INTEGRATED INTO THE PUBLIC SECTOR GOVERNANCE SYSTEM.

This indicator looks at the procurement system to: a) determine its suitability to discharge the obligations prescribed in the law without gaps or overlaps; b) whether the necessary links with other sectors of government affecting procurement exist; c) whether procurement operations are constrained by other external institutional factors; and d) whether the managerial and technical capacity of the system are adequate to do procurement without unnecessary cost or delay. This indicator deals with the degree of integration of the procurement system with other parts of government and particularly with the financial management system given the direct interaction between the two.

There are four sub-indicators (a-d) to be scored under indicator 3.

Sub-indicator 3(a) – Procurement planning and associated expenditures are part of the budget formulation process and contribute to multiyear planning

Formulation of annual or multi annual budgets are based on the outcomes or outputs that the government as a whole and its agencies expect to achieve in a particular period. Overall government or sector strategies are the basis for the exercise. These determine the multi-year corporate plans, the associated operating plans for each fiscal period and the procurement of goods, works and services necessary to implement the plans. Proper preparation of budgets needs reliable cost data and timetables for planned procurement.

Scoring Criteria	Score
There is a regular planning exercise instituted by law or regulation that: - starts with the preparation of multiyear plans for the government agencies, from which annual operating plans are derived - followed by annual procurement plans and estimation of the associated expenditures - And culminates in the annual budget formulation. - Procurement plans are prepared in support of the budget planning and formulation process.	3
The majority of procurement plans are prepared based on the annual and multiyear operating plans independently from budget allocation but they are revised to meet the forward budget estimates for the sector or agency allocations before expenses are committed.	2
Procurement plans are normally prepared based on the annual and multiyear operating plans. Links with budget planning are weak and plans are not required to match the budgetary allocation available before expenses are committed.	1
There is no integrated procurement and budget planning of the nature described. Procurement plans are drawn without obvious and direct connection with the budget planning exercise and there is no requirement to match procurement plans with availability of funds before expenses are committed.	0

Score – 0

Findings

1. The Procurement Act (section 22) states that each procuring entity should plan its procurement. However, it does not specify whether the plans are annual or multiyear plans.
2. An annual procurement planning process exists but it is not related to a multi-year process as such a process does not exist for DOH procurement.

3. A document that outlines the linkages between the annual procurement planning process and the budgetary process was not sighted. Anecdotally, based on verbal information, it appears that entities within a DHO prepare their annual procurement plans which are then consolidated by DHOs, and sent to the DOH Secretariat consolidation and budgetary allocations. This process could not be verified.
4. The DOH website did not have any procurement plans and KPPRA web site records were not comprehensive.
5. During discussions, including with the DGHS, instances of delays in budgetary allocations was mentioned. This had impacted on utilization of allocations within the financial year.
6. In respect of medical equipment, the assessor was informed that unused items of equipment were available in DOH entities and that an inventory of such items was being made.
7. It was also pointed out that the process for acquisition of medical equipment needed improvement as available, unused equipment was not being taken into account when procurement was being done using the Rates List.

Recommendations

1. DOH and PWD institutes a policy decision to develop 3 -5 year procurement plans which would be reviewed annually, and annual procurement plans developed.
2. A Standard Operating procedure is developed by DOH on multi and annual procurement planning process including how these plans relate to the budget development and budget allocation process.
3. The procuring units of procuring entities are made aware of the procurement plan component relating to procurement of medicines, medical supplies and medical equipment for them to compute the potential buying power of KP Health.
4. The consolidated Multiyear and Annual procurement plans to be published in the DOH/PWD Website
5. Quantities of items included in Annual Procurement Plans to be consolidated by item and included in bid invitation documents for establishing rate contracts for medicines, medical supplies and equipment.
6. DOH develops an inventory of unused medical equipment and (a) takes steps to redistribute these to facilities that require them, and (b) issues a directive that items identical to those appearing in the list should not be procured without approval from the DGHS (c) Develops a Medical Equipment Management Policy (draft conceptual proposal attached as Annex M)

Sub-indicator 3(b) – Budget law and financial procedures support timely procurement, contract execution, and payment.

This sub-indicator assesses the degree to which budget law and financial management procedures are adequate to meet procurement needs. The processes in place should not constrain the timely processing of procurement or the implementation of contracts. The procurement, budget and financial management systems should interact in a way that once procurement decisions are made they trigger the corresponding actions on the budget and financial side.

a) Budget funds are committed or appropriated within a week from the award of the contract to cover the full amount of the contract (or amount to cover the portion of the contract to be performed within the budget period).
b) There are published business standards for processing of invoices by the

government agencies that meet obligations for timely payment stated in the contract.

c) Payments are authorized within four weeks following approval of invoices or
d) Monthly certifications for progress payments.

Scoring Criteria	Score
Budget and financial procedures in place meet the requirements of a) to c) above	3
Budget and financial procedures in place meet the requirements of a) but there are no published business standards. Authorization of payments is generally timely.	2
Procedures in place take longer than stated in a) and conditions b) and c) are not generally met.	1
The procedures in place do not meet the requirements in a material way.	0

Score – 1

Findings

1. The procedure in place is different at DOH. Budgets are given to procurement units and DHOs. As far as DHO entities are concerned, purchase orders are raised with suppliers on the MCC and PC rates lists once annual budgetary allocations are received by the DHOs
2. Procurement entities that do their own procurement, in part or in full, are given allocations to enable them to meet payment of invoices. The actual disbursement process could not be ascertained due to lack of time.
3. Once items ordered are received, invoices are submitted by suppliers to the DHOs. As per the SBDs, payment is to be made within 60 days of submission of the invoice
4. During discussions with senior staff at DOH it was mentioned that budget allocations are always not timely and have contributed to non- utilization of funds as there has not been adequate time to utilize funds.

Recommendation

1. A Standard Operating procedure is developed by DOH on multi and annual procurement planning process including how these plans relate to the budget development and budget allocation process.
2. The budget allocation process should be clearly outlined and it should take note of the 60 days' period within which payments have to be made for supplies delivered (as per the SBDs).

Sub-indicator 3(c) – No initiation of procurement actions without existing budget appropriations.

This indicator assesses whether there are safeguards in the system precluding initiation of procurement actions unless funds have been allocated to the procurement in question. For this the following requirements should be in place:

a) The law requires certification of availability of funds before solicitation of tenders
b) There is a system in place (e.g. paper or electronic interface between the financial management and the procurement systems) that ensures enforcement of the law.

Scoring Criteria	Score
The system meets requirements (a) and (b) above.	3
The system meets requirement (a) but requirement (b) is not fully enforced due to weaknesses in the system.	2
The system meets requirement (a) only.	1

There system does not meet requirements (a) and (b).	**0**

Score – 2
Findings

1. MCC and PC establishes rates lists while purchase orders are placed by entities and they do so only after budgetary allocations are received.
2. Procurement entities that do their own procurement, in part or in full, are given allocations to enable them meet payment of invoices. The actual disbursement process could not be ascertained due to lack of time
3. The existence of an interface between a procurement system within DHOs and financial management could not be ascertained due to time constraints.
4. During discussions with senior staff at DOH it was mentioned that budget allocations are always not timely and have contributed to non- utilization of funds as there has not been adequate time to utilize funds.

Recommendations

1. A Standard Operating Procedure should be developed to describe the link between the ordering process, supply delivery and receipt process, and the payment process.
2. The budget allocation process should be clearly outlined and it should take note of the 60 day period within which payments have to be made for supplies delivered (as per the SBDs).

Sub-indicator 3(d) – Systematic completion reports are prepared for certification of budget execution and for reconciliation of delivery with budget programming.

This sub-indicator is a measurement of the feedback mechanism needed to ensure that information on contracts covering major budget expenditures is provided to the budgetary and financial management systems in a timely manner to support the overall public financial management system.

Scoring Criteria	Score
The procurement system is sufficiently integrated with the financial management and budgetary systems to provide information on the completion of all major contracts.	**3**
Information on completion of the majority of large contracts is submitted as described above.	**2**
Information on the completion of contracts is erratic or is normally submitted with considerable delay after the fiscal budgetary period. .	**1**
The procurement system does not generally provide this information.	**0**

Score – 1
Findings

1. It was not possible to ascertain the process or documentation that exists between the procurement and financial management systems, and it was difficult to obtain information on budgets allocated and actual amounts spent on medicines, medical items and medical equipment due to time constraints, and other goods & services.
2. There was no evidence of a seamless system that linked these activities. There was anecdotal information that budgetary allocation process did not always adhere to the approved procurement plans.
3. Discussions with the Financial Cell of DOH indicated that they were in the process of establishing information links and data collection systems.
4. It could not be ascertained whether there was a system centrally or in procuring entities to note value of goods and services purchased, value of items received and paid for, value of items received but not paid for, and value of items ordered and not received.

Recommendations

1. The feedback and contract management system needs to be ascertained and DOH procurement process should consider a contract management coordination role within it.
2. Further study of the links between the procurement planning process, budgetary allocation process, and financial reporting system between procuring entities and DHO entities relating to goods & services ordered, received and paid for is suggested.

INDICATOR 4. THE COUNTRY HAS A FUNCTIONAL NORMATIVE/REGULATORY BODY.

Although this indicator refers to a normative/regulatory body, what matters most is not the existence of a body but the existence of the functions within the public sector and the proper discharge and coordination of them (i.e. one agency may be responsible for policy while another can be doing the staff training and another might be taking care of the statistics). When the assessment criteria below refers to the "regulatory body" this may be read to refer to the "regulatory function" if applicable to the particular assessment. The assessment of the indicator will focus on the existence of the functions, the independence of the regulatory function, the effectiveness of performance and the degree of coordination between responsible organizations.

Sub-indicator 4(a) – The status and basis for the normative/regulatory body is covered in the legislative and regulatory framework.

The body and its responsibilities are created by the legal and regulatory framework to ensure that the body assigned functional responsibilities has an appropriate level of authority to enable it to function effectively.

Scoring Criteria	Score
There is a normative or regulatory body or the functions are clearly assigned to various units within the government which is specified in the legal and regulatory framework in unambiguous way without gaps or overlaps.	**3**
There is a regulatory body or functional designation to various units within government, but it is not established as part of the legal and regulatory framework and there are gaps or overlaps of regulatory responsibilities.	2
Only part of the functional responsibilities of a regulatory body are assigned throughout the government leaving significant parts of the work unassigned.	1
Separate functional responsibilities to regulate the procurement system are not recognized as part of the legal and regulatory framework and are not effectively performed.	0

Score – 3

Findings

1. There is a single regularity authority KPPRA that is responsible for giving effect to the KP Procurement Act. This is done via a set of procurement Rules issued by the KPPRA to all public procurement entities.
2. The powers and functions of the Authority are well defined in the Act (section 5)

Recommendations

1. It is suggested that the KPPRA requires all procuring entities to develop their own procurement guidelines based on the KP Procurement Act and the KPPRA Rules that describe the procurement processes in the respective entities. These should be published in the respective procurement entity's websites, and the KPPRA web site.

2. KPPRA should ensure all relevant Provincial or Federal laws, rules & regulation references, wherever applicable, are cited in the KPPRA Rules.

Sub-indicator 4(b) – The body has a defined set of responsibilities that include but are not limited to the following:

- providing advice to contracting entities;
- drafting amendments to the legislative, regulatory framework and implementing Rules;
- monitoring public procurement;
- providing procurement information;
- managing statistical databases;
- reporting on procurement to other parts of government;
- developing and supporting implementation of initiatives for improvements of the public procurement system; and
- providing implementation tools and documents to support training and capacity development of implementing staff.

Scoring Criteria	Score
All the eight functions listed in the sub indicator are clearly assigned to one or several agencies without creating gaps or overlaps in responsibility.	**3**
At least five functions are assigned to an appropriate agency or agencies and there is no overlap or conflict in responsibilities.	**2**
Four or less functions are assigned to appropriate entities and there are overlaps and conflicts in responsibilities.	**1**
Functions are not clearly assigned and/or assignments are often in conflict with other agency responsibilities.	**0**

Score -2

Findings

1. The Procurement Act (section 5) relating to the powers and functions of the KPPRA mentions 12 functions and powers.
2. The KPPRA that is the public procurement regularity body in the KP province is a relatively new entity formed in 2014. Since then, it has developed procurement Rules that gives effect to the KP Procurement Act, and it has developed SBDs for use by all public procurement entities in KP province.
3. It has undertaken a review of the Rules and an updated version is expected to be released in the near future.
4. It could improve in developing and maintaining statistical databases related to procurement spend on different types of categories. This would be useful for State budgetary planning purposes and for market development purposes.
5. While the KPPRA does conduct a procurement management course to familiarize and capacity develop staff engaged in procurement, its budget should be revamped to enable it to conduct more short term courses on key components of the procurement process
6. Currently it does not have a monitoring role although the Act specifies the KPPRA conducts a performance review based on pre-determined indicators & bench marks through third party validation by State Bank of Pakistan certified category A chartered accountant firm (section 5f).
7. There was no indication this had been done and that indicators or bench marks had been prescribed to procuring entities.

Recommendations

1. KPPRA should consider developing interfaces to public procurement websites, and provide advice on having a standard web structures to record and present procurement related information for purpose of consistency of recording and presenting procurement information and for ease of access to such information.
2. KPPRA should consider an annual event to discuss innovations in procurement and strategies for continuing improvements to procurement management
3. KPPRA should be mandated to introduce a set of KPIs that all procuring entities have to initiate and follow, and report results to it. This could function as a monitoring mechanism for the KPPRA and also used for purpose of a performance review as required in section 5 f of the Procurement Act.
4. KPPRA should collect, record and disseminate consolidated procurement information by key categories to assist planners in KP government and in procuring entities. This information would also be useful to precipitate inter State procurement cooperation initiatives to maximize on buying power and lowering commodity costs.

Sub-indicator 4(c) – The body's organization, funding, staffing, and level of independence and authority (formal power) to exercise its duties should be sufficient and consistent with the responsibilities.

The regulatory body needs to have a high level and authoritative standing in Government to be effective, including a degree of independence to enable it to carry out its responsibilities without interference. Adequate funding is necessary to ensure proper staffing and resources to keep the services at the level of quality required. The head of the regulatory body needs to be of sufficient level within the governance structure to enable the body to exercise its authority and responsibilities.

Scoring Criteria	Score
The regulatory body (or the assignment of responsibilities for the regulatory function if there is not a body) is at an adequate level in Government and financing is secured by the legal/regulatory framework.	**3**
The body is at an adequate level but financing is subject to administrative decisions and can be changed easily.	**2**
The level of the body is too low or financing is inadequate for proper discharge of its responsibilities.	**1**
The level of the body is low, financing is inadequate and the body has no or little independence to perform its obligations.	**0**

Score- 3

Findings

1. The KP Procurement Act empowers the KPPRA to give effect to the procurement law (section 5).
2. The management of the KPPRA is vested in a Board of Directors, and executive management authority rests with a Managing Director appointed by the government for a period of 3 years.
3. The KPPRA is funded by the government to meet its administrative expenses and salaries

Recommendation

1. The KPPRA should develop a 5 year Strategic Plan in discussion with procuring entities

to determine its long term plan to assist procurement entities with reengineering and reorganization activity, knowledge and information management improvements, and capacity building of staff across public procurement entities.

Sub-indicator 4(d) – The responsibilities should also provide for separation and clarity so as to avoid conflict of interest and direct involvement in the execution of procurement transactions.

The body is not responsible for direct procurement operations and is free from other possible conflicts (e.g. by being member of evaluation committees, etc.).

Due to the nature of this sub- indicator, scoring is either a 3 or a 0.

Scoring Criteria	Score
The body meets the requirement stated above.	**3**
NA	
NA	
The body does not meet the requirement as stated above.	**0**

Score – 3

INDICATOR 5. EXISTENCE OF INSTITUTIONAL DEVELOPMENT CAPACITY

The objective of this indicator is to assess the extent to which the country or agency has systems to support and monitor the performance of the entire system, and to formulate and implement improvement plans.

This requires among other things the availability of information systems, a capacity for analysis, feedback mechanisms and planning capacity for implementation of improvements.

Sub indicator 5(a) – The country has a system for collecting and disseminating procurement information, including tender invitations, requests for proposals, and contract award information.

The objective of this indicator is to determine a) the existence and capacity of the procurement information system in the country; b) the accessibility of the information system; c) the coverage of the information system; and, d) whether the system provides one stop service (to the extent feasible) where those interested can find information on procurement opportunities and outcomes.

Scoring Criteria	Score
There is an integrated information system that provides as a minimum, up-to-date information as described above and is easily accessible to all interested parties at no or minimum cost. Responsibility for its management and operation is clearly defined.	3
There is an integrated system of the characteristics described that provides up-to-date information for the majority of contracts at the central government level but access is limited.	2
There is a system but it only provides information on some of the contracts and the system accessibility is limited	1
There is no procurement information system except for some individual agency systems. Entities keep information on contract awards and some statistics.	0

Score – 1

Findings

1. The objective of the indicator as stated is to ensure a) the existence and capacity of the procurement information system in the country; b) the accessibility of the information system; c) the coverage of the information system; and, d) whether the

system provides one stop service (to the extent feasible) where those interested can find information on procurement opportunities and outcomes. These criteria are achieved, but, not in totality.

