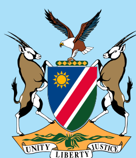

Republic of Namibia

Ministry of Finance

STRENGTHENING HEALTH PROCUREMENT FOR IMPACT

FINAL REPORT

Strengthening Health Procurement for Impact

Final Report

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ABBREVIATIONS

ARV	Antiretroviral
BEC	Bid Evaluation Committee
CMS	Central Medical Store
COMESA	Common Market for Eastern and Southern Africa
CPBN	Central Procurement Board of Namibia
ED	Executive Director
EPI	Expanded Programme on Immunisation
FA	Framework Agreements
FEFO	First Expiry, First Out
FESC	Facility Electronic Stock Card
FY	Financial Year
GDF	Global Drug Facility
GFATM	The Global Fund to Fight AIDS, Tuberculosis and Malaria
GRN	Government of the Republic of Namibia
GSCH-PSM	Global Health Supply Chain- Procurement and Supply Management
HR	Human Resources
HTA	Health Technology Assessments
IFMS	Integrated Financial Management System
IPC	Interagency Pharmaceutical Coordination
ISCG	International Supply Chain Group
I-TECH	International Training and Education Centre for Health
KII	Key Informant Interview
MAPS	Methodology for Assessing Procurement Systems
M&E	Monitoring and Evaluation
MoF	Ministry of Finance
MoHSS	Ministry of Health and Social Services
MQAS	Model Quality Assurance System for Procurement Agencies
MSD	Medical Stores Department
MTEF	Mid-Term Expenditure Framework
NAD or N$	Namibian dollar
NEML	Namibia Essential Medicines List
OAG	Office of the Auditor General
OECD	Organisation for Economic Co-operation and Development
OIB	Open International Bidding
PBF	Performance based Financing
PC	Procurement committee
PE	Procurement Entity
PEFA	Public Expenditure and Financial Accountability
PER	Public Expenditure Review
PETS	Public Expenditure Tracking Survey
PFM	Public Financial Management

PMU	Procurement Management Unit
PPM	Pooled Procurement Mechanism
PPU	Procurement Policy Unit
PSM	Procurement and Supply Chain Management
RGHP	Reference Group for Health Procurement
RH	Reproductive Health
SADC	Southern African Development Community
SBD or SPD	Standard bidding (Procurement) Document
SD	Supply Division
SOP	Standard Operating Procedure
TAW	Treasury Authorisation Warrant
TB	Tuberculosis
ToR	Terms of Reference
UHC	Universal Health Coverage
UNCAC	United Nations Convention Against Corruption
UNCITRAL	United Nations Commission on International Trade Law
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF (SD)	United Nations Children's Fund (Supply Division)
USAID	United States Agency for International Development
VfM	Value for Money
WHO	World Health Organisation

EXECUTIVE SUMMARY

INTRODUCTION

In 2019, a Health Sector Public Expenditure Review (PER) was conducted and identified a number of inefficiencies in health procurement as significant bottlenecks that contribute to the mismatch between Namibia's health outcomes and significant health sector investments. The inefficiencies in pharmaceutical and clinical supplies procurement often result in sub-optimal purchase prices and stockouts of essential medicines, thereby disrupting service-delivery, particularly at the local level and for underserved communities.

A significant share of Ministry of Health and Social Services' budget is spent through procurements. In fact, procurements spending ranks almost at par with employment costs. In 2020, procurement was estimated to account for N$4 billion, i.e., almost 50% of Ministry of Health and Social Services' (MoHSS) total expenditure.

Procurement reforms have been ongoing in Namibia with the implementation of the Public Procurement Act of 2015. Despite considerable improvements, health sector procurement challenges remain. As a result, hardly any open tenders were floated, which led to frequent stock-outs and a high number of emergency procurements.

