

Procurement Support Services to the Ministry of Health of Ukraine

Achievements in procurement in 2015

November 2016
Kyiv, Ukraine

ZAFAR YULDASHEV,
PROJECT COORDINATOR



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Project Background



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27 October 2015 - MOH signs Agreement with UNDP to provide procurement support services by up to 27 million USD:

1. Test systems for the diagnosis of HIV, ARV maintenance and monitoring of HIV infection, determination of virus resistance, organization of referent studies
2. Medicines for children with orphan diseases
3. Medicines for treatment of tuberculosis
4. Tests, consumables for diagnostics of tuberculosis
5. Medicines for children with hemophilia A and B or Willebrand disease
6. Medicines for children with chronic viral hepatitis
7. Medicines for patients with viral hepatitis B and C

17 December 2015 - MOH signs Agreement II with UNDP to provide procurement support services by up to 11 million USD:

8. Centralized procurement of immunological products for the immunization of the population

UNDP Challenges

- Extreme stock out situation of medicines and medical products
- Lack of clear requirements (absence of technical specifications)
- Different expectations of the parties (CSOs, MOH, pharmaceutical companies)
- Numerous media attacks misinterpreting the facts
- Short time to conduct procurement and delivery
- Resistance at different levels
- Attempts with tender complaints which affected the progress
- Issues with exemption from VAT for local distributors
- Authorities were not experienced with amended legislation, which caused delays in registration of non-registered products

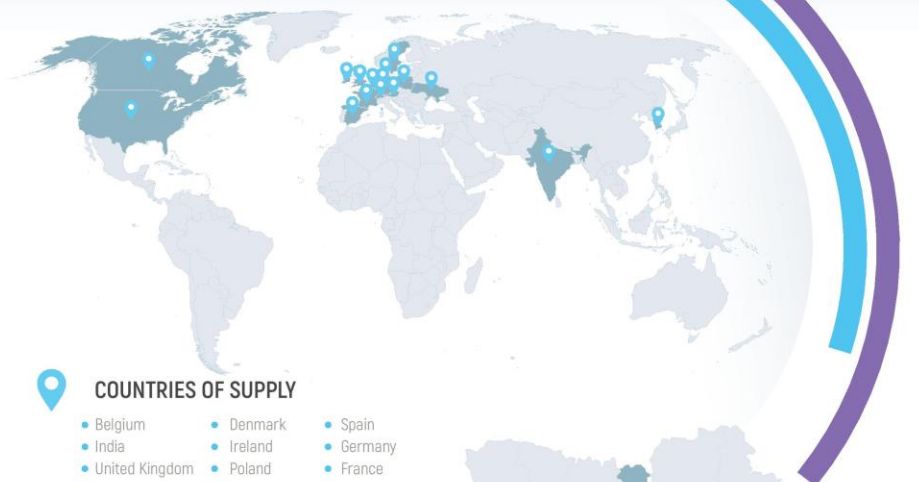


Achievements to Date



PROCUREMENT SUPPORT SERVICES TO THE MINISTRY OF HEALTH OF UKRAINE 2015

BUDGET
TOTAL CONTRACT AMOUNT
SAVINGS (LEFTOVERS)



COUNTRIES OF SUPPLY

- Belgium
- Denmark
- Spain
- India
- Ireland
- Germany
- United Kingdom
- Poland
- France
- USA
- Austria
- Canada
- Sweden
- Korea
- Switzerland

UKRAINE

- Uman, Ukraine
- Kyiv Ukraine
- Ukraine, Kyiv region, Kiev-Sviatoslyn district, town Vyshneve

Total Budget amount, USD
\$ 39 243 028,80

Total Contracts amount, USD*
\$ 32 868 050,19

Savings (leftovers), USD
\$ 4 123 546,78

* This figure is excluding in-country logistics charges and GMS.

DELIVERY PROGRESS



99,5% Delivered %
(in monetary value)

TUBERCULOSIS MEDS



- Budget, USD
9 017 693
- Total contract amount, USD*
6 969 212
- Savings (leftovers), USD
1 710 000

* This figure is excluding in-country logistics charges and GMS.

100% DELIVERED % IN MONETARY VALUE

HEMOPHILIA MEDS



- Budget, USD
7 310 450
- Total contract amount, USD*
6 852 344
- Savings (leftovers), USD
14 200

* This figure is excluding in-country logistics charges and GMS.

100% DELIVERED % IN MONETARY VALUE

ORPHAN MEDS



- Budget, USD
900 900
- Total contract amount, USD*
562 642
- Savings (leftovers), USD
302 000

* This figure is excluding in-country logistics charges and GMS.