2. The Procurement Act 2012 assigns the power and function of ensuring all procurement entities meet the above objectives to the KPPRA (section 5, d and f). The two websites seen, the DOH and PWD websites did not have comprehensive, up to date information.
3. The KPPRA website has provision to display active public tenders and awards for goods, services, works and non- consulting services. It is freely accessible but it did not appear to be comprehensive. The website has provision to display annual procurement plans but it was not updated and not comprehensive. The KPPRA website did not provide analytical information drawn from public procurement entities but seemed to function as a repository of data and information from procurement entities
4. The DOH website has provision to display tenders and rate lists. Neither appeared to have been updated nor were they comprehensive. There is no provision to display annual procurement plans. It did not display any analytical information. The web site is freely accessible although its construct could be improved.
5. As stated under sub indicator 4(b), KPPRA does not provide consolidated procurement information that would assist in maximizing the State's buying power.
6. It could collect, record and disseminate consolidated procurement information by key categories to assist planners in KP government and in procuring entities. This information would also be useful to precipitate inter State procurement cooperation initiatives to maximize on buying power and lowering commodity costs.
7. A document that requires procurement entities to provide information on tender notifications, awards, and archived tenders, annual procurement plans to the KPPRA was not sighted.

Recommendations

1. As required in the KP Procurement Act clause 19, all procuring entities should ensure that all public health tenders invited by procuring entities should be published in the KPPRA web site in addition in their own websites, and regularly updated.
2. KPPRA, as per clause 5 (d) of the KP Procurement Act, should ensure that all procuring entities maintain a system for the publication or posting procurement related data (tender invitations, awards, rates lists) and any other relevant information in order to give maximum possible information to promote competition and transparency.
3. KPPRA web site should develop links to individual procuring entity web sites. Besides providing easier access to information to the general public. An interface could be developed from procurement entity websites to the KPPRA website to automatically populate procuring opportunity information direct to the KPPRA website. This will avoid duplication of effort and make the information system more efficient.
4. The KPPRA as well as individual public procurement entity websites should provide more analytical information on procurement spend in their respective entities to assist planners to undertake more strategic planning.

Sub-indicator 5(b) – The country has systems and procedures for collecting and monitoring national procurement statistics.

Statistical information on procurement is essential to evaluate the policies and the operation of the system. Statistics also provide a means for monitoring performance and determining if the statistic demonstrates compliance with other aspects of the system that are defined in the legal and regulatory framework. Statistical information can also be a tool for procurement planning and market analysis.

For purposes of this sub-indicator, the focus is on data available on procurement undertaken using central budget funds.

a) There is a system in operation to collect data.
b) The system collects data on procurement by method, duration of different stages of the procurement cycle, awards of contracts, unit prices for most common types of goods and services and other information that allows analysis of trends, levels of participation, efficiency and economy of the purchases and compliance with requirements.
c) Reliability of the information is high (verified by audits)
d) Analysis of information is routinely carried out, published and fed back into the system.

Scoring Criteria	Score
The country has a system that meets the four requirements (a) through (d) listed above.	3
The country has a system that meets (a) plus two of the remaining conditions.	2
The system is in place to meet (a) plus one of the remaining conditions.	1
There is no statistical data collection system in place.	0

Score- 0

Findings

1. The Procurement Act 2012 assigns the power and function of ensuring all procurement entities meet the above objectives to the KPPRA (section 5).
2. As stated under sub indicator 5(a), the KPPRA website as well as the DOH and PWD websites lacks analytical information referred to in this sub indicator.
3. Procurement is fragmented in DOH with several entities doing their own procurement. The same item therefore has the potential to be procured at different prices by different entities.

   The DOH rate lists for medicines, medical supplies and equipment may be regarded as a means towards functional integration. The generic specification of the item should be linked to a unique item number.
4. The rates list at present does not have a relationship to a quantified demand and it can be argued therefore that DOH may not have obtained the most competitive price for items in the list through its tendering process.
5. DOH does not have a central data base for items with specifications and standards, and therefore collecting data on items procured, quantities procured, suppliers from whom item were procured, unit prices etc. is not possible.
6. The use of the MCC rates list and the Procurement Unit equipment rates list is mandatory for DHOs up to 75% of their procurement and THQs up to 50% of their procurement of items in the two lists. However, a DOH directive to this effect was not sighted. Use of these lists is understood to be voluntary for teaching hospitals and vertical programs.
7. Procurement data quality assurance practices were not evident.
8. Analysis of procurement data was not evident.

Recommendations

1. A unique numbering system for all items – The primary strategic objective for DOH procurement should be to maximize its buying power, and ensure the best quality products are procured at the most competitive prices. As a first step DOH should introduce a unique numbering system for each item procured by procuring entities. The same item should have the same number irrespective of which procuring entity procures it. For medicines, the numbering could be based on formulary categories. The item numbering system should be centrally managed. Once a list based on past procurement is developed, no procuring entity should procure any item unless it has a unique number issued by the central numbering process.

   A unique numbering system will have significant benefits for the entire supply chain, including the use of barcoding in inventory control management.
2. Once a unique numbering system is introduced, all procuring entities in DOH should be directed to submit annual returns on quantities procured against each item, the suppliers and unit prices to the DOH Procurement Unit. The methodology of information recording and transmission could be through an appropriate MIS.
3. Functional procurement integration should be achieved through the mandatory use by all procuring entities of the MCC rates list and the equipment rates list managed by the DOH.
   It is important however to ensure the representative participation of procuring entities in the procurement process in order to build ownership in the decision making processes.
4. Once procurement information is available, several analyses could be done including an ABC analysis based on the Pareto rule to dissect the procurement spend, a unit price analysis and a vendor analysis. At present, none of these are done or is possible due to the fragmented nature of procurement in DOH.

Sub-indicator 5(c) – A sustainable strategy and training capacity exists to provide training, advice and assistance to develop the capacity of government and private sector participants to understand the rules and Rules and how they should be implemented.

The purpose of this sub indicator is to verify existence of permanent and relevant training programs for new and existing staff in government procurement. These programs are essential to maintain the supply of qualified procurement staff to public and private sectors. Another objective is to assess the existence and quality of advisory services on procurement matters for government agencies and the public at large.

Scoring Criteria	Score
There is a training and capacity building strategy that provides for: (a) Substantive permanent training programs of suitable quality and content for the needs of the system. (b) Evaluation and periodic adjustment based on feedback and need. (c) Advisory service or help desk to absolve questions by procuring entities, suppliers, contractors and the public.	**3**
There is a training and capacity building strategy that provides for a) above.	**2**
The existing program is of poor quality and insufficient to meet the needs of the system and there is no procurement help desk or advisory service.	**1**
No formal training or help desk programs exist.	**0**

Score – 1

Findings

1. The Procurement Act 2012 assigns the responsibility to organize and manage capacity building of procurement personnel to the KPPRA (section 5, g)
2. The KPPRA website states that KPPRA organizes two day capacity building workshop for procurement officers of procuring entities across the Province on KP Procurement Act, 2012 and the KPPRA Rules 2014.
   KPPRA stated that so far 46 capacity building trainings have been conducted and 1566 procurement personnel have been trained. No trainings have been done in 2017 as yet.
3. Due to time constraints it was not possible to view the training material in order to comment on the content and relevancy of the program.
4. KPPRA informed that they have now been allocated a budget for training, and they will be commencing a training program.
5. A formal training and capacity building program for DOH procurement staff was not evident. DOH/PWD have not conducted any procurement training for its staff engaged in procurement and the MCC and PU staff indicated they have not received any formal training in procurement.

Recommendations

1. KPPRA should introduce a competency based training program and a certification methodology for key personnel engaged in procurement activity in procuring entities.
2. KPPRA to consider setting up a Public Procurement Training Institute in collaboration with a teaching institution and offer short/medium certification programs for procurement staff in all procuring entities.
   DOH should ensure all key staff engaged in procurement attend the KPPRA training once the training program commences
3. DOH should have its own competency based training and capacity building program on procurement management specific for DOH procurement practices once the proposed Procurement Guideline is developed and once appropriate SOPs are developed based on the guideline. It should be mandatory for all staff engaged in procurement in all procurement entities to attend such a training program and qualify for a certificate based on the competency test.
4. DOH staff engaged in procurement should attend refresher training courses once in 2-3 years as a minimum.

Sub-indicator 5(d) – Quality control standards are disseminated and used to evaluate staff performance and address capacity development issues.

The purpose of this sub-indicator is to verify existence, relevance and comprehensiveness of the quality assurance and standards for processing procurement actions and to ensure their systematic application to provide for monitoring of performance. Examples of such standards might include response times to reply to inquiries, or length of time to prepare tender documents after receipt of a requirement. Although these types of standards will vary widely between countries and levels of government, they should as a minimum:

a) Provide quality assurance standards and a monitoring system for procurement processes and products
b) Provide for a staff performance evaluation process based on outcomes and professional behavior.
c) Ensure that operational audits are carried out regularly to monitor compliance with quality assurance standards.

Scoring Criteria	Score
The procurement system complies with (a) through (c) above.	3
The procurement system complies with (a) and (b) above but there is no regular auditing to monitor compliance.	2
The procurement system has quality standards but does not monitor nor use the standards for staff performance evaluation.	1
The system does not have quality assurance or staff performance evaluation systems	0

Score -1

Findings

1. Product quality of medicines is tested by drawing samples from samples that are delivered. Stock is not issued until batches have been found complies with testing protocols.
2. Procurement processes are not monitored.
3. Basic competencies that are required of procurement personnel is not documented. KPPRA should do this as per the Procurement Act (section 5,g).
4. The MCC unit indicated that the Technical Resource Facility had undertaken an exercise to analyses and then reduce the number of steps in the procurement process from around 200 to 20. A supporting document to confirm this was not available.

Recommendations

1. KPPRA should define basic competencies that are required of procurement personnel in all public procurement entities.
2. KPPRA should develop a capacity building strategy and a 5 year plan to achieve desired objectives contained in such a strategy.
3. DOH should develop their own strategy for on going in service training.
4. The TRF initiative should be ascertained and further action in setting standards and staff performance based on work already done.
5. DOH should document the current procurement process in DOH procurement entities identifying time lines for each activity, and the competencies required for each activity in the chain. Staff performance could then be measured against these time lines and competencies.

PILLAR III. PROCUREMENT OPERATIONS AND MARKET PRACTICES

This Pillar looks at the operational effectiveness and efficiency of the procurement system at the level of the implementing entity responsible for issuing individual procurement actions.

It looks at the market as one means of judging the quality and effectiveness of the system when putting procurement procedures into practice. This Pillar is distinguished from Pillars I and II in that it is not looking at the legal/regulatory or institutional systems in a country but more at how they operate.

INDICATOR 6. THE COUNTRY'S PROCUREMENT OPERATIONS AND PRACTICES ARE EFFICIENT

This indicator looks at the efficiency of the operations and operational practices as implemented by the procuring agencies. Efficiency is considered to mean that the operational practices result in timely award of contracts at competitive market prices as determined by effective and fair implementation of procurement procedures. There are four sub-indicators (a-d) to be rated under this indicator.

Sub-indicator 6(a) – The level of procurement competence among government officials within the entity is consistent with their procurement responsibilities.

The purpose of this indicator is to assess the degree of professionalism and knowledge of those responsible for implementation of procurement activities.

(a) There are defined skill and knowledge profiles for specialized procurement jobs.

(b) There is systematic matching of skills against requirements for competitive recruitment.

(c) Staff required to undertake procurement activities on an ad hoc basis have the knowledge they need to undertake the activity or have access to professional staff that can provide this knowledge.

Scoring Criteria	Score
The system meets the requirements (a) through (d) listed above.	3
The system meets (a) plus one of the remaining conditions.	2
The system only meets (a) above.	1
The system does not meet any of the requirements.	0

Score -2

Findings

1. The DOH has two procurement units or cells which are responsible for establishing rates lists for medicines, medical products and equipment.

   The MCC is one and the Procurement Unit is the other. DOH also has several entities that do their own procurement. The job descriptions and qualifications and attributes required of staff in the Procurement Cell were sighted although it could not be ascertained whether the staff presently functioning in this cell meet these requirements. A similar document with regard to the MCC was not sighted although the organogram indicated the staff positions were pharmacist oriented. Job description and competency requirements of procurement staff doing procurement in other DOH entities was not sighted.
2. It was not possible to ascertain whether staff engaged in other procurement entities had job descriptions, qualification requirements and skills matching with the job descriptions.

Recommendations

1. DOH should create a Procurement Cadre within its HR establishment and develop a basic set of competencies required for the cadre.
2. An assessment of the job descriptions and qualifications required to perform the assigned jobs should be made of key staff engaged in procurement activity within all procurement entities in KP Health
3. Based on the assessment and findings, and any identified gaps, job descriptions and qualifications and skills required for each position should be written for all procurement related jobs in DOH procurement entities.
4. The above exercise should be conducted in consultation with KPPRA so that this activity may be introduced in all KP procurement entities by KPPRA to ensure consistency amongst all entities.
5. As there may not be staff currently within DOH (and other KP entities) who could match their qualifications and skills to the job descriptions, a long term capacity building plan should be developed to achieve the objective of having a qualified, skilled procurement work force in KP Health.

Sub-indicator 6(b) – The procurement training and information programs for government officials and for private sector participants are consistent with demand.

This sub indicator assesses the sufficiency of the procurement training and information programs in terms of content and supply.

a) Training programs' design is based on a skills gap inventory to match the needs of the system.
b) Information and training programs on public procurement for private sector are offered regularly either by the government or by private institutions.
c) The waiting time to get into a course (for public or private sector participants) is reasonable, say one or two terms.

Scoring criteria	Score
The training and information programs available meet all the requirements listed in (a)-(c) above.	3
The training programs are sufficient in terms of content and frequency (waiting time) for government participants but there are few information programs for private sector.	2
There are training programs but they are deficient in terms of content and supply.	1
There is no systematic training or information program for public or private sector participants.	**0**

Score – 0

Findings

1. KPPRA does have a training program for public procurement entity staff. It does not have a program to familiarize private sector participants on public procurement laws and Rules. There was no indication that the KPPRA had conducted a capacity gap analysis exercise to ascertain where gaps existed and whether their training program was based on a routine introduction to the Procurement Act and KPPRA Rules.
2. A DOH or PWD specific procurement training program was not evident. It could not be ascertained whether the KPPRA program could train all staff in the public procurement sector and whether there is a waiting period to participate in this course.
3. To the best of the assessor's knowledge, there is no formal or informal mechanism to provide information and training on DOH or KP procurement in general, to the private or public sector.

Recommendations

1. This indictor should be taken in conjunction with the recommendations for sub indicator 6 (a), and the scope widened to identify how the private sector may be better informed and trained on public sector procurement.
2. KPPRA should set up a permanent body, a Public Procurement Training Institute in collaboration with a Tertiary Institution and have a structured training course for procurement staff in public procuring entities.
3. KPPRA could conduct familiarization sessions for the private sector and charge a fee for attendance and participation.

Sub-indicator 6(c) – There are established norms for the safekeeping of records and documents related to transactions and contract management

The ability to look at implementation performance is dependent upon the availability of information and records that track each procurement action. This information is also important to the functioning of control systems both internal and external as it provides the basis for review. A system for safekeeping of records and documents should include the following:

a) The legal/regulatory framework establishes a list of the procurement records that

must be kept at the operational level and what is available for public inspection, including conditions for access.

b) The records should include:
    - Public notices of bidding opportunities
    - Bidding documents and addenda
    - Bid opening records
    - Bid evaluation reports
    - Formal appeals by bidders and outcomes
    - Final signed contract documents and addenda and amendments
    - Claims and dispute resolutions
    - Final payments
    - Disbursement data (as required by the country's financial management system).

c) There is a document retention policy that is compatible with the statute of limitations in the country for investigating and prosecuting cases of fraud and corruption and with the audit cycles.

d) There are established security protocols to protect records either physical or electronic.

Scoring Criteria	Score
The procurement system complies with the requirements (a) through(d) listed above	3
The procurement system complies with requirements (a), plus two of the remaining conditions.	2
The procurement system complies with (a) but not with the rest.	1
There is no mandatory list of documents or retention policy leaving it to the discretion of the procuring entity.	0

Score – 0

Findings

1. The Procurement Act is clear on the need to maintain detailed records of all procurement related activities (section 20)
2. The Procurement Act and the KPPRA Rules do not specify the documents that are required to be kept and for what length of time. They both mention that all procurement related documents have to be retained.
3. DOH staff informed verbally that they opened a file for each procurement activity and this contained all relevant procurement documents.

Recommendation

1. KPPRA should be more specific regarding the documents that need to be retained and specify the length of time they should be retained. A directive to this effect should be issued to all procurement entities.
2. Such a KPPRA directive would then be the requirement that all procuring entities will be called upon to comply with and ensure they organize record keeping as required.
3. These documents will then be auditable (both internal and external) documents.

Sub-indicator 6(d) – There are provisions for delegating authority to others who have the capacity to exercise responsibilities.

Delegation of authority and responsibility is key to having a well-functioning system especially when procurement is decentralized. When delegation is not provided, the system

tends to function inefficiently and it can lead to excessive concentration of decision making under a few individuals who have neither the training nor knowledge to make procurement decisions. Delegation should be undertaken in accordance with the following:

a) Delegation of decision making authority is decentralized to the lowest competent levels consistent with the risks associated and the monetary sums involved.
b) Delegation is regulated by law.
c) Accountability for decisions is precisely defined.