PURPOSE, APPROACH AND METHODOLOGY

The overarching purpose of the assignment is to strengthen health procurement for impact in Namibia, through consensus building between the Ministries of Finance (MoF) and Health and Social Services (MoHSS), around advancing reforms for efficient and effective procurement and developing practical recommendations. Specifically, the aims of the assignment were:

- Review of existing analytic work regarding health procurement and related Public Financial Management (PFM) and synthesis of findings and recommendations.
- Review draft procurement amendments and propose any revisions in line with the best practices.
- Unpack further bottlenecks in the process flow for health procurement through the Central Procurement Board of Namibia (CPBN).
- Review bidding documents for pharmaceuticals and related supplies and propose revisions that may facilitate efficient procurement processes.
- Support consensus building between MoF and MoHSS on unresolved bottlenecks and attendant solutions.

The approach was inductive and formative, providing opportunities for learning and co-creation through document review, key informant interviews (KIIs), meetings and a workshop with different sets of stakeholders, and through establishing consultative processes with MoF (Procurement Policy Unit-PPU), CPBN, MoHSS, Central Medical Stores (CMS) and development partners (UNICEF, UNDP, UNFPA, WHO, GFATM's PMU, USAID, I-TECH, GSCH-PSM).

A mixed-method approach was used that allowed triangulation of findings from various data sources and synthesis across the findings that were generated. The study adopted a three-phase approach consisting of an inception phase, data collection, analysis and reporting phase (gather, review and synthesis past analytic evidence; a consultative approach to development of recommendations, review of existing procurement legislation and regulations and standard bidding documents and processes) and case study development phase.

The study adopted existing good practices in both pharmaceutical procurements and public financial management as the yardstick against which Namibia's performance was measured. Based on these standards, a review framework was developed with 26 categories to assess performance on procurement and public financial management. In total 120 documents were analysed, and 36 key informants were consulted. Three co-creation meetings were held a) Partners only; b) government institutions only; and c) combined workshop (partners and government institutions).

FINDINGS

The Study frame started with a wide number of 26 categories in health procurement and public financial management to make sure that all issues were captured. During the Study, overlaps between several of these categories were found and thus narrowed to 11 key categories:

i. Regulatory Framework. The Act and related Regulations and Guidelines for public procurement and public financial management are sufficiently supportive for the application

of Good Practices in pharmaceutical procurement; the gaps identified regard mainly refinement of implementation and a provision for outsourced procurement, more specifically pooled procurement by third parties, as a procurement method to be added to Part 5 of the Act.

ii. Governance and Oversight. Governance and oversight structures for public financial management and public procurements are insufficient to support special arrangements for pharmaceutical and clinical supplies procurement. Decentralisation of MoHSS Procurement Management Unit is ongoing, and this is expected to reduce the workload, however, it is envisaged that a specialised Procurement Management Unit (PMU) based at the Central Medical Stores (CMS), Procurement committee (PC) and Standard Bidding Documents (SBDs) for pharmaceuticals and clinical supplies would alleviate the current challenges inherent in central PC and CPBN.

iii. Human Resources. Human resource capacity (number and skills) gaps exist in all institutions involved in public procurement of pharmaceuticals and clinical supplies. There are delays in bid evaluation at CPBN; PPU is not sufficiently staffed (vacancy rate is 33%); the CMS turnaround strategy phase 2 report states that 32 posts are vacant within CMS. Overall, a detailed HR audit should be conducted for CPBN, PPU and CMS, in order to optimise public health procurement efficiency.

iv. IT Infrastructure for Procurement and Financial Management. IT Infrastructure for health procurement and financial management exist but are not linked and are not used optimally. CMS has a well-developed SYSPRO[1] system, which is being upgraded from V6 to V8, however gaps remain in terms of organisation of products in the system e.g., batch tracking, First Expired, First out (FEFO) etc. At operational level the Facility Electronic Stock Card (FESC) and MoHSS Pharmaceutical Information dashboard are used to monitor stock levels, but quality and completeness of data are challenges that impact accurate quantification based on these systems. An Integrated Financial Management System (IFMS) exists but needs to be linked with SYSPRO to allow for efficient financial planning, purchasing and budget monitoring.