100% DELIVERED % IN MONETARY VALUE

VACCINES



- Budget, USD
11 311 917
- Total contract amount, USD*
9 137 679
- Savings (leftovers), USD
1 389 000

* This figure is excluding in-country logistics charges and GMS.

100% DELIVERED % IN MONETARY VALUE

TB TESTS



- Budget, USD
537 639
- Total contract amount, USD*
507 181

* This figure is excluding in-country logistics charges and GMS.

92% DELIVERED % IN MONETARY VALUE

HIV DIAGNOSTICS



- Budget, USD
4 328 446
- Total contract amount, USD*
3 529 455
- Savings (leftovers), USD
524 000

* This figure is excluding in-country logistics charges and GMS.

97% DELIVERED % IN MONETARY VALUE

ADULT HEPATITS



- Budget, USD
5 475 621
- Total contract amount, USD*
5 040 145
- Savings (leftovers), USD
114 000

* This figure is excluding in-country logistics charges and GMS.

100% DELIVERED % IN MONETARY VALUE

CHILDREN HEPATITS



- Budget, USD
360 360
- Total contract amount, USD*
269 389
- Savings (leftovers), USD
70 000

* This figure is excluding in-country logistics charges and GMS.

99% DELIVERED % IN MONETARY VALUE

Committed Use of Savings



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UNDP saved USD 4 million from this year's procurement cycle under State budget 2015, and uses these savings to extend procurement of additional medicines and medical supplies. The delivery of around 60% of additional medicines is expected by the end of 2016

Programme	Total amount of contracts, USD*	Number of items to be procured
Vaccines	1,383,000 USD	1
Anti-TB medicines	1,597,000 USD	17
Hemophilia	14,000 USD	1
Orphan diseases	298,000 USD	2
HIV Diagnostics	506,000 USD	24

***including UNDP's General Management Services and logistics charges**

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Introduction to 2016 procurement

November 2016
Kyiv, Ukraine

ZAFAR YULDASHEV,
PROJECT COORDINATOR



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Introduction to 2016 UNDP Procurement



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11 October 2016 - MOH and UNDP signed new Agreement entitling UNDP to procure medicines and medical products under 17 State health programs for a total amount of 48,5 mln USD on the budget year 2016

1. Medicines and medical products for patients in pre- and post-transplant period
2. Chemotherapeutic agents, radiopharmaceuticals and support drugs for cancer patients
3. Reagents for neonatal screening for phenylketonuria and congenital hypothyroidism
4. Medicines for treatment of children with cystic fibrosis
5. Medicines for children with primary immunodeficiency
6. Medicines for children with cerebral palsy
7. Medicines for children with dwarfism
8. Medicines for children with autism
9. Medicines for children with resistant juvenile rheumatoid arthritis
10. Medicines for patients with Gaucher disease
11. Medicines for patients with mucopolysaccharidosis
12. Medicines and medical products for patients with epidermolysis bullosa
13. Medicines for patients with pulmonary arterial hypertension
14. Anti-D immunoglobulin for the prevention of hemolytic disease of the newborn
15. Medicines and small laboratory equipment for female infertility treatment by means of assisted reproductive technologies
16. Medicines for adults with hemophilia
17. Medicines for treatment of patients with multiple sclerosis

UNDP Progress in 2016 Procurement



UNDP procured under 2016 budget

> **7 500 000 USD**

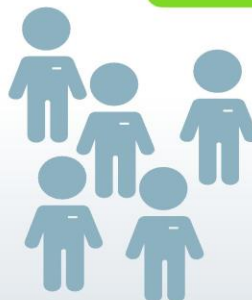
as of 25/11



2-7
weeks



<25 to 40%
(\$3 mln)



saved
lives

Procurement Support Services to the Ministry of Health of Ukraine



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UNDP approach & principles of procurement

November 2016
Kyiv, Ukraine

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Cooperation Objectives: UNDP to...



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- Ensure the cost-effective, transparent and timely procurement of pharmaceuticals/medical products and their delivery to patients in need as an **emergency response to past deficiencies.**
- Transfer knowledge and help MOH **build the structural and human capacity that ensures transparency and cost-effectiveness** in procurement processes, to support reform and ultimately hand procurement over to a new national Procurement Unit.

UNDP Procurement Principles



Best value for
money



Fairness,
integrity and
transparency



Effective
international
competition

Integrity: UNDP Procurement Cycle



UNDP buys goods and services from each of its 166 Country Offices, as well as UNDP Headquarters in New York. Responsibility for procurement is decentralized, meaning that the entire procurement cycle – from sourcing to contract management – is done locally.