Scoring criteria	Score
The system meets all requirements listed in a) – c) above.	3
The law establishes delegation and accountabilities but the system concentrates decisions at a high level creating congestions and delays.	**2**
Delegation is regulated in very general terms creating a need to clarify accountability for decision making.	**1**
Delegation is not regulated by law and left at the discretion of the procuring entity. There is lack of clarity on accountability.	**0**

Score -1

Findings

1. Neither the law (Procurement Act) or the Regulations (KPPPRA Rules) provide a clear direction regarding procurement decentralization.
2. DOH has a decentralized system whereby the center (DOH) establishes rates lists for medicines, medical supplies and commonly used equipment and procuring entities place orders with suppliers on the lists at the prices in the lists.
3. Some institutions such as tertiary hospitals, vertical programs are given the flexibility to use these lists or undertake their own procurement.
4. DHO entities (BHUs, RHCs, THQs and DHQs hospitals) reportedly have a mandatory requirement to procure 75% of their requirements using the MCC and PU lists, and the balance by themselves. A written directive to this effect was not sighted.
5. While there are operational advantages with decentralization, there are disadvantages arising from fragmented procurement such as not maximizing the buying power of KP Health, duplication of effort with a multiple number of staff doing procurement and not achieving efficiencies that are possible through integration, and not having a uniform quality assurance policy and practice.
6. There was no clarity as to how procurement delegation was regulated and accountability was practiced.

Recommendations

1. KPPRA should provide clarity on the legal and regularity aspects relating to procurement decentralization in procurement entities and the role and responsibilities of the public entity as well as the entity to whom procurement is decentralized.
2. DOH should develop strategies to remove the inefficiencies of fragmentation such as outlined under sub indicator 5 (b)
3. Unless it already has, DOH should develop a policy document that details the scope of procurement delegation and where accountability lies in respect of procurement decisions.

INDICATOR 7. FUNCTIONALITY OF THE PUBLIC PROCUREMENT MARKET.

The objective of this indicator is primarily to assess the market response to public procurement solicitations. This response may be influenced by many factors such as the general economic climate, the private sector development environment and policies, the existence of strong financial institutions, the attractiveness of the public system as a good reliable client, the kind of goods or services being demanded, etc. There are three sub indicators (a-c) to be scored.

Sub-indicator 7(a) – There are effective mechanisms for partnerships between the public and private sector.

Public procurement depends on the partnership that must exist between the government and the private sector. This partnership creates the public procurement marketplace wherein the government is the buyer and the private sector is the supplier of the needed goods, works or services. Accordingly, dialogue between the government and the private sector needs to exist and the voice of the private sector needs to be heard with regard to practices by the government that may undermine the competitive effectiveness of the private sector. This sub indicator must look to see if there are forums for dialog between the government and the private sector.

Scoring Criteria	Score
(a) Government encourages open dialogue with the private sector and has several established and formal mechanisms for open dialogue through associations or other means. (b) The government has programs to help build capacity among private companies, including for small businesses and training to help new entries into the public procurement marketplace (c) The government encourages public/private partnerships and the mechanisms are well established in the legal framework to make possible such arrangements	3
The system meets (a) plus one other condition above.	2
The system only provides for (a) above.	1
There are no obvious mechanisms for dialogue or partnership between the public and private sector.	0

Score – 0

Findings

KP Procurement Act and KPPRA Rules do not have a specific policy on public/private partnerships related to procurement. The assessor could not ascertain whether the KP government had a specific policy on this topic.

Recommendations

1. KPPRA should consider an appropriate strategy to engage the private sector as the Procurement Act has given the responsibility to design procurement rules to the KPPRA. Measures to improve the supplier base will encourage more competition and quality improvements.

Sub-indicator 7(b) – Private sector institutions are well organized and able to facilitate access to the market.

This sub-indicator looks at the capacity within the private sector to respond to public procurement in the country. An important aspect to assess is the organizational capacity of the Small and Medium Enterprises (SMEs) and the access they have to information and other services to promote their participation. A well organized and competitive private sector should result in keen competition, better prices and an equitable distribution of business.

Scoring Criteria	Score
The private sector is competitive, well organized and able to participate in the competition for public procurement contracts.	**3**
There is a reasonably well functioning private sector but competition for large contracts is concentrated in a relatively small number of firms.	**2**
The private sector is relatively weak and/or competition is limited owing to monopolistic or oligopolistic features in important segments of the market	**1**
The private sector is not well organized and lacks capacity and access to information for participation in the public procurement market.	**0**

Score – 3

Findings

1. As far most medicines, medical supplies are concerned, DOH procures from local manufacturers and medical equipment is procured either from local manufacturers or via local representatives of overseas manufacturing companies.
2. The Pharmaceutical and medical supplies manufacturing industry is significant in Pakistan with over 400 manufacturing companies who are able to meet 80 -90 % of the country's demand.
3. DOH and PWD procurement does not have an established, formal process to undertake supplier research and performance monitoring.

Recommendations

1. DOH and PWD should introduce a functional responsibility within DOH/PWD to undertake supplier research and supplier performance monitoring. This function could also include maintenance of the data base for items procured including the assignment of unique numbering and produce yearly statistics on quantities of the same item procured by all procuring entities, unit prices paid and suppliers who supplied to different procuring entities.
2. The supplier research function should include regular liaison with relevant manufacturing associations and making available market research information to DOH and procuring entities.
3. Supplier monitoring would include monitoring the performance of suppliers who have received purchase orders from DOH and submitting reports to DOH bid evaluation committees.

Sub-indicator 7(c) – There are no major systemic constraints (e.g. inadequate access to credit, contracting practices, etc.) inhibiting the private sector's capacity to access the procurement market.

Participation in competition for public contracts depends on many conditions, including some that are controlled or within the control of the government. Access to credit, reasonable contracting provisions that are seen to fairly distribute risks associated with performance of contracts, fair payment provisions that help offset the cost of doing business with the government are examples which can improve access by the private sector to the government marketplace. Alternatively, when the conditions are difficult for the private sector, the degree of competition will suffer. An assessment of private sector participants should be carried out to help assess this item. The narrative of the assessment should describe the main constraints.

Scoring Criteria	Score
There are no major constraints inhibiting private sector access to the public procurement market.	3
There are some constraints inhibiting private sector access to the public procurement market, but competition is sufficient.	2
There are multiple constraints inhibiting private sector access to the public procurement market which often affect competition levels.	1
There are major constraints that discourage competition and the private sector firms are generally reluctant to participate in public procurement.	0

Score – This sub indicator was not scored due to time constraints and inability to meet private sector representatives.

INDICATOR 8. EXISTENCE OF CONTRACT ADMINISTRATION AND DISPUTE RESOLUTION PROVISIONS.

This indicator's objective is to assess the quality of contract administration practices which begin after contract award and continue to acceptance and final payments. This is an area that many procurement systems fail to consider. It is also a period where many issues arise that can affect the performance of the contract and impact on service delivery. This indicator covers three sub- indicators (a-c) to be scored.

Sub-indicator 8(a) – Procedures are clearly defined for undertaking contract administration responsibilities that include inspection and acceptance procedures, quality control procedures, and methods to review and issue contract amendments in a timely manner.

All of the following procedures are important aspects of contract administration. These procedures will help ensure quality performance of the contract requirements and will facilitate prompt payment of invoices including final acceptance and final payments.

a) Procedures for acceptance of final products and for issuance of contract amendments are part of the legal/regulatory framework or are incorporated as standard clauses in contracts.
b) Clauses are generally consistent with internationally accepted practices (see IFI standard contracts for good practice examples).
c) Quality control (QC) procedures for goods are well defined in the model contracts/documents or in the Rules. QC is carried out by competent officers, inspection firms or specialized testing facilities.
d) Supervision of civil works is carried out by independent engineering firms or qualified government supervisors and inspectors.
e) Final payments are processed promptly as stipulated in the contract.

Scoring Criteria	Score
Contract administration procedures provide for (a) to (e) above.	3
Contract administration procedures provide for (a) plus three of the remaining requirements.	2
Contract administration procedures provide for (a) plus two of the remaining requirements.	1
Contract administration procedures do not meet the requirements of (a) to (e) above.	0

Score – 1

Findings

1. There is no formal contract administration process that tracks contracts from the point of entering into a contract and supply of goods and payments.
2. The MCC and PC Rates contract agreement as per the terms in the SBD is limited to acceptance of a bidders offer for a rate for supply of a given item/s to procuring

entities that will raise purchase orders.

3. The SBD is clear on quality requirements. As per the rates Contract Agreement sighted, medicines supplied to procuring entities are not released for use until samples taken by drug inspectors are tested by the drug testing laboratory and results received indicating test results confirm quality.
4. Prior to establishment of rates lists, samples are inspected and tested if necessary in the opinion of evaluation committee.
5. The assessment did not extend to civil contracts, therefore it is not taken into account
6. Although not verified, payment procedures are documented in the KPPRA Rules, in the SBDs and the Rates contract agreement. Actual payment timings could not be ascertained due to lack of time.

Recommendation

1. DOH should introduce a contract management & monitoring function within DOH to monitor contract performance. This activity should extend to monitoring the quality assurance process stipulated in the contracts with suppliers.
2. The procedure for sample testing of medicines appears to be inefficient and it needs to be studied in more detail. Rather than taking samples after delivery against a purchase order, it would appear to be more efficient for suppliers to send a copy of laboratory test certificates to a central point prior to delivery so that approval could be given to deliver if the batches manufactured and tested have passed the relevant tests.

Sub-indicator 8(b) – Contracts include dispute resolution procedures that provide for an efficient and fair process to resolve disputes arising during the performance of the contract.

Disputes during the performance of a contract are a common occurrence. In order to avoid long delays while resolving disputes, a good resolution process should be defined in the contract that provides for fair and timely resolution. The following describes current good practice with regard to dispute resolution.

a) There is an Arbitration law in the country.
b) The law is consistent with generally accepted practices for neutrality of arbitrators, due process, expediency and enforceability.
c) The country accepts as a matter of course international arbitration for international competitive bidding.
d) Provisions for Alternative Dispute Resolution (ADR) are standard in contracts.
e) ADR provisions conform to the international standard wording (may refer to IFI standard bidding documents for sample of good international practice).

Scoring Criteria	Score
The system meets all the good practice standards (a) to (e) above	3
The system meets (a) plus three of the remaining good practice standards.	2
The system meets (a) plus two of the remaining good practice standards.	1
The system does not use ADR as a normal dispute resolution mechanism in public contracts.	0

Score –2

Findings

1. There is an arbitration law in Pakistan that is applicable in all provinces (Arbitration Act 1940 – still valid in the country). It is said to still serve as a clear and well settled

piece of legislation with a consistent chain of judicial precedents particularly in trade and commercial matters.

2. Pakistan also has the Recognition and Enforcement (Arbitration Agreements and Foreign Arbitral Awards Act 2011(2)). This Act is a ratification of the New York Convention 1958 providing that foreign judgments and awards by or between the nationals of contracting states are to be enforced without questioning the validity of the same except on the grounds explicitly provided for in the Convention.
3. The KP Procurement Act 2012 provides for a two tier grievance redressal mechanism (section 35).
4. The Rate Contract Agreement template in the SBDs is not consistent with the Procurement Act and the Procurement Rules.
5. The rate contract agreement mentions that the decision of the dispute resolution committee under the chairmanship of the Secretary Health is final whereas in the Procurement Act, says the decision of the KPPRA is final. It is possible that the rate contract agreement refers to the contract, while the Procurement Act refers to Bidders.

Recommendations

1. 1. KPPRA should review the Procurement Rules, SBDs and Rates Agreement Templates to ensure there is uniformity in the dispute resolution across all documents.

Sub-indicator 8(c) – Procedures exist to enforce the outcome of the dispute resolution process.

In order to be effective, the contract not only must provide for fair and efficient dispute resolution procedures, it must also provide for enforcement of the outcome of the dispute resolution process. The following are some basic conditions.

a) The country is a member of the New York Convention on enforcement of international arbitration awards.
b) The country has procedures to enable the winner in a dispute to seek enforcement of the outcome by going to the courts.
c) The country has a process to monitor this area of contract administration and to address performance issues.

Scoring Criteria	Score
The procurement system in the country meets the requirements of a-c above	3
The country meets two of the three conditions above.	2
The country meets condition a).	1
The country does not meet any of the requirements.	0

Score – 2

Findings

1. The country has ratified the 1958 New York Convention on enforcement of international arbitration awards.
2. The Arbitration Act 1940 is said to be a time tested document still valid for contemporary situations and contains provisions for in court or out of court resolution of disputes.
3. A contract management procedure is not detailed in the KPPRA Rules and it does not exist in DOH.
4. The Rates Contract Agreement does provide the methodology for dispute resolution.

Recommendations

1. The KP Procurement Act and the KPPRA Rules should clearly detail the dispute resolution process
2. The dispute resolution procedure should be included in the proposed DOH Procurement Guideline.

PILLAR IV. INTEGRITY AND TRANSPARENCY OF THE PUBLIC PROCUREMENT SYSTEM.

Pillar IV covers four indicators that are considered necessary to provide for a system that operates with integrity, has appropriate controls that support the implementation of the system in accordance with the legal and regulatory framework and has appropriate measures in place to address the potential for corruption in the system.

INDICATOR 9. THE COUNTRY HAS EFFECTIVE CONTROL AND AUDIT SYSTEMS.

The objective of this indicator is to determine the quality, reliability and timeliness of the internal and external controls preferably based on risk assessment and mitigation.

Equally, the effectiveness of controls needs to be reviewed in terms of expediency and thoroughness of the implementation of auditors' recommendations. This indicator has five sub indicators (a-e) to be rated.

Sub-indicator 9(a) – A legal framework, organization, policy, and procedures for internal and external control and audit of public procurement operations are in place to provide a functioning control framework.

National legislation normally establishes which agencies are responsible for oversight of the procurement function. Control and oversight normally start with the legislative bodies that must review and act on the findings of the national auditing agency and legal watch dog agencies (e.g. the comptroller general reports, attorney general reports, etc.). There should also be provisions for the establishment of internal controls such as internal audit organizations that periodically produce recommendations to the authorities of the individual agencies based on their findings. Internal audit should be complemented by internal control and management procedures that provide for checks and balances within an agency for processing of procurement actions. Internal audit and internal control procedures can assist external auditors and enable performance audit techniques to be used that look at the effectiveness and application of internal control procedures instead of looking at individual procurement actions. Even though no single model exists, it is important that the basic principles of oversight and control exist in the legal and regulatory framework of the country and that they are of universal application.

Scoring Criteria	Score
The system in the country provides for: (a) Adequate independent control and audit mechanisms and institutions to oversee the procurement function. (b) Implementation of internal control mechanisms in individual agencies with clearly defined procedures. (c) Proper balance between timely and efficient decision making and adequate risk mitigation. (d) Specific periodic risk assessment and controls tailored to risk management.	3
The system in the country meets a) plus two of the above.	2
The system meets a) but controls are unduly burdensome and time-consuming hindering efficient decision making.	1
Controls are imprecise or lax and inadequate to the point that there is weak enforcement of the laws and Rules and ample risk for fraud and corruption.	0

Score – 2

Findings

1. The Procurement Act 2012 or the KPPRA Rules 2014 do not make specific mention of internal and external audit examinations of procuring entity procurement activities. It makes a reference to the requirement that records of procurement processes of procuring entities should be open to internal and external audit (section 20, (2))
2. SBDs are clear and precise and interpret the Act and the Rules. However, they do not make specific mention of the procurement method of establishing Rates Agreements. There is therefore an inconsistency as regards the monitoring of these against the Act and the Rules.
3. As per information submitted by the MCC unit, internal audits are conducted regularly and external audits are done by the Auditor General of Pakistan. An official DOH document was not sighted in this regard.
4. Documents could not be sighted relating audit reports (both internal & external) relating to procurement operations of KP Health due to time constraints
5. Documents demonstrating risk assessment of the DOH procurement activity were not sighted

Recommendations

1. KPPRA Rule should have a clause in regard to internal and external audit with references to relevant provincial and/or Federal laws/regulations.
2. As recommended under sub indicator 1(b), KPPRA should take action to rectify the inconsistency relating to the procurement methods not mentioning establishment of rates agreements.
3. The proposed DOH Procurement Guide should include a section on the audit program of both internal and external audit as required by the Procurement Act and the KPPRA Rules.
4. DOH Procurement should undertake a Risk Assessment and Risk mitigation study as none exist at present
5. DOH Procurement should introduce a systematic follow up mechanism to note and record internal & external audit findings and action taken on such observations.

Sub-indicator 9(b) – Enforcement and follow-up on findings and recommendations of the control framework provide an environment that fosters compliance.

The purpose of this indicator is to review the extent to which internal and external audit recommendations are implemented within a reasonable time. This may be expressed as percentage of recommendations implemented within six months, a year, over a year or never implemented.

Scoring Criteria	Score
Internal or external audits are carried at least annually and recommendations are responded to or implemented within six months of the submission of the auditors' report.	3
Audits are carried out annually but response to or implementation of the auditors' recommendations takes up to a year.	2
Audits are performed annually but recommendations are rarely responded to or implemented.	1
Audits are performed erratically and recommendations are not normally implemented.	0

Score - 1

Findings

1. Available audit reports (both internal & external) were not sighted and therefore

unable to assess implementation time frames

Recommendations

1. KPPRA Rules should include a clause mandating public procurement entities to record internal & external audit findings and action taken, and requiring heads of public procurement entities to submit an annual report on finds and action taken to the KPPRA.
2. DOH Procurement should introduce a systematic follow up mechanism to note and record internal & external audit findings and action taken on such observations.

Sub-indicator 9(c) – The internal control system provides timely information on compliance to enable management action.

The following key provisions should be provided:

(a) There are written standards for the internal control unit to convey issues to management depending on the urgency of the matter.
(b) There is established regular periodic reporting to management throughout the year.
(c) The established periodicity and written standards are complied with.