v. Procurement Planning and Financial Management. Annual planning for procurements is done and financial management systems exist, but execution is not optimal; availability of pharmaceuticals and clinical supplies is a concern, while expenditure overruns are observed each year. Financial certificates and purchase orders are issued by different offices and this creates a less transparent and effective financial planning process, contributing to expenditure overruns, averaging N$300 million annually. By using a pull system, the CMS does not control ordering by facilities, which creates another risk for potential financial overspending.

vi. Financial Resources and Management. In the recent past, resources approved for pharmaceutical and clinical supplies were not adequate for the country needs (51-85% of requested need was made available). CMS has however, been spending beyond the allocated budget and this has led to a current accumulated debt of approximately N$370m. The budget release is less than optimal both in terms of frequency (monthly against the desired quarterly) and amount (N$75m against the desired N$100m). Cash flow management and accountability systems are in place through the IFMS. However, there is weak implementation cash flow management. This emanates from lack of visibility of procurement activities by financial managers or budget control unit in the MoHSS. CMS have not conducted an internal financial audit in the past 3 years, a situation undesirable by financial management standards.

vii. Threshold. The introduction of the current threshold for pharmaceutical and clinical supplies procurements of N$25 million has created some challenges for CMS, as specialized procurement agency, from conducting its regular tenders for multi-year contracts for pharmaceuticals and clinical supplies, given its annual procurement expenditure on pharmaceuticals and clinical supplies of approximately N$1 billion. In the meantime, PPU is considering the MoHSS proposal to increase the threshold for pharmaceuticals and clinical supplies so that CMS may resume the regular tenders. A more robust, evidenced-based analysis is required to ascertain the optimal threshold for MoHSS. Currently, PPU is conducting a capacity assessment exercise, which is expected to provide more clarity on this issue.

1. SYSPRO is an enterprise resource planning (ERP) solution designed for manufacturers and distributors

viii. Competitive procurements. There is limited involvement of international suppliers in bidding for pharmaceutical and clinical supplies, mainly due to the small quantities requested and bid currency fluctuations. There are also pre-financing challenges associated with pooled procurements, as this is not standard practice for government of Namibia. Evidence from route cause analysis report (2009) show that CMS procurement prices were significantly higher, averaging 62-78%, above other procurement options. Another analysis in 2018 demonstrated a potential loss of N$88m per year, by comparing the CMS procurement prices for selected items against prices available from various International and Regional pooled procurement mechanisms. There is also lack of evidence on additional value for applying local preferences to procurement of pharmaceuticals and clinical supplies.

ix. Transparency and e-procurement. During opening of pharmaceutical and clinical supplies tenders, bid prices are not being read out and awarded prices per item are not being published in detail. There has been progress in implementing e-procurement, with a pilot for e-procurement scheduled to commence immediately with other ministries. It is anticipated that lessons learnt from the pilot will inform engagements with MoHSS. Important to note that the CMS Turnaround Strategy also recommends the initiation of online tendering.

x. Monitoring and Evaluation. There are several M&E activities that are provided for in both the Public Procurement Act and State Finance Act. A non-exhaustive list of such activities includes compliance audits, performance audits, financial audits etc. There is mixed progress in implementing these. PPU is developing an M&E strategic framework that will guide reporting requirements, frequency, and approaches such as e-assessments.

Communication, accountability and oversight. It is noted that some of the current bottlenecks emanate from limited engagement and dialogue between the institutions involved. Creating a platform to allow dialogue, consensus building on key challenges and accountability would reduce inefficient back and forth communication that has been observed in the past three years.