3 levels of oversight/contract review committees exist in UNDP. The Advisory Committee on Procurement (ACP) is an independent unit within the Bureau of Management that approves all high-value contracts.

Solicitation Methods Used for Procurement of Medicines

- **Micro-purchasing**
- **Request for Quotation (RFQ)**
- **Invitation to Bid (ITB)**
- **Direct Contracting:**
 - ✓ If single source exists
 - ✓ In case additional quantities of the similar medicines are being procured for the savings accumulated as result of the first rounds of procurement processes and bids for identical requirements have been obtained competitively within a reasonable period and the prices and conditions offered remain competitive
 - ✓ If a formal solicitation has not produced satisfactory results within a reasonable prior period



Some products will be procured via existing corporate **long-term agreements**. Long-term agreement are established by UNDP as a result of an open competition.

Public tender announcements:

- ✓ UNDP Procurement Notices: www.procurement-notice.undp.org
- ✓ United Nations Global Market Place: www.unghm.org
- ✓ UNDP Ukraine web-site:
<http://www.ua.undp.org/content/ukraine/en/home/operations/procurement.html>
- ✓ UNDP Project's web-page:
http://www.ua.undp.org/content/ukraine/en/home/operations/projects/democratic_governance/Medicine_procurement/
- ✓ MoH web-site
- ✓ UNDP official Facebook page
- ✓ LinkedIn
- ✓ APTEKA.UA

- ✓ Potential bidders will be directly mailed and invited for participation in the tenders
- ✓ Tender announcements will be disseminated to the foreign embassies so they could inform their national manufactures about advertised procurement opportunities

Contacts for clarifications: procurement.ua@undp.org

Transparency (cont.)

General conference

Pre-bidding conference: when appropriate, a Pre-bidding conference will be conducted at the date, time and location specified in the **solicitation document**.



Minutes and/or Q&A will be posted on the UNDP website and disseminated to the individual firms who have registered or expressed interest with the tender, whether or not they attended the pre-bidding conference.

Results notification: all contracts above 100 k USD will also be published at UNDP Procurement Notices website.

Tender results will be published at UNDP Project's web-page.

Evaluation Process

1. Preliminary Evaluation of Bids Received

- Bids must be submitted within the stipulated deadline
- Bids must include copy of Bid Security in requested amount (if applicable)
- Bids must meet required Bids Validity
- Bids have been signed by the proper authority
- Bids must include requested forms for bid submission
- Bids must comply with general administrative requirements



2. Technical Evaluation covers 2 general areas:

- Criteria related to a companies' expertise and financial possession
- Criteria related to the compliance of the goods to established product standards
- Criteria related to the compliance of delivery timeframes to those required in the tender document

Evaluation Process (cont.)

3. Financial Evaluation:

- UNDP checks financial bids to detect possible arithmetical errors
- Comparison of bids versus each other (per each item/lot separately)

4. Value for Money Assessment:

- In order to ensure that value for money achieved through an open competitive process or direct contracting modality, UNDP utilize additional sources depending on treatment area



5. Post-Qualification Actions:

- UNDP verify accuracy, correctness and authenticity of the information provided by the bidder on the legal, technical and financial documents submitted
- UNDP verify extent of compliance to the ITB/RFQ requirements and evaluation criteria
- Reference checking with other previous clients

NB: UNDP does not conduct any auction, after suppliers are selected

Contents of Bid



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Bidders are required to complete, sign and submit the following documents:

1. Bid Submission Form
2. Technical Bid
3. Financial Bid
4. Bid Security, if requested
5. Documents Establishing the Eligibility and Qualifications of the Bidder
6. Documents which give evidence of product's responsiveness to established quality standards
7. Commitment letter (if at the moment of the bid submission, the quoted medicinal products are not registered in Ukraine but comply with the quality requirements of ITB/RFQ, a Commitment letter from the bidder acknowledging acceptance of the terms and conditions for undertaking a simplified registration procedure and confirming the ability to comply with submitting the package of documents for state registration will be required)
8. Any attachments and/or appendices to the Bid (including all those required under solicitation document).