Scoring Criteria	Score
All requirements (a) through (c) listed above are met.	3
Requirement (a) plus one of the above are met.	2
Only requirement (a) is met.	1
There is no functioning internal control system	0

Score – Unable to score without further investigation

Findings

1. Available written standards and periodic reports (both internal & external) were not sighted and therefore unable to assess implementation time frames

Recommendations

1. DOH should develop directive to all procuring entities stating the key requirements for internal control standards, measuring and monitoring of these.

Sub-indicator 9(d) – The internal control systems are sufficiently defined to allow performance audits to be conducted.

There are written internal control routines and procedures. Ideally there would an internal audit and control manual. Finally, there is sufficient information retained to enable auditors to verify that the written internal control procedures are adhered to.

Scoring criteria	Score
There are internal control procedures including a manual that state the requirements for this activity which is widely available to all staff.	3
There are internal control procedures but there are omissions or practices that need some improvement.	2
There are procedures but adherence to them is uneven.	1
The internal control system is poorly defined or non-existent.	0

Score – 1

Findings

1. Available internal control procedures were not sighted and therefore unable to assess implementation time frames.

2. Control procedures are guided by the Procurement Act, KPPRA rules, SBDs and Rates Agreements.

Recommendations

1. All control procedures should be included in the proposed Procurement Guideline for purpose of consistency, comprehensiveness and uniformity.

Sub-indicator 9(e) – Auditors are sufficiently informed about procurement requirements and control systems to conduct quality audits that contribute to compliance.

The objective of this indicator is to confirm that there is a system in place to ensure that auditors working on procurement audits receive adequate training or are selected following criteria that explicitly requires that they demonstrate sufficient knowledge of the subject. Auditors should normally receive formal training on procurement requirements, principles operations, laws and Rules and processes.

Alternatively, they should have extensive experience in public procurement or be supported by procurement specialists or consultants.

Scoring Criteria	Score
There is an established program to train internal and external auditors to ensure that they are well versed in procurement principles, operations, laws, and Rules and the selection of auditors requires that they have adequate knowledge of the subject as a condition for carrying out procurement audits.	3
If auditors lack procurement knowledge, they are routinely supported by procurement specialists or consultants.	2
There is a requirement that the auditors have general knowledge of procurement principles, operations, laws, and Rules but they are not supported generally by specialists in procurement.	**1**
There is no requirement for the auditors to have knowledge of procurement and there is no formal training program and no technical support is provided to the auditors.	0

Score – 1

Findings

1. It is understood that internal & external auditors conduct annual audits of Rates Agreements and the processes leading to their establishment.

Recommendations

1. KPPRA should conduct periodic familiarization program on procurement for internal & external auditors

INDICATOR 10. EFFICIENCY OF APPEALS MECHANISM.

The appeals mechanism was covered under Pillar I with regard to its creation and coverage by the legal regulatory framework. It is further assessed under this indicator for a range of specific issues regarding efficiency in contributing to the compliance environment in the country and the integrity of the public procurement system. There are five sub indicators (a-e) to be scored.

Sub-indicator 10(a) – Decisions are deliberated on the basis of available information, and the final decision can be reviewed and ruled upon by a body (or authority) with enforcement capacity under the law.

This sub indicator looks at the process that is defined for dealing with complaints or appeals and sets out some specific conditions that provide for fairness and due process.

a) Decisions are rendered on the basis of available evidence submitted by the parties to a specified body that has the authority to issue a final decision that is binding unless referred to an appeals body.
b) An appeals body exists which has the authority to review decisions of the specified complaints body and issue final enforceable decisions.
c) There are times specified for the submission and review of complaints and issuing of decisions that do not unduly delay the procurement process.

Scoring Criteria	Score
The country has a system that meets the requirements of (a) through (c) above	3
The country has a system that meets (a) and (b) above, but the process is not controlled with regard to (c).	2
The system only provides for (a) above with any appeals having to go through the judicial system requiring a lengthy process.	1
The system does not meet the conditions of (a) –(c) above, leaving only the courts.	0

Score -2

Findings

1. Appeals mechanisms for bidders and contractors is stated in the KP Procurement law (section 35), KPPRA Rules and in the Rates Contract Agreement document. Time frames for the process is also mentioned
2. A document recording the progress and conclusion of appeals could not be sighted. It is not clear whether the time lines indicated in the Procurement Law, Procurement Rules and rates Contract Agreement has been adhered to.

Recommendation

1. DOH should maintain a record of appeals received and progressed along with time lines for each stage of the process.

Sub-indicator 10(b) – The complaint review system has the capacity to handle complaints efficiently and a means to enforce the remedy imposed.

This indicator deals specifically with the question of the efficiency and capacity of a complaints review system and its ability to enforce the remedy imposed.

It is closely related to sub indicator 10 (a) which also refers to enforcement. This indicator will focus primarily on the capacity and efficiency issues.

Scoring Criteria	Score
The complaint review system has precise and reasonable conditions and time frames for decision by the complaint review system and clear enforcement authority and mechanisms.	3
There are terms and timeframes established for resolution of complaints but mechanisms and authority for enforcement are unclear or cumbersome.	2
Terms and timeframes for resolution of complaints or enforcement mechanisms and responsibilities are vague.	1
There are no stipulated terms and timeframes for resolution of complaints and responsibility for enforcement is not clear.	0

Score -2

Findings

1. There are time frames for progressing appeals. However, mechanisms for enforcement is time consuming according to information conveyed to the assessor.

Recommendations

1. A SOP should be developed detailing the procedure and time lines for each activity within the procedure. Monitoring the progress of appeals could thereafter be tracked as per the SOP.

Sub-indicator 10(c) – The system operates in a fair manner, with outcomes of decisions balanced and justified on the basis of available information.

The system needs to be seen as operating in a fair manner. The complaint review system must require that decisions be rendered only on relevant and verifiable information presented and that such decisions be unbiased, reflecting the consideration of the evidence presented and the applicable requirements in the legal/regulatory framework. It is also important that the remedy imposed in the decision be consistent with the findings of the case and with the available remedies provided for in the legal/regulatory framework. Decisions of a complaints body should deal specifically with process issues and the remedies should focus on corrective actions needed to comply with process.

Scoring Criteria	Score
Procedures governing the decision making process of the review body provide that decisions are: a) based on information relevant to the case. b) balanced and unbiased in consideration of the relevant information c) can be subject to higher level review d) result in remedies that are relevant to correcting the implementation of the process or procedures	3
Procedures comply with (a) plus two of the remaining conditions above.	2
Procedures comply with (a) above.	1
The system does not comply with any of the above	0

Score – 2

Findings

1. The procedure outlined in the KP Procurement law, KPPRA Rules and in the Rates Contract Agreement document conforms with the criteria noted although examples of actual remedies could not be sighted due to lack of time.

Recommendation

1. A SOP should be developed detailing the procedure and time lines for each activity within the procedure. Monitoring the progress of appeals could thereafter be tracked as per the SOP.

Sub-indicator 10(d) – Decisions are published and made available to all interested parties and to the public

Decisions are public by law and posted in easily accessible places (preferably posted at a dedicated government procurement website in the Internet). Publication of decisions enables interested parties to be better informed as to the consistency and fairness of the process.

Scoring Criteria	Score
All decisions are publicly posted in a government web site or another easily accessible place	3

All decisions are posted in a somewhat restricted access media (e.g. the official gazette of limited circulation).	2
Publication is not mandatory and publication is left to the discretion of the review bodies making access difficult.	1
Decisions are not published and access is restricted.	0

Score -1

Findings

1. Appeal decisions were not sighted in the Websites of KPPRA, DOH or PWD in respect of dispute resolutions as a mandatory requirement to publish them was not sighted.

Recommendations

1. KPPRA should issue a directive with regard to the need for all dispute resolutions to be published.
2. A SOP should be developed detailing the procedure and time lines for each activity within the procedure. Monitoring the progress of appeals could thereafter be tracked as per the SOP.

Sub-indicator 10(e) – The system ensures that the complaint review body has full authority and independence for resolution of complaints.

This indicator assesses the degree of autonomy that the complaint decision body has from the rest of the system to ensure that its decisions are free from interference or conflict of interest. Due to the nature of this sub indicator it is scored as either a 3 or a 0.

Scoring Criteria	Score
The complaint review body is independent and autonomous with regard to resolving complaints.	3
NA	
NA	
The complaint review body is not independent and autonomous with regard to resolving complaints.	0

Score -3

Findings

1. As per the Procurement Act 2013 (section 35) KPPRA has the authority to independently resolve disputes as the agency of last resort while DOH functions as the first point for dispute resolution.

INDICATOR 11. DEGREE OF ACCESS TO INFORMATION.

This indicator deals with the quality, relevance, ease of access and comprehensiveness of information on the public procurement system.

Sub-indicator 11(a) – Information is published and distributed through available media with support from information technology when feasible.

Public access to procurement information is essential to transparency and creates a basis for social audit by interested stakeholders. Public information should be easy to find, comprehensive and user friendly providing information of relevance. The assessor should be able to verify easy access and the content of information made available to the public.

The system should also include provisions to protect the disclosure of proprietary, commercial, personal or financial information of a confidential or sensitive nature.

Information should be consolidated into a single place and when the technology is available in the country, a dedicated website should be created for this purpose. Commitment, backed by requirements in the legal/regulatory framework should ensure that agencies duly post the information required on a timely basis.

Scoring Criteria	Score
Information on procurement is easily accessible in media of wide circulation and availability. The information provided is centralized at a common place. Information is relevant and complete. Information is helpful to interested parties to understand the procurement processes and requirements and to monitor outcomes, results and performance.	3
Information is posted in media not readily and widely accessible or not user friendly for the public at large OR is difficult to understand to the average user OR essential information is lacking.	2
Information is difficult to get and very limited in content and availability.	1
There is no public information system as such and it is generally up the procuring entity to publish information.	0

Score -2

Findings

1. Information on procurement is easily accessible in the web sites of KPPRA and DOH.
2. Information is relevant but not complete and not up to date.
   The potential is there for information to be more helpful to interested parties to understand the procurement opportunities and processes, and to monitor outcomes, results and performance

Recommendations

1. KPPRA web site should develop links to individual procuring entity web sites. Besides providing easier access to information to the general public, an interface could be developed from procurement entity websites to the KPPRA website to automatically upload procuring opportunity information direct to the KPPRA website. This will avoid duplication of effort and make the information system more efficient.
2. Unless already in place, both web sites require a dedicated person to initially make sure its comprehensive and updated, and thereafter to maintain it so that it is always comprehensive and updated.
3. DOH website needs to be updated and reconstructed to make access easier.

INDICATOR 12. THE COUNTRY HAS ETHICS AND ANTICORRUPTION MEASURES IN PLACE.

This indicator assesses the nature and scope of the anticorruption provisions in the procurement system. There are seven sub indicators (a-g) contributing to this indicator.

Sub-indicator 12(a) – The legal and regulatory framework for procurement, including tender and contract documents, includes provisions addressing corruption, fraud, conflict of interest, and unethical behavior and sets out (either directly or by reference to other laws) the actions that can be taken with regard to such behavior.

This sub indicator assesses the extent to which the law and the Rules compel procuring agencies to include fraud and corruption, conflict of interest and unethical behavior references in the tendering documentation. This sub indicator is related to sub indicator 2 b) on content for model documents but is not directly addressed in that sub indicator. The

assessment should verify the existence of the provisions and enforceability of such provision through the legal/regulatory framework. The provisions should include the definitions of what is considered fraud and corruption and the consequences of committing such acts.

Scoring Criteria	Score
The procurement law or the Rules specify this mandatory requirement and give precise instructions on how to incorporate the matter in tendering documents. Tender documents include adequate provisions on fraud and corruption.	3
The procurement law or the Rules specify this mandatory requirement but leaves no precise instruction on how to incorporate the matter in tendering documents leaving this up to the procuring agencies. Tender documents generally cover this but without consistency.	2
The legal/regulatory framework does not establish a clear requirement to include language in documents but makes fraud and corruption punishable acts under the law. **Few tendering documents include appropriate language dealing with fraud and corruption.**	1
The legal framework does not directly address fraud, corruption or unethical behavior and its consequences. Tender documents generally do not cover the matter.	0

Score – 2

Findings

1. The Procurement Act 2012 makes mention of ethical conduct and refers to a Code of Ethics "as may be prescribed" (section 16), but does not specify who is to develop such a code or who is to enforce it.
2. Section 16 (2) of the Procurement Act requires public officials engaged in procurement proceedings to sign a Code of Ethical Conduct, and section 16 (3) requires vendors of goods, services and works to sign a declaration of compliance with such a code of conduct.
3. The Procurement Act nor the KPPRA Rules makes mention of corrupt or fraudulent activity.
4. The SBDs makes clear mention of corrupt and fraudulent activity and the consequences of such activity being proven.

Recommendation

1. KPPRA should make explicit and specific reference in Procurement Rules to (a) the code of ethics and (b) corrupt and fraudulent activity and the consequences should any such activity being proven.

Sub-indicator 12(b) – The legal system defines responsibilities, accountabilities, and penalties for individuals and firms found to have engaged in fraudulent or corrupt practices.

This indicator assesses the existence of legal provisions that define fraudulent and corrupt practices and set out the responsibilities and sanctions for individuals or firms indulging in such practices. These provisions should address issues concerning conflict of interest and incompatibility situations. The law should prohibit the intervention of active public officials and former public officials for a reasonable period of time after leaving office in procurement matters in ways that benefit them, their relatives, and business or political associates financially or otherwise. There may be cases where there is a separate anticorruption law (e.g. anticorruption legislation) that contains the provisions. This arrangement is appropriate as far as the effects of the anticorruption law are the same as if they were in the procurement law.

Scoring Criteria	Score
The legal/regulatory framework explicitly deals with the matter. It defines fraud and corruption in procurement and spells out the individual responsibilities and consequences for government employees and private firms or individuals found guilty of fraud or corruption in procurement, without prejudice of other provisions in the criminal law.	3
The legal/regulatory framework includes reference to other laws that specifically deal with the matter (e.g. anti-corruption legislation in general). The same treatment is given to the consequences.	2
The legal/regulatory framework has general anti-corruption and fraud provisions but does not detail the individual responsibilities and consequences which are left to the general relevant legislation of the country.	1
The legal/regulatory framework does not deal with the matter.	0

Score - 1

Findings

1. As stated under 12(a), the legal/regulatory frame work related to public procurement makes no mention on fraudulent or corrupt activity and consequences should such activity been proven as occurred in procurement.
2. It is understood however that Pakistan has strong laws and regulations covering fraud and corrupt activity, and they are applicable at provincial level as well.

Recommendation

1. The Procurement Law and the KPPRA Rules should make specific reference to fraudulent or corrupt activity and consequences included in relevant Federal & Provincial Laws & Regulations.

Sub-indicator 12(c) – Evidence of enforcement of rulings and penalties exists.

This indicator is about the enforcement of the law and the ability to demonstrate this by actions taken. Evidence of enforcement is necessary to demonstrate to the citizens and other stakeholders that the country is serious about fighting corruption. This is not an easy indicator to score, but assessor should be able to obtain at least some evidence of prosecution and punishment for corrupt practices. The assessor should get figures on the number of cases of corruption reported through the system, and number of cases prosecuted. If the ratio of cases prosecuted to cases reported is low, the narrative should explain the possible reasons.

Scoring criteria	Score
There is ample evidence that the laws on corrupt practices are being enforced in the country by application of stated penalties.	3
There is evidence available on a few cases where laws on corrupt practices have been enforced.	2
Laws exist, but evidence of enforcement is weak.	1
There is no evidence of enforcement.	0

Score – This has not been scored due to lack of time to investigate further

Findings & Recommendations: Unable to ascertain records or instances of enforcement due to lack of time.

Sub-indicator 12(d) – Special measures exist to prevent and detect fraud and corruption in public procurement.

This sub indicator looks to verify the existence of an anticorruption program and its extent and nature or other special measures which can help prevent and/or detect fraud and

corruption specifically associated with public procurement. A comprehensive anticorruption program normally includes all the stakeholders in the procurement system, assigns clear responsibilities to all of them, and assigns a high- level body or organization with sufficient standing and authority to be responsible for coordinating and monitoring the program.

The procurement authorities are responsible for running and monitoring a transparent and efficient system and for providing public information to promote accountability and transparency.

Scoring Criteria	Score
The government has in place a comprehensive anticorruption program to prevent, detect and penalize corruption in government that involves the appropriate agencies of government with a level of responsibility and capacity to enable its responsibilities to be carried out. Special measures are in place for detection and prevention of corruption associated with procurement,	3
The government has in place an anticorruption program but it requires better coordination or authority at a higher level to be effective. No special measures exist for public procurement.	2
The government has isolated anticorruption activities not properly coordinated to be an effective integrated program.	1
The government does not have an anticorruption program	0

Score - This has not been scored due to lack of time to investigate further

Findings

It was not possible to ascertain overall government policy and measures in place against corrupt and fraudulent activity

Sub-indicator 12(e) – Stakeholders (private sector, civil society, and ultimate beneficiaries of procurement/end-users) support the creation of a procurement market known for its integrity and ethical behaviors.

This indicator assesses the strength of the public in maintaining a sound procurement environment. This may manifest in the existence of respected and credible civil society groups that provide oversight and can exercise social control. The welcoming and respectful attitude of the government and the quality of the debate and the contributions of all interested stakeholders are an important part of creating an environment where integrity and ethical behavior is expected and deviations are not tolerated.