CONCLUSIONS

This analysis shows that the public procurement and state finance legislation and regulations in general comply with good practices, however some gaps are observed when we consider the specific requirements for pharmaceutical and clinical supplies procurement. The desk review, interviews and meetings between stakeholders resulted in 11 key messages with 28 recommendations which need to be transformed into actions and targets. Consensus was reached through co-creation meetings and ultimately on the formation of a Reference Group for Health Procurement (RGHP), in which the core stakeholders will participate, and which will form a platform with the following objectives:

- To ensure confidence in good public health procurement management practices.
- To achieve consensus on practical health procurement and supply chain management (PSM) and public financial management (PFM) solutions that positively impact efficient health service delivery.
- To guide and monitor timely implementation of recommendations and solutions.

It is expected that the RGHP will continue the consensus building process with finalization of an action plan and monitoring its implementation to ensure that health procurement is efficient and effective. The recommendations are shown in the follwing table.

RECOMMENDATIONS

#	Key message and recommendation	Timeline[1]
1	**Regulatory Framework**- 1. The Act and related Regulations and Guidelines for public procurement and public financial management are sufficiently supportive for the application of Good Practices in pharmaceutical procurement; the gaps identified regard mainly refinement of implementation and a provision for outsourced procurement, more specifically pooled procurement by third parties, as procurement method to be added to Part 5 of the Act. **Recommendations:** 1.1. Amendment of the Act, i.e., PPU to add outsourced procurement, more specifically pooled procurement by third parties, as procurement method under Part 5 of the Act. **[MoF PPU]** 1.2. Additions to Regulations and Guidelines, i.e. PPU to add instructions to Regulations and Guidelines capturing the outline of market analysis and the efficient pre-payments required for outsourced procurement, the requirement of publishing bid prices per item, development and adoption of detailed multiyear procurement planning, addition of a special threshold for procurement of pharmaceuticals and clinical supplies, and the use of the USD or Euro as the commonly used freely convertible currency in international health procurement. **[MoF PPU]** 1.3. CMS and PPU to develop and adopt new SBDs and procedures for 2-step tender process with pre-qualification of suppliers and products in pharmaceutical and clinical supplies procurement and use of Framework Agreements and related Purchase Orders **[MoF PPU, CMS and CPBN]**	Short term Short term Short term
2	Oversight and Governance – Governance and oversight structures for public financial management and public procurements are insufficient to support special arrangements for pharmaceutical and clinical supplies procurement. **Recommendations:** 2.1. In line with good standard practice, MoHSS to establish a special structural arrangement for PMU and PC for pharmaceutical and clinical supplies procurement whose membership should include representatives of the MoHSS central PC. **[CMS/MoHSS],**	Short to Medium term
3	**Human Resource capacity** - Human resource capacity (number and skills) gaps exist in all institutions involved in public procurement of pharmaceuticals and clinical supplies. **Recommendation:** 3.1. Conduct an HR capacity audit for the institutions involved in public procurement and financial management of the pharmaceutical and clinical supplies within MoHSS-CMS, PPU and CPBN. This should include HR planning, staffing (number and skills), job analysis and recruitments. For CMS, this should be based on the recommendations and aspirations of the turnaround strategy already underway. **[PPU, CPBN, CMS]** 3.2. Develop and implement training for CMS and PMU on understanding and compliance with public procurement Act and State Finance Act and related regulations and guidelines **[CMS/MoHSS]**	Short to Medium term Short term

1. *Short term (<6 months); Medium term (3 to 18 months); long term (>18 months)*