- **Bid Security** in the amount established as per tender document, if requested: bank guarantee, which binds an offeror to UNDP and fulfill the commitments they have made in their offer.
- **Performance security** in an amount sufficient to protect UNDP in the case of breach of contract by the Contractor. Where a Performance Security will be required, the submission of the said document, and the confirmation of its acceptance by UNDP, shall be a condition for the effectivity of the Contract that will be signed by and between the successful Bidder and UNDP.
- **Liquidated damages conditions** will be set in each and every tender document in order to mitigate risks of late delivery

Contractual Terms



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- As a result of selection UNDP will issue a **Purchase Order** including UNDP General Terms and Conditions for Goods to the winning bidder/s
- **Currencies:** USD or UAH. International companies will be paid in USD, residents of Ukraine – in UAH. If the bid was submitted in USD, official United Nations Operational Rate of Exchange (treasury.un.org) on the date of payment will be used for currency exchange if contract is issued in USD to local supplier/s
- **Standard UNDP payment terms:** within 30 calendar days after delivery subject to written acceptance of goods duly signed and stamped by UNDP/MoH and provision of original invoice. In case testing is required, satisfactory testing results is a prerequisite for payment release. Progress payments possible in case deliveries spitted into several shipments
- All suppliers will be expected to **deliver the goods** in accordance with their bid and the contractual terms and conditions
- **Liquidated damages conditions** will be included to the contract
- **Performance Security** conditions will be part of the contract (if required)

Conclusion: Success Benefits Everyone

- UNDP procurement has **delivered to expectations** on cost-effectiveness, quality, volumes, transparency and efficiency
- UNDP's transparent procurement processes guarantees **fair competition and fair access** to the Ukrainian market
- Public procurement by UNDP offers Ukrainian manufacturers the opportunity to **raise to international quality standards** for increased competitiveness and bottom line
- UNDP multi-sectoral collaboration strategy **gives all Ukrainian parties a say** in the development of sustainable procurement solutions for Ukraine

Procurement Support Services to the Ministry of Health of Ukraine



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Practical Tips and Tricks in Bids Preparation

November 2016
Kyiv, Ukraine

YANA DOVGA,
PROCUREMENT ASSOCIATE

Practical Tips and Tricks in Bids Preparation

Overall:

- Always respond to an invitation to participate in tenders. If you do not apply, please inform
- Carefully study the tender document and its terms and conditions
- Attend pre-bidding meeting organized for potential bidders (if envisaged in the tender document)
- Make sure that your application meets all administrative requirements of the tender document (for example, provision of bid security)
- Read carefully qualification requirements and make sure that your company meets them
- Make sure that your product is compliant with quality standards
- Attend public opening of bids (if envisaged in the tender document)



Practical Tips and Tricks in Bids Preparation (cont.)



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Preparation to Bid Submission:

- As most of procurement cases for medicinal products are subject to review and approval by UNDP HQ Advisory Committee on Procurement, Members of which are English speakers, please make all your efforts to submit Bid in English in order to speed up the process. Ukrainian and Russian are allowed
- Prepare an application in those forms that are provided in the tender documents, to simplify and speed up the evaluation. It is obligatory to use the templates for submission of bids
- Please send the bid in time. Please take into consideration the fact that emails are delivered within 5-10 mins, therefore avoid last minute submission, which might lead to the late submission
- Please provide copy of Bid Security, if requested

Typical Mistakes in Bids Preparation

- Late Bid submission
- Bid Security is not provided (if required)
- The documents are not presented in the required language (most often – English, Russian, Ukrainian). Documents such as the company registration or financial statements can be submitted in any language, but such documents should be accompanied with translation
- Bid does not meet one of the mandatory evaluation criteria
- Payment terms specified in the are not compliant with requirements
- Terms of delivery specified in the Bid does not meet shipping requirements (DAP Kyiv, Incoterms 2010)
- Lack of information about VAT (if needed) and currency in the Financial Bid
- Bid validity period differs from one requested



Typical Mistakes in Bids Preparation (cont.)



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- Bid is CC to the private email addresses of UNDP staff (will not be accepted)
- Incomplete bids submitted:
 - ✓ Forms are not completed or/and submitted in the other forms than established templates
 - ✓ Forms for technical and financial bids are not signed
 - ✓ Bidders which had products approved by Stringent Regulatory Authorities or prequalified by WHO or reviews by Global Fund ERP or registered in Ukraine do not provide evidence documents as it was requested
 - ✓ GMP certificate is not provided
 - ✓ Information on shelf life and packaging size is missed
 - ✓ Valid Certificate of Authorization to act on behalf of the Manufacturer in case the bidder is not a Manufacturer is not provided
 - ✓ Commitment letter for non-registered products is missed
 - ✓ Reference letters for similar supplies are not provided

Please visit www.undp.org for more info.



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Frequently Asked Questions are published:

FAQ

If you have any questions, please feel free to ask:

Questions room (bilingual)