Scoring Criteria	Score
(a) There are strong and credible civil society organizations that exercise social audit and control. (b) Organizations have government guarantees to function and cooperation for their operation and are generally promoted and respected by the public. (c) There is evidence that civil society contributes to shape and improve integrity of public procurement.	3
There are several civil society organizations working on the matter and the dialogue with the government is frequent but it has limited impact on improving the system.	2
There are only a few organizations involved in the matter, the dialogue with the government is difficult and the contributions from the public to promote improvements are e taken in an insignificant way.	1
There is no evidence of public involvement in the system OR the government does not want to engage the public organizations in the matter.	0

Score - This has not been scored due to lack of time to investigate further

Findings

It was not possible to ascertain stakeholder information due to time constraints

Sub-criteria 12(f) – The country should have in place a secure mechanism for reporting fraudulent, corrupt, or unethical behavior.

The country provides a system for reporting fraudulent, corrupt or unethical behavior that provides for confidentiality. The system must be seen to react to reports as verified by subsequent actions taken to address the issues reported.

Scoring Criteria	Score
There is a secure, accessible and confidential system for the public reporting of cases of fraud, unethical behavior and corruption.	3
There is a mechanism in place but accessibility and reliability of the system undermine and limit its use by the public.	2
There is a mechanism in place but security or confidentiality cannot be guaranteed	1
There is no secure mechanism for reporting fraud, unethical behavior and corruption cases	0

Score - This has not been scored due to lack of time to investigate further

Findings

It was not possible to investigate this due to time constraints

Sub-criteria 12(g) – Existence of Codes of Conduct/Codes of Ethics for participants that are involved in aspects of the public financial management systems that also provide for disclosure for those in decision making positions.

The country should have in place a Code of Conduct/Ethics that applies to all public officials. In addition, special provisions should be in place for those involved in public procurement. In particular, financial disclosure requirements have proven to be very useful in helping to prevent unethical or corrupt practices.

Scoring Criteria	Score
(a) There is a code of conduct or ethics for government officials with particular provisions for those involved in public financial management, including procurement. (b) The code defines accountabilities for decision making and subjects decision makers to specific financial disclosure requirements. (c) The code is of obligatory compliance and consequences are administrative or criminal	3
The system meets requirements (a) and (b) but is only a recommended good practice code with no consequences for violations unless covered by criminal codes.	2
There is a code of conduct but determination of accountabilities is unclear.	1
There is no code of conduct.	0

Score - This has not been scored due to lack of time to investigate further

Findings

1. The Procurement Act 2012 makes mention of ethical conduct and refers to a Code of Ethics "as may be prescribed" (section 16), but does not specify who is to develop such a code or who is to enforce it.
2. Section 16 (2) of the Procurement Act requires public officials engaged in procurement proceedings to sign a Code of Ethical Conduct, and section 16 (3) requires vendors of goods, services and works to sign a declaration of compliance with such a code of conduct. A specific Code of Ethics was not sighted.

ANNEX A. KEY STRATEGIC RECOMMENDATIONS PRESENTED TO THE CONSULTATIVE MEETING ON 11/19/17

1. PROGRESS PROCUREMENT INTEGRATION THROUGH INTEGRATED SUPPLY CHAIN COORDINATION MECHANISM

- Contract Coordination and Supplier Monitoring
- 3 -5 year procurement plans with annual reviews
- Mandatory use of the MCC Rates List
- Procurement guideline specific to department procurement practices
- Demand based procurement
- Unique item numbering

2. DEVELOP MEDICAL EQUIPMENT MANAGEMENT POLICY

3. INTRODUCE AN MIS TO SUPPORT INTEGRATION
. PROMOTE RATIONAL MEDICINE USE

- Develop a KP Drug Formulary
- Develop Prescribing Handbook to rationalize medicine use

4. GREATER COORDINATION BETWEEN PROCUREMENT & FINANCE

Policy & SOP on multi and annual procurement planning process linked to budget development and budget allocation process.

5. STRATEGIC CAPACITY DEVELOPMENT

KPPRA to take lead with establishment of Public Procurement Training Institute

6. DEVELOP STRATEGIC ACTION PLAN TO IMPLEMENT RECOMMENDATIONS

ANNEX B- CONSULTATIVE MEETING AGENDA

Procurement Performance Assessment of the Department of Health and Population Welfare Department of Khyber Pakhtunkhwa using MAPS Indicators

Thursday, October 19, 2017

Time	Activity	Resource Person
9:00	Registration	GHSC-PSM Staff
9:30	Recitation from the Holy Quran	GHSC-PSM Staff
9:35	Introduction of Participants	Participants
9:45	Opening remarks on context & objectives	Dr. Muhammad Tariq, Country Director, GHSC-PSM
10:15	Remarks by the Secretary Department of Health	Mr. Abid Majeed, Secretary Health
10:30	Remarks by the Secretary Population Welfare Department	Mr. Fazal Nabi Khan, Secretary PWD
10:45	Tea Break	
11:00	Findings and key strategic recommendations of Procurement Performance Assessment using MAPS indicators	Raj Gonsalkorale, Consultant
12:00	Group discussion and consensus	Participants
13:15	Rationale for departmental ownership	Director Generals of Health and Population Welfare Departments Khyber Pakhtunkhwa
13:30	Way forward and vote of thanks	Inamullah Khan, Deputy Country Director, GHSC-PSM
13:40	Lunch	

ANNEX C- LIST OF PARTICIPANTS AT STAKEHOLDER CONSULTATIVE MEETING ON THE 19TH OCTOBER 2017

Sr.#	Name	Designation	Department	Province
1	Dr. Abid Majeed	Secretary	DOH	Khyber Pakhtunkhwa
2	Dr. Shahid Younas	Chief HSRU	DOH	Khyber Pakhtunkhwa
3	Dr. Shabina Raza	Director General Health Services	DOH	Khyber Pakhtunkhwa
4	Dr. Abdu Gul	Director Procurement Cell	DOH	Khyber Pakhtunkhwa
5	Mr. Salim Khan	Director Pharmacy Services, O/I MCC	DOH	Khyber Pakhtunkhwa
6	Dr. Javeed Pervaiz	Project Director, Integrated Health Project	DOH	Khyber Pakhtunkhwa
7	Dr. Sahib Gul	Provincial Coordinator, MNCH Program	DOH	Khyber Pakhtunkhwa
8	Dr. Fahim Hussain	Provincial Coordinator, LHW Program	DOH	Khyber Pakhtunkhwa
9	Dr. Akram Shah	Director EPI	DOH	Khyber Pakhtunkhwa
10	Dr. Syed Taimur Shah	Deputy Director EPI	DOH	Khyber Pakhtunkhwa
11	Mr. Zahid Ali	Senior Pharmacist MCC	DOH	Khyber Pakhtunkhwa
12	Dr. Hidayat	Provincial M&E Officer, MNCH Program	DOH	Khyber Pakhtunkhwa
13	Dr. Haroon Khan	Director, Nutrition Program	DOH	Khyber Pakhtunkhwa
14	Dr. Nasreen Akbar	Director Curative / Acting Director MCH	DOH	Khyber Pakhtunkhwa
15	Mr. Asad Ullah Khan	Financial Management Specialist	DOH	Khyber Pakhtunkhwa
16	Mr. Khurshid Ahmed	Logistics Officer, Integrated Health Project	DOH	Khyber Pakhtunkhwa
17	Mr. Adil Shah	Procurement officer, Procurement Cell	DOH	Khyber Pakhtunkhwa
18	Dr. Tanvir Inam	Deputy Director MCH	DOH	Khyber Pakhtunkhwa
19	Mr. Fazal Nabi	Secretary	PWD	Khyber Pakhtunkhwa
20	Mr. Noor Afzal Khan	Director General	PWD	Khyber Pakhtunkhwa
21	Mr. Muhammad Aleem	DPWO Peshawar	PWD	Khyber Pakhtunkhwa
22	Mr. Muhammad Wali	Director A&P	PWD	Khyber Pakhtunkhwa
23	Ms. Ayesha Ihsan	Director PME	PWD	Khyber Pakhtunkhwa
24	Syed Imran Shah	Deputy Director (PC&T)	PWD	Khyber Pakhtunkhwa
25	Dr. Masud Younas	MD KPPRA	KPPRA	Khyber Pakhtunkhwa
26	Dr. Kashif	Assistant Chief Health	Planning & Development	Khyber Pakhtunkhwa
27	Dr. Faisal Zahoor	Director General Health Services	DOH	Punjab
28	Mr. Ashfaq Ali Shah	Director ME&P	PWD	Sindh
29	Mr. Latif Kakar	Director General	PWD	Balochistan
30	Mr Khalid Mahmood	Activity Manager for GHSC-PSM	USAID	PAKISTAN
31	Dr Samia Rizwan	Health Specialist, MNCH	UNICEF	Islamabad

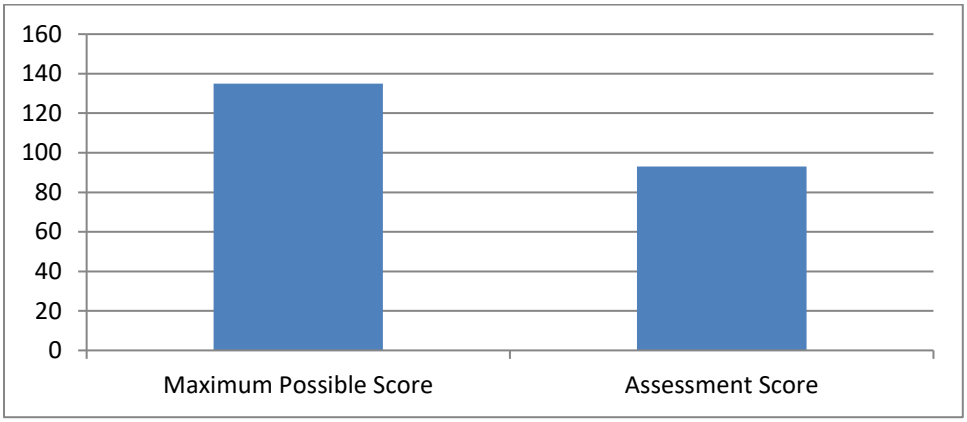
32	Dr. Abdul Jamil,	Health and Nutrition Specialist	UNICEF	Peshawar
33	Dr. Jameel Ahmed Chaudhar		UNFPA	Pakistan

GHSC-PSM

34	Dr. Muhammad Tariq	Country Director	GHSC-PSM	Islamabad
35	Mr. Inamullah Khan	Deputy Country Director	GHSC-PSM	Islamabad
36	Mr. Zafar Jamil	Director, System Strenghtening & Field Operations	GHSC-PSM	Islamabad
37	Dr. Nisar Ahmed Cheema	Team Lead Punjab	GHSC-PSM	Punjab
38	Dr. Khurram Shahzad	Director, Monitoring & Evaluation	GHSC-PSM	Islamabad
39	Mr. Waseem Jadoon	Director Quantification, Forecasting & Procurement	GHSC-PSM	Islamabad
40	Mr. Ayyaz Kiani	Director Supply Chain Integration & Strategy	GHSC-PSM	Islamabad
41	Mr. Sardar Iftikhar Khan	Director Management Information System	GHSC-PSM	Islamabad
42	Dr. Tanweer Hussain	Team Lead Sindh & Balochistan	GHSC-PSM	Sindh
43	Mr. Muhammad Abbas Khan	Team Lead KP	GHSC-PSM	Khyber Pakhtunkhwa
44	Dr. Farooq Azam Jan	Provincial Supply Chain Coordinator	GHSC-PSM	Balochistan
45	Syed Asif Abbas	FASP Manager	GHSC-PSM	Islamabad
46	Syed Iftikhar Bukhari	Procurement Monitoring System Specialist	GHSC-PSM	Islamabad
47	Mr. Irfan Ullah Khan	Prov. Supply Chain Manager KP	GHSC-PSM	Khyber Pakhtunkhwa
48	Mr. Ameer Abdul Sami	Assistance Logistics Manager	GHSC-PSM	Islamabad
49	Mr. Hammad Ahmad	Intern, System Strengthening and Field operations	GHSC-PSM	Islamabad
50	Mr. Aleem Abbas	Intern, Forecasting and Quantification - SCM	GHSC-PSM	Islamabad

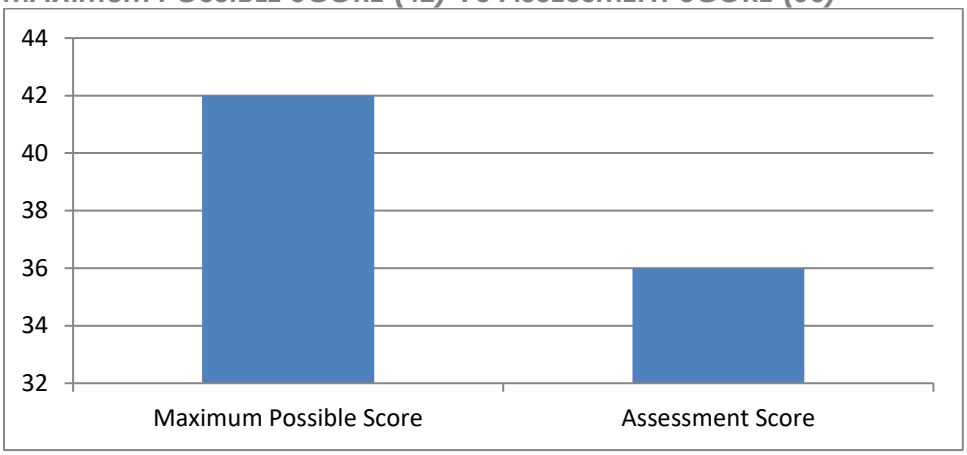
ANNEX D - ASSESSMENT SUMMARY- PROCUREMENT PERFORMANCE OF DOH USING MAPS BASELINES INDICATORS

TOTAL ASSESSMENT – MAXIMUM POSSIBLE SCORE (135) VS ASSESSMENT SCORE (93)



Pillar I – Legislative and Regulatory Framework

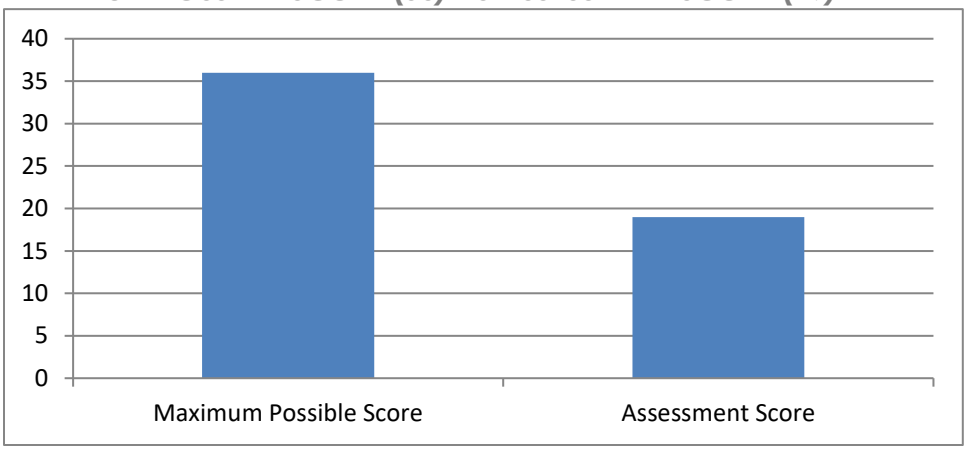
MAXIMUM POSSIBLE SCORE (42) VS ASSESSMENT SCORE (36)



Indicator 1	Maximum Score	Assessment Score
Public procurement legislative and regulatory framework achieves the agreed standards and complies with applicable obligations	24	19
Indicator 2	**Maximum Score**	**Assessment Score**
Existence of Implementing Regulations and Documentation.	18	17
Pillar 1 Total	42	36

Pillar II. Institutional Framework and Management Capacity

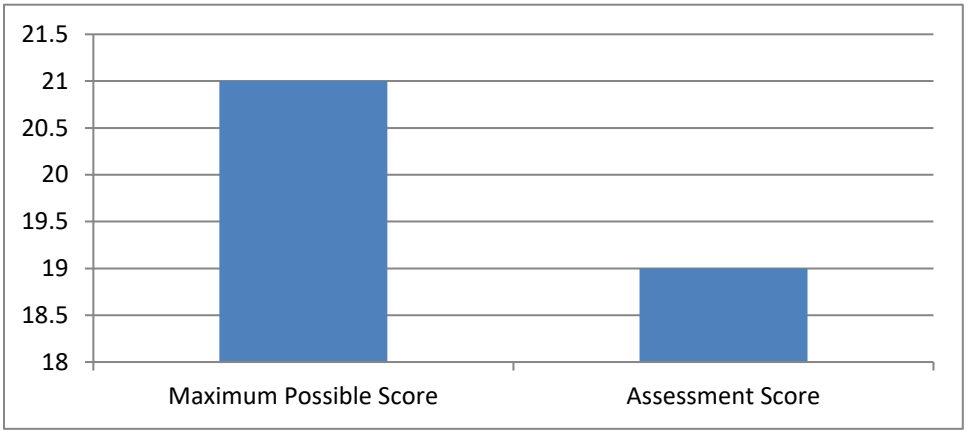
MAXIMUM POSSIBLE SCORE (36) VS ASSESSMENT SCORE (19)



Indicator 3	Maximum Score	Assessment Score
The public procurement system is mainstreamed and well-integrated into the public sector governance system	12	5
Indicator 4	**Maximum Score**	**Assessment Score**
The country has a functional normative/regulatory body	12	11
Indicator 5	**Maximum Score**	**Assessment Score**
Existence of institutional development capacity	12	3
Pillar 2 Total	36	19

Pillar III. Procurement Operations and Market Practices

MAXIMUM POSSIBLE SCORE (21) VS ASSESSMENT SCORE (19)

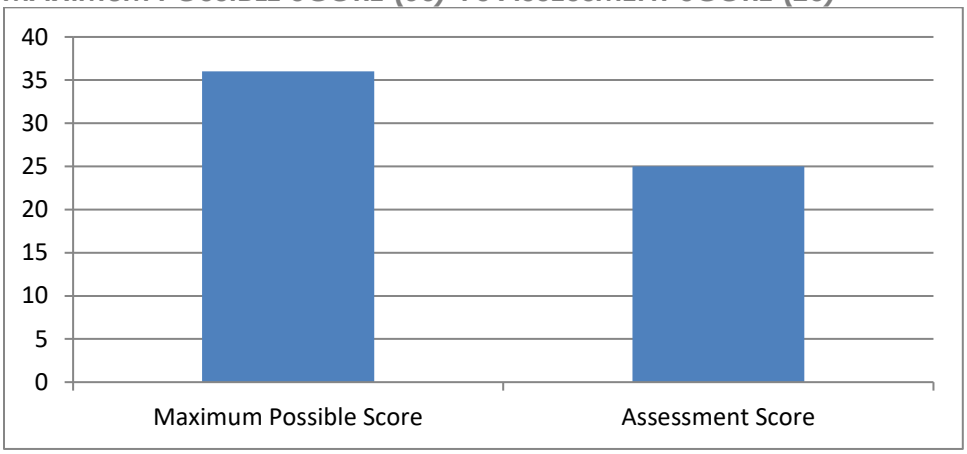


Indicator 6	Maximum Score	Assessment Score
The country's procurement operations and practices are efficient	12	4
Indicator 7	**Maximum**	**Assessment**

	Score	Score
Functionality of the public procurement market.	6	3
Indicator 8	Maximum Score	Assessment Score
Existence of contract administration and dispute resolution provisions.	9	6
Pillar 3 total	21	13

Pillar IV. Integrity and Transparency of the Public Procurement System.

