



Assessment of the Procurement System and Capacity of the Health Department Government of Sindh

صحت زندگی

Over the last few years Pakistan, like other South Asian countries has allocated a sizeable amount of budget for health sector. The health expenditure over the last seven years i.e. since 2007-08 (Rs.60 billion) to 2013-14 (Rs.102 billion) witnessed a growth of 10 percent per annum.

Sindh, the second largest province of Pakistan with the current progressive state is still unlikely to achieve Millennium Development Goals (MDGs) as discrepancies have been observed along rural and urban areas. In view of the given scenario, Sindh Government has prioritized its concern by allocating Rs. 13.2 billion for its Annual Development Programme (ADP) 2014-15 to provincial health department. Henceforth, It is of due importance on the Government part to introduce a procurement framework that replaces plethora of regulations with uniform, standardized and predictable procurement systems as well as provide a level playing field to the private sector participants and safeguard their legitimate interests. Sindh Government realizes the core concerns with regards to the effective and transparent procurement system which would facilitate them to invest in healthcare without any hesitations.

Thus an assessment of existing procurement system was carried out with the assistance of Technical Resource Facility (TRF) to identify challenges and develop strategies for the improvement of procurement system. During the review of HSRS it was observed that DoH has Procurement, Monitoring, Inspection Cell (PMIC) who is working for monitoring and vigilance under the Additional Secretary Health.

extended to the Autonomous Medical Institutions (AMIs) vertical Programmes and the district health entities.

3. Integrity of the Public Procurement System

All the entities were assessed with an aim to see whether they fulfill the legal requirements of transparency with adequate controls and oversight mechanism.

Key Areas of Public Procurement System

The situation analysis of the existing procuring agencies was made keeping in view the four key areas of public procurement system:

1. Legislative and Regulatory Framework

Assessment of the Sindh Public Procurement Law and efficacy of the regulatory framework in place was conducted with an objective to provide possible improvements. Moreover, Sindh Public Procurement Regulatory Authority and its management capacity were also (SPPRA) reviewed that might be needing assistance or attention.

2. Institutional Framework and Management Capacity

Review was done to look at the DOH institutional framework which included assessing the Department's ability to undertake its mandate in carrying out procurements. Besides, their management capacity was also evaluated strictly with reference to procurements and its understanding of procurement related principles, laws and regulations by all those responsible for carrying out procurements. Furthermore, it was

Assessment Methodology

(SPPRA) standards were considered as a benchmark for evaluating the individual procurement steps. This assessment methodology has been retained for Sindh on the premise that SPPRA represents an efficient and transparent standard.

Initially, the procurement of Health department was carried out through industries & finance department. In the year 1991, the Government of Sindh de-centralized the purchases and the departments were authorized to make the procurement at their own. The Health Department initiated the procurement procedure through broad based Formulary Committee and officers detailed from the Directorate of Industries, to ensure transparent, quality and economical purchases.

The procurement steps are evaluated against the parameters of efficiency, economy, transparency and value for money as shown in the Table 1.

The shortcoming in each step has been highlighted with the level of risk involved. The risk parameters follows Department For International Development (DFID) risk assessment methodology which indicates red for high risk, amber for moderate risk and green for low risk and white for no risk (Table 1).

Table 1: Risk Assessment, Sindh DoH

S. No	Maintenance of record	Conformity with SPPR	Efficiency	Economy	Transparency	Value for Money
1	Procurement Planning					
2	Announcement of procurement plan					
3	Specifications					
4	Approval Mechanisms					
5	Advertisements					
6	Response Time					
7	Pre-qualification					
8	Qualification/Disqualification/Blacklisting					
9	Open-competitive Bidding					
10	Formulation of Bidding Documents					
11	Bid security and Bid Validity					
12	Opening of Bids					
13	Technical Evaluation					
14	Evaluation of Financial Bids					
15	Announcement of Evaluation Reports					
16	Acceptance of Bids					
17	Performance Guarantee					
18	Bar on Limitation					
19	On Accounts Payments					
20	Maintenance of record					
21	Freedom of information					
22	Redressal of Grievances and settlement of Dispute					
23	Contracts					
	Legend		No Risk	Low Risk	Moderate Risk	High Risk

Risks Mitigation Strategy

Assessment of procurement procedure carried out by various procuring agencies of Health Department suggests that action plan should contain short and long term strategies for the sustainability of procurement system of health department.