MAXIMUM POSSIBLE SCORE (36) VS ASSESSMENT SCORE (25)



Indicator 9	Maximum Score	Assessment Score
The country has effective control and audit systems Score – One sub indicator could not be scored without further investigation	12	5
Indicator 10	Maximum Score	Assessment Score
Efficiency of appeals mechanism.	15	10
Indicator 11	Maximum Score	Assessment Score
Degree of access to information	3	2
Indicator 12	Maximum Score	Assessment Score
The country has ethics and anticorruption measures in place. Score – 3 sub indictors could not be scored due to time constraints in assessing this indicator	6	3
Pill 4 total	36	25
TOTAL SCORE FOR ALL PILLARS	135	93

ANNEX E – OFFICIALS MET DURING ASSESSMENT-VISIT 1 & 2

Date	Contact /Meeting
2/8/17	Dr. Shabina Raza, Director General Health Services, DOH, Peshawar, KP
2/8/17	Dr. Ayub Rose, Additional DGHS, DOH, Peshawar, KP
2/8/17	Dr. Abdu Gul, Director Procurement Cell, DGHS, M. Jalil Anwar, Principal Pharmacist O/I MCC DGHS, Engr. Shoaib Khan, Executive Engr. DGHS, Zahid Ali, Pharmacist MCC, DGHS Qasim Khan, Procurement Cell DGHS Syed Adil Shah, Procurement Officer DGHS
2/8/17	Dr. Shahid Younis, Chief HSRU Dr. Shahzad Faysal, Projector Director IMU
3/8/17	Dr. Abdul Hameed Afridi Director EPI Program Dr. Akram Shah, Dept. Director EPI Program
3/8/17	Secretary, PWD Mr. Noor Afzal, Director General, PWD Ayesha Ihsan, Director A&P PWD Imran Shah, Dept. Director PWD Dr. Farina Basit, Dept. Director (M) PWD
3/8/17	Dr. Nasreen Akbar, Director MCH Dr. Tanveer, Dept. Director MCH
4/8/17	Dr. Haroon Khan, Project Director Nutrition, Provincial Coordinator, MNCH, Khalid Khan, MIS Coordinator IHP, Zahid Noor, Assist Logistics Officer, LHW
4/8/17	Mr. Kamran Rehman Khan Managing Director, KPPRA
7/8/17	Mr. Asad Ullah Khan Financial Management Specialist
7/8/17	Prof. Dr. Shahzad Akbar, Medical Director HMC Dr Abid, In Charge, Procurement
7/8/17	District Health Officers at the Provincial Health Services Academy
10/8/17	Mr Raiham Haider, Khalid Bin Anjum, World Bank
15/8/17	Ms. Sangita Patel (Director Health Office, USAID Pakistan), Dr. Muhammad Isa (Senior Technical Advisor, USAID Pakistan) and Khalid Mahmood (Project Management Specialist, USAID Pakistan) Management Specialist, USAID Pakistan)
17/8/17	Mr. Khalid Lodhi, the consultant responsible for the 2012 MAPS report, currently Chief Instructor at National Institute of Management Islamabad.
18/8/17	Dr. Shabina Raza, Director General Health Services, Dr. Najma Sultana. Director Technical, Miss. Ayesha Ihsan, Director PME, Syed Adil Shah Procurement Officer, Dr. Ijaz Ahmad Deputy Chief HSRU, Mr. Noor Afzal Director General Population Welfare Department, Dr. Nisar Cheema Team Lead Punjab, Jamil Director Field Operations, Dr. Tanveer Inam Deputy Director MCH, Mr. Zeeshan Pasha Supply Chain Officer
18/8/17	Dr. Rehman Khattak, Provincial Team Leader, TRF

OFFICIALS MET DURING ASSESSMENT-VISIT 2

Date	Contact /Meeting
10/11/17	Director EPI Khyber Pakhtunkhwa Peshawar Project Director, Integrated Health Project, Khyber Pakhtunkhwa Provincial Coordinator LHW Program Khyber Pakhtunkhwa Provincial Coordinator MNCH Program, Khyber Pakhtunkhwa Director Nutrition, IHP, Khyber Pakhtunkhwa
11/10/17	Additional DGHS, DOH, Peshawar, KP Financial Management Cell, Khyber Pakhtunkhwa Chief, HSRU
12/10/17	Director Pharmacy Services, O/I MCC, Director Procurement Cell, Director MCH Khyber Pakhtunkhwa Peshawar Chief Planning Officer, Khyber Pakhtunkhwa Population Welfare Department, Khyber Pakhtunkhwa
13/10/17	Managing Director, KPPRA

ANNEX F – QUESTIONS/CLARIFICATIONS FOR SENIOR MANAGEMENT

These questions are related specifically to the procurement & supply chain at DOH and PWD, and more generally to KP Health as a whole.

1. What would you say is your main objective when it comes to procurement & supply chain management? What do you perceive as your key strengths and weaknesses?

2. What do you see as your main challenges and road blocks that might be hindering the achievement of your objectives.

3. Has there been an initiative to develop a strategic vision (and a plan) for procurement & supply chain management at DOH? If so, could we have a copy of the document?

4. Is there a monitoring mechanism that can provide you high level information on the progress of procurement activities?

5. If you see structural short comings as one impediment to good procurement practices, would you be able to share your thinking as to how these could be addressed?

6. Is the general knowledge and capacity level of your senior staff on procurement & supply chain management adequate for them to perform their duties?

7. Is there a mechanism to train and capacity build staff engaged in procurement & supply chain management?

8. Are you happy with the procedure for grievance resolution and fraud and anti-corruption measures in place?

9. Do you have sufficient funds to procure medical products, health products and health equipment?

10. Do you have regular internal and external auditing of procurement activity and are you satisfied with the processes and outcomes?

ANNEX G - QUESTIONNAIRE FOR OPERATIONAL STAFF IN MCC, PC AND PWD

1. Rules & Regulations, Procedure Manuals		COMMENTS
Are these sufficient to carry out procurement work	YES/NO	
Do you use the Procurement Manuals (for medical products and Contraceptives)	YES/NO	
Are these helpful?	YES/NO	
Are there any other documents that are used to guide procurement?	YES/NO	
Have you found problems with these documents, any areas that hamper your work, or gaps in them? Any suggestions for improvements?	Yes/NO	

2. Procurement Methods		COMMENTS
What are the procurement methods that are used? Can you describe briefly how procurement is done? (If you have a guide document that describes the process you undertake, please attach it. A detailed description is then not required)		
Are you able to give the total value of procurement done last year	YES/NO	
Have you done emergency procurement in the last year	YES/NO	
If so, are you able to give a value of total emergency procurement	YES/NO	

3. Advertising		COMMENTS
Are there rules to guide you on advertising methods & timing?	YES/NO	
Have you found problems with these rules?	Yes/NO	
Have you had instances when you had to extend closing dates, and if so could you say on how many occasions?	Yes/NO	
How are international bidding tenders advertised?		

4. Registration/Pre- qualification of suppliers		
Do you carry out registration of suppliers? If YES, can you describe the process	YES/NO	
Are there rules to guide you?	YES/NO	
Have you found problems with these rules?	Yes/NO	
Have you found this process useful?	Yes/NO	

Any areas for improvement?		

5. Tender documentation & technical specifications		COMMENTS
Do you always use Standard Bidding Documents?	YES/NO	
Any exceptions?	YES/NO	
Who is responsible for doing specifications? And is there a data base of specifications for regularly procured items?	YES/NO	
Do you think specifications are generic enough to attract wide competition?	YES/NO	

6. Tender Evaluation		COMMENTS
Is there a document that functions as a guide for doing evaluations?	YES/NO	
Do you use an evaluation matrix?	YES/NO	
Do members of evaluation committees sign a declaration about issues like conflict of interest?	YES/NO	
What are the award criteria once tender evaluations are completed?		

7. Complaint procedure		COMMENTS
Is there a policy and procedure document that functions as a guide for lodging complaints?	YES/NO	
How would an unsuccessful bidder or a contractor get to know about the policy and procedure if it exists?		
Do you keep a record of complaints received and progressed to completion?	YES/NO	
How are complaints received from internal customers on quality, delivery etc. handled?		
Do you keep a record of complaints received and progressed to completion?	YES/NO	
Can you give an indication of the outcome of complaints from (a) internal customers and (b) external parties should they be (a) successful and (b) unsuccessful		

8. Procurement Planning process		COMMENTS
Is there a policy and procedure document that functions as a guide for procurement planning?	YES/NO	
Do you receive procurement plans from internal customers?	YES/NO	
Do you keep a record of procurement plans received and progressed to completion? If so, how do you keep records?	YES/NO	
Can we sight a copy of such a monitoring document?	YES/NO	

How are internal customers informed once the procurement exercise is completed?		
For items that require storage upon delivery, are store/warehouse locations provided with advance information on what has been ordered?	YES/NO	
At what stage do you commence procurement procedures?		

9. KPPRA		COMMENTS
Do you have dealings with the KPPPRA?	YES/NO	
If so, on what issues? Can you elaborate?	YES/NO	
Has the KPPPRA been useful and assisted with procurement issues when requested? Can they do more to help and if so, can you suggest how?	YES/NO	

10 Procurement Data recording & collection		COMMENTS
Is there a mechanism/system that makes it possible for staff at all levels to have information on procurement budgets, procured items, values, procurement statistics, information on quality of what has been received?	YES/NO	

11 Training & Capacity building		COMMENTS
Is there an ongoing mechanism to train & capacity build staff engaged in procurement?	YES/NO	
If so, who conducts such training?		
Are there job descriptions for staff engaged in procurement?	YES/NO	
Have staff engaged meet with these JDs?	YES/NO	
To your knowledge, has there been a gap analysis study looking at whether staff engaged in procurement meet with basic competencies in procurement?	YES/NO	

12 Record keeping		COMMENTS
Do you have a policy and procedure document on record keeping? Can we have a copy	YES/NO	
If there is no document, what is the policy you follow? What are the documents stored and for how long?		

13 Organizational hierarchy and approval procedures		COMMENS
Is there a document that indicates the organizational hierarchy and approval responsibilities? If so, can we see it?	YES/NO	

14 Public/Private partnerships		
Is there any policy setting on this?	YES/NO	COMMENTS
Are there any initiatives (to the best of your knowledge) relating to public/private partnerships in the public health sector procurement activity?	YES/NO	

15 Contract administration		
Who does contract administration once a procurement award is made?		
Is there a check list that helps to identify the documents related to a contract, and is there a monitoring mechanism to track the progress of contracts?	YES/NO	

16 Audit systems		
Is there a regular internal and external audit process in place? Is there a policy and procedure document on this?	YES/NO	
Is there a monitoring mechanism to track the progress of audit findings?	YES/NO	

ANNEX H - MAPS ASSESSMENT- CONSOLIDATED SUMMARY OF KEY RECOMMENDATIONS.

Note- All recommendations made in the MAPS assessment report have been made with the intention of assisting DOH and PWD to improve scores in a future MAPS assessment. These are strategic and fundamental to a significant improvement in scores and consistency with international best practice as per OECD-DAC standards.

Pillar I – Legislative and Regulatory Framework

A. Information technology/system related

Recommendations	Priority (HIGH/MEDIUM)	Implementing agency	Suggested implementing Time Frame				
			Y1	Y2	Y3	Y4	Y5
1. Website to include a data base of specifications for medical equipment. This data base should be used whenever an item of medical equipment is procured by any procuring entity of DOH. Specifications developed and periodically updated by expert committees will be in this data base.	MEDIUM	DOH					
2. Interface with the DOH & PWD websites (and other public procurement entity websites) so that relevant procurement related information posted on the DOH/PWD website automatically populates specific fields in the KPPRA website. This could avoid a duplication of effort	MEDIUM	KPPRA,DOH, PWD					
3. Rates lists to be replaced with Framework Agreements based on World Bank Model	MEDIUM	KPPRA, DOH					
4. Procurement Rules to include a clear reference to establishing Rates Lists or the proposed Framework Agreements as allowable procurement methods.	MEDIUM	KPPRA, DOH, PWD					

B. Documentation

Recommendation	Priority (HIGH/MEDIUM)	Implementing Agency	Implementing Time Frame				
			Y1	Y2	Y3	Y4	Y5
1. Develop a concise Procurement Guideline that is consistent with the Act and Rules but specific for the department's procurement practices. All of the legal requirements should be explicitly included or referred to in the proposed Guideline as being applicable to ALL procuring entities within the department. The guideline should a. Outline the procurement structure of the department including the composition and	HIGH	DOH					

responsibilities different committees associated with procurement. b. Describe the proposed 3-5 year procurement planning process with annual reviews. c. The outcome of specific procurement activities (for example the development of Rates lists) d. Actual practices including the product order placement by DHOs, so that the document would be consistent with the actual practices e. Ensure the Guideline has a version reference and dates of issue and revisions f. Ensure the manual is made available in the web sites of KPPRA, DOH and 2. The Procurement Guideline, along with the SBDs to be included as material for capacity building training courses in DOH/PWD procurement							

C. Administrative issues

Recommendation	Priority (HIGH/MEDIUM)	Implementing Agency	Implementing Time Frame				
			Y1	Y 2	Y3	Y4	Y5
1. Ensure the complaint review process is consistent with the Act and all documents that give effect to the Act are consistent with the Act.	**MEDIUM**	KPPRA,DOH, PWD					
2. The rate contract agreement template to be reviewed by the KPPRA to ensure its compliance with the Act and the Regulation.	**MEDIUM**	KPPRA,DOH, PWD					
3. The proposed Procurement guideline to include a section on the review process which is consistent with the Act and the Regulation	**MEDIUM**	DOH,PWD					

Pillar II. Institutional Framework and Management Capacity

A. Procurement planning, institutional integration and functional integration

Recommendation	Priority (HIGH/MEDIUM)	Implementing Agency	Implementing Time Frame				
			Y1	Y2	Y3	Y4	Y5
1. Institute a policy decision to develop 3 -5 year procurement plans which would be reviewed annually, and annual procurement plans developed. These plans should give an indicative demand estimate for commodities included in them	**HIGH**	KPPRA, DOH,PWD					
2. A Standard Operating procedure is developed on multi and annual procurement planning process including how these plans relate to the budget development and budget allocation process.	**HIGH**	DOH,PWD					

3. Develop an inventory of unused medical equipment and (a) takes steps to redistribute these to facilities that require them, and (b) issues a directive that items identical to those appearing in the list should not be procured without approval from the DG/DOH (c) Develop a Medical Equipment Management Policy (draft proposal attached as Annex I)	HIGH	DOH					
4. Undertake a full inventory of medical equipment and introduce an asset tracking mechanism for medical equipment	MEDIUM	DOH					

Procurement planning, institutional integration and functional integration

Recommendation	Priority (HIGH/MEDIUM)	Implementing Agency	Implementing Time Frame				
			Y1	Y2	Y3	Y4	Y5
1. The Integrated Supply Chain Management Coordination Cell identified in the KP Forecasting & Supply Chain Strategy 2017-2022 to include the following to facilitate procurement integration a. MCU (Medicines Coordination Unit) b. PU (Procurement Unit) c. CCSMU –(Contract Coordination and Supplier Monitoring Unit)	HIGH	DOH, PWD					
2. An adequately resourced Procurement Unit to undertake procurement of medical equipment on behalf of ALL DOH procurement entities	HIGH	DOH					
3. Mandate the introduction of a set of KPIs that all procuring entities have to initiate and follow, and report results to it and the heads of the procuring entities. This could function as a monitoring mechanism for the KPPRA and also used for purpose of a performance review as required in section 5 f of the Procurement Act.	MEDIUM	KPPRA, DOH,PWD					
4. Develop a 5 year Strategic Plan in discussion with procuring entities to determine its long term plan to assist procurement entities with reengineering and reorganization activity, knowledge and information management improvements, hardware and software requirements to facilitate this and capacity building programs to institute an in service certification program for procurement staff in all procuring entities.	MEDIUM	KPPRA					
5. An annual event to discuss innovations in procurement and strategies for continuing improvements to procurement management	MEDIUM	KPPRA					

Procurement planning, institutional integration and functional integration

Recommendation	Priority (HIGH/MEDIUM)	Implementing Agency	Implementing Time Frame				
			Y1	Y2	Y3	Y4	Y5
1. A study to be undertaken on the medicines procured outside of the MCC Rates List by DOH procuring entities to ensure a rationalized approach to procurement of medicines.	MEDIUM	DOH					
2. Develop a formal KP Drug Formulary and a list of drugs that could be procured by KP Public entities. This Formulary should be the basis for developing Program and Hospital Specific Formularies as well as Essential Drugs Lists	HIGH	DOH					
3. Develop a Prescribing Handbook to facilitate rational medicine use	HIGH	DOH					
4. The mandatory use by ALL procuring entities of the MCC rates list based on the KP Drug Formulary List managed by the DGHS. It is important however to ensure the representative participation of procuring entities in the procurement process in order to build ownership in the decision making processes. Only specialized medicines required by other entities including vertical program, and emergency supplies should be procured direct by other entities.	HIGH	DOH					
5. Bid documents for establishing the MCC rates list to include indicative demand quantities drawn from Multi Year and Annual Procurement Plans	HIGH	DOH					
6. MCC Rates List to be established for a 2 year period with approval from the KPPRA. This would save a considerable period of time every year in establishing them annually.	HIGH	KPPRA, DOH					
7. The establishment of a rates list for equipment to be replaced with a bidding process for the specific collective requirement of entities which would be available on entity procurement plans.	HIGH	DOH					
8. Introduce a unique numbering system for all items procured by DOH/PWD entities. The same item should have the same number irrespective of which procuring entity procures it. For medicines, the numbering could be based on formulary categories.	HIGH	DOH/PWD					
9. The item numbering system should be centrally managed. Once a list based on past procurement is developed, no procuring entity should procure any item unless it has a unique number issued by the central numbering process. A unique numbering system will have significant benefits for	HIGH	DOH					

the entire supply chain, including the use of barcoding in inventory control management.							
10. Once a unique numbering system is introduced, all DOH/PWD procuring entities should be directed to submit annual returns on quantities procured against each item, the suppliers and unit prices to the Procurement Unit. The methodology of information recording and transmission could be through an appropriate MIS.	**HIGH**	DOH/PWD					
11. Introduce a set of Key Performance Indicators (KPIs) to measure and monitor procurement performance in all procurement entities. The results should be reportable to the DGHS and the Secretary Health. More details on typical procurement KPIs is given on pages 28 to 31in the MAPS Assessment Report	**HIGH**	DOH					
12. Commission an appropriate MIS to manage contract management, purchase order management and contract & supplier monitoring activity	**HIGH**	DOH					

B. Institutional capacity building

Recommendation	Priority (HIGH/MEDIUM)	Implementing Agency	Implementing Time Frame				
			Y1	Y2	Y3	Y4	Y5
1. Establish a Public Procurement Training Institute in collaboration with a tertiary institution and introduce a competency based training program and a certification methodology for key personnel engaged in procurement activity in public procuring entities.	**HIGH**	KPPRA					
2. Develop a 5 year Activity Plan to determine its long term plan on institutional changes, planning changes, knowledge and information management improvements, hardware and software requirements arising from the MAPS Assessment recommendations	**HIGH**	DOH					

Pillar III. Procurement Operations and Market Practices

A. Procurement competency development

Recommendation	Priority (HIGH/MEDIUM)	Implementing Agency	Implementing Time Frame				
			Y1	Y2	Y3	Y4	Y4
1. Mandate the creation of a Procurement Cadre within the HR establishments of public procurement entities and develop a basic set of competencies required for the cadre	HIGH	KPPRA, DOH, PWD					
3. Conduct an assessment of the job descriptions and qualifications required to perform the assigned jobs based on the competencies determined by KPPRA of key staff engaged in procurement activity within all procurement entities in DOH	HIGH	DOH,PWD					
4. Undertake a work study review of the current MCC (Medicines Coordination Cell) and the PC (Procurement Cell), and the numerous procurement operations of entities including vertical programs. The outcome of this review would inform on resource requirements for the proposed supply chain and procurement integration within DOH as per the approved KP Forecasting & Supply Chain Strategy 2017-2022	HIGH	DOH					
5. Conduct familiarization sessions for the private sector on public procurement law, regulations and tender process, and charge a fee for attendance and participation	HIGH	KPPRA					

B. Procurement research & market development

Recommendation	Priority (HIGH/MEDIUM)	Implementing Agency	Implementing Time Frame				
			Y1	Y2	Y3	Y4	Y5
1. Introduce a functional responsibility to undertake supplier research and supplier performance monitoring. This function could also include maintenance of the data base for items procured including the assignment of unique numbering and producing yearly statistics on quantities of the same item procured by all procuring entities, unit prices paid and suppliers who supplied to different procuring entities. Initially, this information could be obtained by including a condition in the rates agreement template that successful bidders will be required to submit this information on a yearly basis	HIGH	DOH,PWD					

C. Dispute resolution

Recommendation	Priority (HIGH/MEDIUM)	Implementing Agency	Implementing Time Frame				
			Y1	Y2	Y3	Y4	Y5
1. KP Procurement Act and the KPPRA Regulations to clearly detail the dispute resolution process. KPPRA to develop a directive outlining the entire dispute resolution process	MEDIUM	KPPRA, DOH, PWD					

Pillar IV. Integrity and Transparency of the Public Procurement System

Recommendation	Priority (HIGH/MEDIUM)	Implementing Agency	Implementing Time Frame				
			Y1	Y2	Y3	Y4	Y5
1. Conduct a status update of any changes to laws and regulations governing corruption, fraudulent activities, accountability and transparency since 2012. References to relevant KP Acts, Regulations, Rules or Directives should be cited in the document for easy reference by public entity staff.	MEDIUM	KPPRA, DOH, PWD					
2. Include this status update when conducting training/capacity building programs for public entity staff	MEDIUM	KPPRA, DOH,PWD					
3. Prepare a document which details the policy perspective relating to each indicator and sub indicator under this Pillar for the benefit of all public procurement entities	MEDIUM	KPPRA,DOH, PWD					
4. Update relevant documents including dispute resolution procedure included in the proposed Procurement Guideline	MEDIUM	DOH,PWD					

ANNEX I - DRAFT PROPOSED MODEL FOR PROCUREMENT INTEGRATION

Department of Health – Province of KHYBER PAKHTUNKHWA

Currently, procurement is fragmented at DOH and it is not gaining efficiencies, resource wise, both from the perspective of financial resources and human resources and not benefitting from its buying power. There is also no assurance that quality of products procured by different DOH entities are subject to the same quality control measures. The present practice of establishing rates lists for medicines, medical supplies and routinely used medical/health equipment is not based on a demand forecast, and the use of these lists is not mandatory across all DOH entities.

Rather than achieving procurement integration through a centralization process, the proposal made is to achieve the desired outcome through a coordination process that will yield greater efficiencies and benefits for the DOH and its many entities.
The conceptual model that is proposed will leave intact the active involvement of all entities in:

(a) Determining their demand data
(b) The products and services they wish to purchase
(c) Determining rates and suppliers for the medicines, medical supplies
(d) Procurement Cell to procure all specific DOH requirements of medical/health equipment currently appearing in the rates lists through a bidding process
(e) The flexibility for the entities to procure items that are not included in the rates lists and any specialized items through a process of collective cooperation, collaboration and coordination
(f) The flexibility to procure emergency supplies up to a pre-determined amount.

The following key recommendations are made to ensure the above is achieved.

A) Operational

1. In order to achieve overall efficiencies and prices commensurate with demand quantities across all entities of DOH, a very fundamental proposal is made to introduce a unique item numbering system for all items procured by DOH entities. The numbering system will be centrally managed and no DOH entity should procure an item which does not have a unique item number.
2. Inclusion of items in the rates lists to be done by a committee comprising of a cross section of representatives of different DOH entities. The objective here will be to ensure as many medicines, medical supplies, medical/health equipment and any other routinely used health products are included in the rates lists. The use of these rates lists by **ALL** DOH entities will thereafter be made mandatory.

3. When inviting prices for items in the rates lists through open tenders, an indicative demand quantity should be provided for each item.
   All DOH entities will be able to provide this data from their procurement plans, and once a unique item number is in place, information could be collected across all entities using a MIS.
4. The procurement of items, particularly specialized items required for example by teaching hospitals, will be procured through a pooled procurement process that is cooperative, collaborative and coordinated. In this option, all teaching hospitals will be called upon to discuss the procurement of such special items on their procurement plans on a collective basis and the group of such hospitals would make a decision which institution would be actually undertaking the pooled procurement process of one or more of the special items on behalf the institutions.

   The coordination process will be assisted by the proposed DOH Procurement & Supply Chain Management Unit (see below). The objective here is for the teaching hospitals to pool their resources and requirements and secure best value for money outcomes more efficiently and effectively. One of the positive outcomes would be that each teaching hospital will not be procuring the same item only for themselves, but will pool their needs of the same item and procurement will be done by one teaching hospital on behalf others in the pool.
5. The other option available to pursue the above cooperative arrangement described in point 4 will be for the proposed DOH Procurement & Supply Chain Management Unit to undertake the procurement process for such pooled items on behalf of the teaching hospitals.
6. A concerted effort to be made to maximize the procurement of medicines, medical supplies and medical/health equipment by other entities like DHOs, primary care and secondary care hospitals, vertical programs, teaching hospitals etc. by including as many routinely procured items in the MCC and PC rates lists.
7. DOH Procurement should introduce a set of Key Performance Indicators (KPIs) to measure and monitor procurement performance in all procurement entities. The results should be reportable to the DGHS and the Secretary Health. More details on typical procurement KPIs is given on pages 28 to 30 in this document.

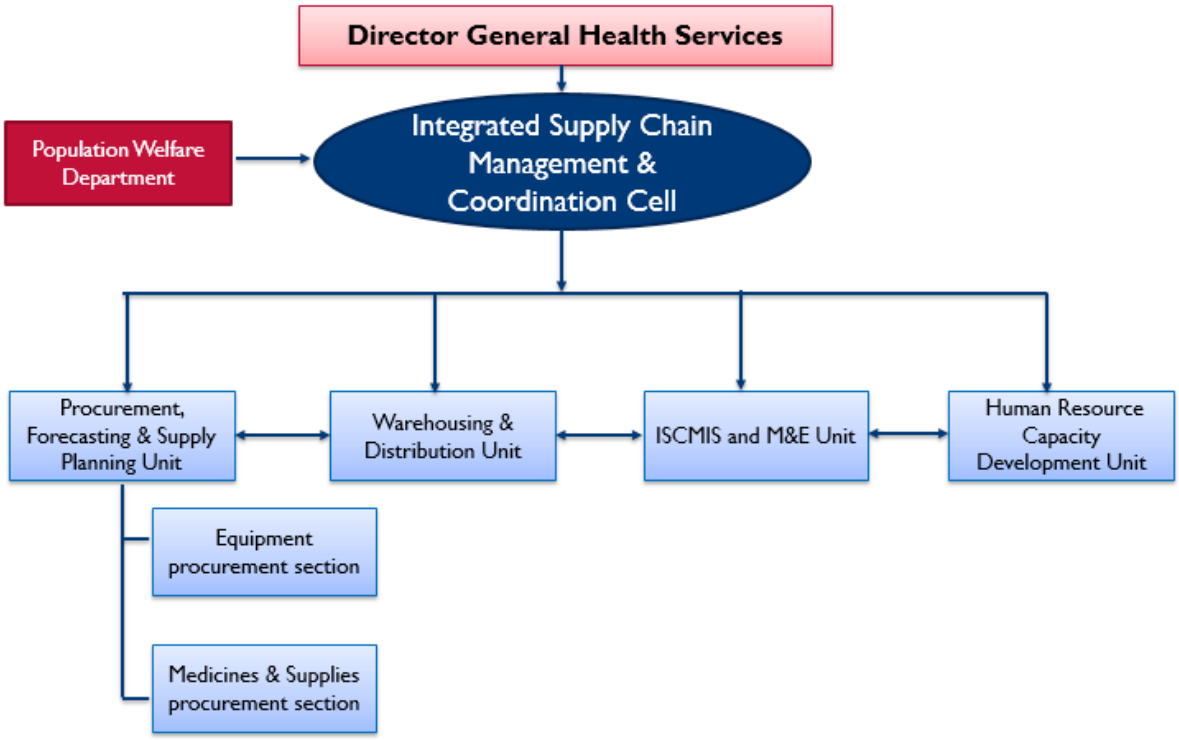
C. Structural

1. Include the following within the Integrated Supply Chain Coordination Mechanism
   a. Medicines Coordination Unit
   b. Procurement Unit
   c. CCSMC –(Contract Coordination and Supplier Monitoring Unit)

While the MCC and PC are existing Cells, they could be redefined as Units and continue to perform their allotted functions, the CCSMC –(Contract Coordination and Supplier Monitoring Unit) would be a new Unit.

The **CCSMU** will coordinate procurement contracts and will also monitor supplier performance in all DOH entities. The modality of doing this and the tools that will be needed to do it will have to be worked out.

2. Teaching hospitals to establish a formal committee to be responsible for including as many routinely used medicines, medical supplies and medical/health equipment products in MCC and PC rates lists
3. This same committee should consider specialized items to be procured by all the teaching hospitals, and by co-opting specialists in different disciplines, consolidate the combined list of specialized items, and assign the task of managing the procurement process either to a member teaching hospital of this committee, or to the DOH Procurement & Supply Chain Unit. This structure is generally consistent with the structure proposed in the KP Forecasting & Supply Chain Strategy 2017-2022 document as noted below. The additions are the two units (CCSMU and SCCU) to monitor contract & supplier performance which is a vital procurement management requirement, and the supply chain coordination unit.



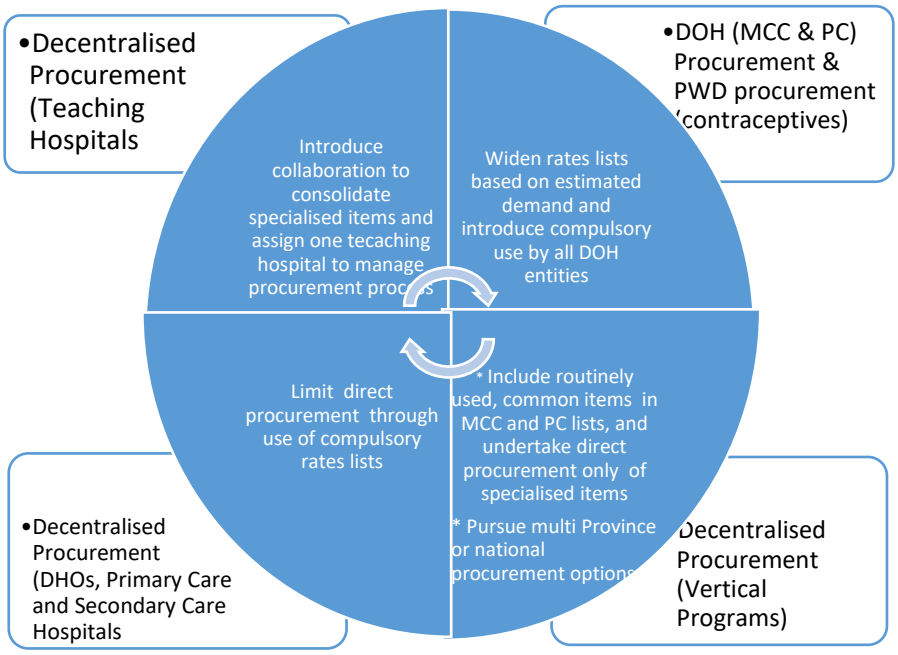
C. Capacity Building & Management Information Systems

The success of procurement integration will depend to a large extent on

a) The capacity and ability of staff engaged in procurement & supply chain management to drive the integration process.

In this regard, as mentioned in the MAPS recommendations, DOH will have to develop a long term plan (3-5 years) to capacity build existing procurement staff in DOH, and also have an on-going program to train new staff who will be joining DOH and who will be assigned procurement responsibilities.

b) The introduction of a computerized management information system to track activities of the supply chain. This may be achieved by having one system with several modules to cater to different components of the supply chain, or have separate systems that cater to the different components. Either way, the fundamental need will be to transact and record information in an appropriate computerized MIS. Such a system should also have a Dashboard for senior management to apprise themselves of the status and progress of the different components of the supply chain at summary level. It is possible that the Procurement Management Tool ProMISH will meet these requirements. The following diagram illustrates conceptually how functional procurement integration could be achieved and the four outer boxes that represent the fragmentation of procurement may be integrated by taking steps as shown in the four sections of the circular middle section.