Short Term Strategy

- Holding of orientation workshops for the staff involved in the procurement system
- Hand on technical support in preparation of Notice Inviting Tenders (NIT), format for procurement Plan and Bid Evaluation reports
- Constitution of Centralised Rate Contract (CRC) in light of rule 31 of SPPR 2010 in disposal of complaints Sindh Public Procurement Regulation (SPPR)

Workshops have been organized by TRF in every divisional headquarters to provide on job support by extending sample forms of Procurement Plan, NIT, and Bid Evaluation forms designed by SPPRA. The soft and hard copies of SPP Act 2009 and SPPR 2010 were shared with all participants for their reference.

Long Term Strategy

Health Department has already launched Health Sector Strategy (HSS) in which it is introducing centralized rate contract for the whole province to harmonize the procurement.

Health Procurement Strategy

The strategy aims at strengthening of a Procurement unit within the health department that shall be the parent organization for establishing standards, regulating the quality of Products and services that shall be applicable for all DoH procuring institutions. The strategy further details out various other measures to be

taken by the DoH for Procurements that have been proposed as follows:

- Administrative measures
 - Setting up of Procurement unit in DoH.
 - Institution of pre-qualifications
 - Standardization of safety of medical device.
 - Amendments in SPPRA Rules.
 - Reinstitution of Product vocabularies/formularies and developing product specifications

- ii. Development of documentation and SOP, for procurement.
- iii. Training /capacity building.
- iv. Strengthening Transparency & oversight

Recommendations for Action

After analyzing the existing structure the following recommendations are suggested to improve the procurement system:

a. Redesigning of existing Procurement Unit

In order to strengthen the procurement system the Procurement Unit needs to be redesigned which will perform the following tasks:

- Regulate Health sector procurements through Standardization and pre-qualification (SPPRs are amended).
- To develop, disburse and improve all the SOPs for procurement processes.
- Provide Technical Support to all procuring entities through development of guidelines, formats, necessary documentation required for different levels and kinds of procurement.
- Develop technical, legal and commercial standards for health procurements.
- a Technical Support Hub for all health sector procurement activities.
- Monitor on-going procurements of all procuring entities.
- Disseminate all relevant procurement related information to the stakeholders.

b. Institution of Pre-qualification

Principally, DoH should introduce pre-qualification procurement requirements according to the category and complexity of the procurement for

improving the system leading to better effects on evaluations and delivery related issues. Pre-qualifications have been barred by SPPRA whereas, for health care procurements this is an essential requirement for ensuring quality products with reliable suppliers.

c. Development of Documentations and Processes

A set of documents need to be developed in case of requirement where pre-qualifications do not exist for official use. Health department are gradually adapting their respective procurement procedures aligned with the requirements of SPPR. It is recommended that to enhance efficiency and uniformity Standard Operating Procedures (SOPs) shall be followed.

d. Training/Capacity Building

Training interventions and capacity building measures are extremely significant to institutionalize procurement trainings. Health officials have to undergo compulsory trainings as per the requirements of the Government. It is recommended that a course on procurements according to the level of officials should be introduced in the curriculums.

e. Strengthening Transparency and Oversight

Public sector procurement systems depend upon high level of transparency. In DoH and its procurement entities this aspect has been found subdued. Administrative oversight is needed to provide in-depth understanding of matters related to Procurement. The SPPRA Act and Rules stress on maximum access to the procurement information which includes announcement of procurement plans, announcement of evaluation results and award of contracts in an appropriate manner. It is recommended that announcements be made uniform through notified instructions and formats. As soon as the contract has been awarded all documents related to evaluations and award of contract are to be made public reflecting the aspect of transparency.



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