Considering that procurement activity cannot be taken in isolation of the broader supply chain, the proposed DOH Procurement and Supply Chain Coordination Cell will have separate Cells to manage activities assigned as shown under structural recommendations

ANNEX J – FULL LIST OF DOH PROCUREMENT ENTITIES

1. Directorate General Health Services (DGHS), Department of Health, KP
    (a) Procurement Cell
    (b) Medicine Coordination Cell (MCC)
2. Executive District Officer Health (EDO-H) – 25 Districts
3. District Headquarter Hospitals (DHQs) – 25 Districts
4. Vertical Programs/Projects
    (a) Maternal Natal & Child Health Program
    (b) National Program for Family Planning & PHC (LHW Program)
    (c) EPI
    (d) TB Control Program
    (e) Roll Back Malaria
    (f) PM's Program for Hepatitis
    (g) PACP / HIV
5. Autonomous Medical Institutions (AMIs)
    (a) Khyber Teaching Hospital (KTH), Peshawar
    (b) Lady Reading Hospital (LRH), Peshawar
    (c) Hayatabad Medical Complex (HMC), Peshawar
    (d) Ayub Teaching Hospital (ATH), Abbottabad
6. Medical Colleges
    (a) Khyber Medical College (KMC), Peshawar
    (b) Ayub Medical College (AMC), Abbottabad
    (c) Khyber Girls Medical College (KGMC), Peshawar
    (d) Khyber College of Dentistry (KCD), Peshawar
    (e) Bacha Khan Medical College, Mardan
    (f) Swat Medical College, Saidu Sharif, Swat
    (g) Kohat Institute of Medical Sciences, Kohat
    (h) Bannu Medical college, Bannu
    (i) Khyber Medical University
7. Integrated Health Unit
8. Provincial Hospitals
    (a) Mardan Medical Complex, Mardan
    (b) Maulvi Ameer Shah Qadri Women & Children Hospital, GT Road, Peshawar
    (c) Sifwat Gahyoor Memorial (Infectious Diseases) Hospital, Haji Camp, Peshawar
    (d) Naseer Ullah Babur Hospital, Kohat Road, Peshawar
    (e) Govt Maternity Hospital, Hashtnagri, Peshawar
    (f) Institute of Kidney Diseases, Hayatabad, Peshawar
    (g) Govt Mental Hospital, Peshawar
    (h) Khalifa Gulnawaz Memorial Hospital, Bannu

ANNEX K- SUGGESTED ITEM NUMBERING PROTOCOL FOR MEDICINES

Formulary Classification	Formulary Name	Drug Name	Strength	Dosage	Volume	Pack Size	UNIQUE ITEM NUMBER
00 (up to 99 classifications)		0 (up to 9 drug names possible under each classification for each drug	0 (up to 9 strengths possible for each drug under each classification	0 (up to 9 dosages possible for each drug under each classification	0 (up to 9 volume differences possible for each drug under each classification	0 (up to 9 pack sizes of the same item possible)	
01	**AMOEBICIDES**	Metronidazole	100 Mg	Tab	N/A	Example, Pack of 100 tabs	01-1-1-0-1
						Example Pack of 200 Tabs	01-1-1-0-2
		Metronidazole	400 Mg	Tab	N/A	Example -Packs of 100	01-1-2-0-1
		Metronidazole	200mg/5ml	Suspension	60 ML	Each	01-3-2-1-3

ANNEX L –WORLD BANK FRAMEWORK AGREEMENT MODEL

(Designed for World Bank Procurement Regulations for IPF Borrowers)

Framework Agreements

1. Purpose

1.1 This Annex supplements the provisions of Paragraphs 6.57 to 6.59 (FA for Goods, Works and Non-consulting Services), Paragraph 7.33 (FA for Consulting Services), and describes the minimum requirements for establishing a FA for contracts financed by the Bank through IPF.

2. Requirements

2.1 A Borrower may establish a FA with firms that are capable of delivering specified Goods, Works, Non-Consulting Services and/or Consulting Services agreeing, in advance, the applicable terms and conditions. These usually include the fees, charge rate or pricing mechanism.

2.2 FAs may be pre-existing to an IPF operation or newly established under an IPF operation. To be used for an IPF operation:

a. Pre-Existing: the Bank shall be satisfied a pre-existing Borrower's FA is consistent with the Bank's Core Procurement Principles; or

b. New: a new FA established by the Borrower shall meet the requirements of these Procurement Regulations.

2.3 Firms awarded a FA (FA firms) have no guarantee of any call-off contracts. The number of firms awarded FAs should be proportionate to the anticipated demand. This allows all FA firms an opportunity to be awarded a call-off contract.

3. Parties

3.1 A FA can be concluded with a single provider or with several providers, for the same Goods, Works, Non-consulting Services, or Consulting Services. The Borrower shall decide on the appropriate strategy based on the market conditions and its requirements.

3.2 FAs shall only be used between the Borrower's procuring entity/s and the FA firm/s. When several procuring entities establish a FA together, a lead entity is appointed to act on behalf of the group of entities. Each entity in the group is identified in the request for bids/request for proposals documents at the time of going to market. Each individual procuring entity shall be specified in each call-off contract.

4. Establishing the FA

4.1 In order to establish a FA, the Borrower shall use open competitive procurement with appropriate request for bids/request for proposals documents. Once a FA is established, the Borrower does not need to openly advertise individual contract opportunities to be awarded as call-offs.

4.2 The additional information in the request for bids/request for proposals documents shall include as a minimum:

a. a description of the Goods, Works, Non-consulting Services or Consulting Services that the FA is intended to cover;

b. an estimate of the total volume/scope of the Goods, Works, Non-consulting Services or Consulting Services for which call-off contracts may be placed and, as far as possible, the volume/scope and frequency of the call-off contracts to be awarded under the FA;

c. qualification and evaluation criteria and, evaluation methodology;

d. the terms and conditions of contract that will apply to call-offs under the FA, which shall include the following information:

i. a statement that the fees, charge rate or pricing mechanism, and any other associated costs shall be agreed with each firm, and be valid for the term of the FA;

ii. a statement that explains that the Borrower will engage FA firms as required, through call-off contracts;

iii. a statement that the FA is:

- a closed panel (which should normally be the case), and the constitution of the panel shall remain unchanged during the term of the FA (other than firms being removed from the panel, no additional or replacement firms may be added); or
- an open panel and an outline of the process for selection;

iv. a statement that there is no guarantee of being awarded a call-off contract, and no commitment will be made with regard to possible volume of Goods, Works, Non-consulting Services, or Consulting Services;

v. a statement that the FA is not an exclusive agreement and that the Borrower reserves the right to procure the same or similar Goods, Works, Non-consulting Services, or Consulting Services from non-FA firms;

vi. a description of the circumstances that may lead to a firm being removed from the FA, and the process to be used in securing the removal;

e. the secondary procurement method or methods the Borrower shall use to select a firm (the call-off process);

f. the contractual method the Borrower will use to secure the call-off contract (for example, a statement of work or purchase order); and

g. the duration of the FA, including any option to extend. FAs shall be established for a maximum period of three (3) years, with the option to extend by up to a further two

(2) years, if the initial engagement has been satisfactory. 4.3 The Borrower shall issue a Notification of Intention to conclude a FA (in conformance with Paragraphs 5.72 to 5.77 (Notification of Intention to Award), and a Standstill Period shall apply at the time when the FA is established. A public notice of the conclusion of the FA shall be published when the FA is established, as per Paragraphs 5.93 to 5.95 (Contract Award Notice). This shall list the names of all firms that have been included in the FA.

5. Call-off Contracts

5.1 For each procurement under a FA, a firm shall be selected from the panel using the secondary procurement process, or one of the processes, described in the FA.

5.2 The secondary procurement for the call-off process shall take one or, as an option both, of the following forms:

a. mini-competition based on objective criteria for call-offs that have been described in the FA, such as:

i. competitive quotes (RFQ - from some or all of the panel members) based on the lowest evaluated cost;

ii. competitive Bids or Proposals (RFB or RFP from some or all of the panel members), based on expertise, proposed solutions and value for money; and/or

b. direct selection based on objective criteria for call-offs that have been described in the FA, such as;

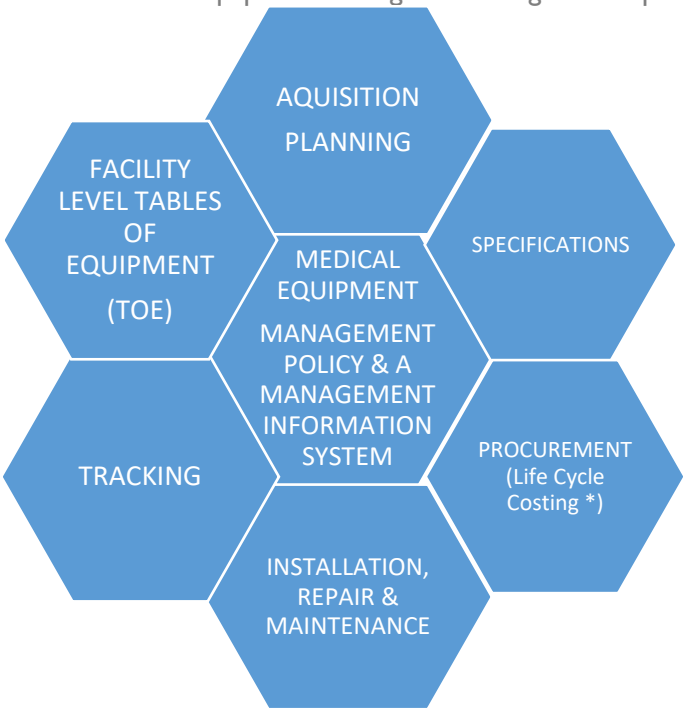
i. location where call-off contracts are awarded to the firm that is best able to deliver based on their location and the location where the Goods, Works, Non-consulting Services, or Consulting Services are to be delivered.

ii. balanced division of supply/scope/task where an upper value limit is fixed and call-off contracts are awarded in turn on a rotational basis when a firm reaches the upper value limit;

5.3 As part of the call-off process, firms shall be given a description of the scope of supply/tasks that they will be expected to provide. The statement of work or purchase order to be issued as part of the call-off process shall specify the objectives, tasks, deliverables, timeframes and price or price mechanism. The price for individual call-off contracts shall be based on the fees, charge rate or pricing mechanism detailed in the FA.

ANNEX M - A DRAFT CONCEPT PAPER FOR A MEDICAL EQUIPMENT MANAGEMENT PROGRAM (MEMP)

The purpose of this document is to present a conceptual outline for a medical equipment management for the public health sector. It identifies the key components of such a program, their key functions and their inter relationships. A policy framework will apply to all these components. It is expected that a more structured and coordinated mechanism will assist in improving the quality of healthcare services provided by entities of the Ministry of Health. The mechanism will also provide capacity building training courses and workshops at the decision-making level and technical training at the user level. As an extension to this, a more structured mechanism will also provide opportunities for MOH to work with technical and tertiary teaching institutions to develop programs for Bio Medical Engineers and Bio Medical Technicians who could be employed by MOH to sustain and improve the mechanism proposed. The essential components for a Medical Equipment Management Program are perceived as follows



*LIFE CYCLE COSTING INCLUDES (a) Cost of installation (b)Cost of maintenance (c)Cost of consumables

The need for all these components to work in sync is emphasized as the practice currently in place has several inefficiencies arising from practices that are not linked and not coordinated. This has resulted in equipment procured remaining uninstalled for long periods of time due to various factors including installation locations not being ready or even planned at times, equipment not maintained due to absence of maintenance agreements with suppliers, repairs not done due to dysfunction in the mechanism for repairs, and the location or functionality of equipment remaining unknown to senior managers within MOH

The key outcomes of these components are summarized below.

1. Facility level equipment lists (or Table of Equipment – TOE)

Tables of Equipment developed will indicate the standard list of equipment that each level of health facility should have based on the services provided by the health facility. If a facility wishes to procure any item of equipment in excess of the TOE for it, they will be required to seek prior approval from an officer designated by the Secretary/Director General of Health.

2. Acquisition Planning

As a pre requisite to procuring any item included in a TOE, a facility will be called upon to undertake an acquisition planning process. A form will be developed for this purpose. Acquisition planning will be basically to ensure that all infrastructure and ancillary requirements for the installation and commissioning of the item of equipment to be procured will be considered, budgets identified in the Operational Plans, and persons or entities responsible for each activity in the planning document are identified and their participation acknowledged. The Acquisition Planning document will be made a compulsory document to seek procurement of an item of equipment included in the TOE.

3. Specifications

Each item identified in TOE's will have a standard, generic specification, and a unique code number to identify it. These will be contained in a central product specification database. Entities that wish to procure an item of equipment from a TOE will have to indicate the unique code number for the item of equipment they wish to procure when submitting a request for procurement along with the Acquisition Planning document. Specifications will also include other procurement considerations that are noted below under (4).

4. Procurement

Equipment procurement will be carried out on the basis of life cycle costing. This means that procurement will not be done on the basis of the lowest quoted price but on the basis of the lowest total cost. This cost will include (a) the basic cost of the item of equipment and where applicable, (b) cost of installation, (c) the cost of maintenance and (d) the cost of consumables. Items (b), (c) and (d) will be applicable for most Bio Medical Equipment. Bid conditions for procurement of equipment will require bidders to submit pricing in respect of these costs, and bid evaluations will consider these in addition to other bid conditions. An equipment bid evaluation template will be developed and will form part of the bid documents giving notice to all bidders as to the method of evaluation.

5. Installation, Repair & Maintenance

While installation and commissioning of biomedical equipment should be made the responsibility of the suppliers of equipment, and maintenance during a warranty period should also be a similar responsibility wherever possible and appropriate through the procurement process, routine upkeep and repair of equipment will be undertaken both in house by an entity of the DOH and by an external entity or entities through an outsourcing process. It is expected that initially, considering the shortage of qualified Bio Medical engineers and Bio Medical Technicians in the public health sector, only relatively minor repairs of equipment beyond the warranty period of an item will be undertaken in house. A table of such repairs will be developed. Framework contract/s for bio medical equipment repairs will be required for all repairs outside the table of repairs that will be carried out in house. This policy will be reviewed periodically and changes considered depending on the progress of the Bio Medical Engineering capacity building plan that will be developed and implemented by DOH.

6. Tracking

A DOH equipment database will be developed as a prelude to a tracking mechanism. This database will provide information on equipment presently located in health facilities, and new items procured. The location, status of the item (whether functioning or not), when procured, duration of the warranty period, make, model, manufacturer, supplier, unit cost, total life cycle cost, and other relevant information will be recorded in the database. If an item of equipment is moved from one location to another within the facility or outside it, a procedure will be developed to provide that information to the central database. The following three major components will support all the other components listed above

A. Medical Equipment Management Policy

A policy document will be developed identifying the policy and procedure in respect of all 6 components noted above. This policy document will guide the management of bio medical equipment within MOH. The entirety of the seven components, including the seventh component, will comprise the Medical Equipment Management Program (MEMP) of DOH.

B. A Management Information System

An online management information system that includes a functionality to track equipment, to undertake asset management, acquisition planning, develop equipment replacement programs and retains standard generic specifications for items in Tables of Equipment (TOE), to record spare part stocks and inventory planning will be developed.

C. Capacity Building

The capacity building element will cover all components. This will include a medium to long term program to increase the number of qualified Bio Medical Engineers and Bio Medical Technicians in the country. It will also include an ongoing training program for currently available technical staff who may not necessarily be qualified and trained Bio Medical Engineers or Bio Medical Technicians. It is expected that the introduction of the Medical Equipment Management Program (MEMP) will include the following and will be carried out over 4 years.

Year	Key Activities
1	1. Develop Tables of Equipment (TOE) 2. Develop an Acquisition Plan Template 3. Complete specifications for items in TOE and including them in the DOH MIS 4. Complete bidding documentation including standard conditions for bid pricing for equipment reflecting Total Life Cycle Costs, and a Bid Evaluation Template for equipment. 5. Develop a policy document incorporating the above as well as the policy on repairs and tracking 6. Conduct training to decision makers and procurement staff on all of above
2	1. Introduce the new procurement policy that requires all equipment procurement to be accompanied by an acquisition plan, bid evaluation based on total life cycle cost, item specifications as per generic specifications in data base 2. Develop a Standard Operating Procedure (SOP) outlining the entire procurement process including acquisition planning and budgeting. 3. Conduct training on the SOP to all relevant staff 4. Commence a baseline survey of available equipment in all health facilities in the country. Their location, status (whether functional or not) make, model, year of purchase and other relevant items will be included in the survey. 5. Develop a Bio Medical Engineering Capacity Development Plan and commence implementation 6. Commence development and implementation of Framework Contracts for equipment maintenance and repair.
3	1. Complete the situational analysis and submit report on a. List of equipment in health facilities, their functional status, make, model, year of purchase etc. b. The possibility/feasibility of repairing functional items. c. A report on equipment availability gaps/excesses as per TOE. d. A list of equipment that needs to be procured to comply with the TOE. e. The development of a budget for the procurement of the equipment identified and the repair of serviceable items. f. A statement on availability of appropriately skilled persons to operate and maintain the equipment in each facility, with recommendations as to how operations and maintenance could be carried out in case in house personnel are not available. 2. Develop an action plan for the procurement, installation, maintenance of bio medical equipment as per the table of equipment (TOE), and as per the findings of the baseline survey, incorporating in addition, an equipment replacement program based on the cost effective life cycle of the product and/or technology advances. 3. Develop a computerized asset management and tracking system for bio medical equipment and spare parts for major items of bio medical equipment and ensure this is regularly up-dated.
4	1. Commence implementation of the elements of the action plan for MOH Bio Medical equipment Management, not yet implemented. 2. Develop a computerized equipment maintenance schedule that is used in each health facility to ensure timely maintenance of health facility equipment; 3. Develop an inventory control system for essential spare parts and consumables of bio medical equipment to ensure supplies are procured (or sourced) in a timely fashion, whether through departmental budgets or from donors; 4. Develop a policy document on donations of equipment to make sure the equipment to be donated meets the policy settings associated with the MEMP.

U.S. Agency for International Development
1300 Pennsylvania Avenue, NW
Washington, D.C. 20523
Tel.: (202) 712-0000
Fax: (202) 216-3524

www.usaid.gov