#	Key message and recommendation	Timeline[1]
4	IT Infrastructure for Procurement and Financial Management- IT Infrastructure for health procurement and financial management exist but are not linked and are not used optimally. **Recommendations:** 4.1. MoHSS to link IFMS with SYSPRO to allow for efficient financial planning, purchasing and budget monitoring, so that systems are in place to avoid issuing manual purchase orders outside IFMS. **[CMS/MoHSS]**	Short to Long term
5	Procurement Planning and Financial Management- Planning for procurements is done and financial management systems exist, but execution is not optimal; availability of pharmaceuticals and clinical supplies is a concern, while overspending is observed each year. Recommendations: 5.1. MoHSS to revise procurement planning for pharmaceuticals and clinical supplies to a rolling 3-year plan, in line with the MTEF. Annual update of the 3-year procurement plans should include the different MoHSS programmes to ensure changes in treatment regimens are taken into consideration. [CMS/MoHSS] 5.2. MoHSS Accounting Officer (ED) to provide a finance certificate to ensure availability of funds over 3 years, to allow for establishing 3-year framework agreements under which purchase orders may be placed (reducing workload for Procurement staff by limiting the number of procurement cycles and decreasing procurement cycle times). [MoHSS] 5.3. MoHSS to adopt appropriate recommendations from the CMS turnaround strategy Phase 2 report, including provisions for health products tracking, improving storage infrastructure and introducing an essential clinical supplies list, all of which will increase pharmaceutical procurement efficiencies considerably. [CMS/MoHSS] 5.4. MoHSS to implement measures to control ordering by health facilities, including allocating budgets per District, inserting allocated budgets into FESC and assigning responsibility for monitoring pharmaceutical expenditure at District and Regional level. Move from the current pull system to an assisted pull system [CMS/MoHSS] 5.5. MoHSS to develop and implement SOPs for revised budget planning and control functions. [CMS/MoHSS]	Short to Medium term Short term Short to Medium term Medium to Long term Medium to Long term

1. INTRODUCTION

Public funds are the cornerstone of sustainable financing for Universal Health Coverage (UHC) in most countries, where the public financial management (PFM) system, i.e., the institutions, policies and processes that govern the use of public funds, plays a key role. A robust PFM system can ensure higher and more predictable budget allocations, reduced fragmentation in revenue streams and funding flows, timely budget execution and better financial accountability and transparency[1].

Therefore, PFM is central to ensuring improved health outcomes. In general, the health sector faces some specific challenges that require more flexibility than PFM systems sometimes offer, including the ability to direct funds to where interventions and services are needed and ensure equity, while creating incentives for efficiency and quality. In the health sector, an important PFM challenge is to **balance fiscal control with the necessary flexibility for timely and effective service delivery.**

In many countries, there is evidence of tension between Ministries of Finance and Ministries of Health. On one hand representatives from Ministries of Finance suggest that prudent fiscal management is critical. Yet, health service delivery practitioners on the other hand argue that autonomy and flexibility is necessary to react to rapidly changing needs in the sector. Some researchers in this field propose that flexibility with small transactions and controls with larger transactions could be the middle ground for efficiency and effectiveness[2].

For example, in the case of Tanzania, 85% of transactions make up just about 10% of the budget. For these numerous small transactions, greater flexibility could be allowed. On the other hand, the 15% of transactions that make up the remaining 90% of the budget would benefit from the given control protocols. The switches to a risk-based approach and the higher flexibility for small transactions could allow service managers to provide more responsive service delivery to the population. This approach has since been documented in a recent World Bank working paper[3]. Examples of strategies to allow a balance of flexibility and controls include digitalization of facility payments to suppliers and strengthen facility autonomy (FinTech in Zambia); mainstreaming performance-based financing (PBF) reforms into general budget management (Zimbabwe, Zambia, and Lesotho); introducing PFM reforms in Malawi that finance facilities directly; or addressing the retention of user fees (Eswatini).

SITUATION IN NAMIBIA

In Namibia, given that a lot of resources for health are spent on procurement - procurement of goods, services and medicines is the second largest expenditure item after employment costs in MoHSS.In fact, procurements spending ranks at par with employment costs. In 2020, procurement was estimated to account for N$4 billion, i.e., almost 50% of MoHSS's total expenditure.

Therefore, enhancing procurement efficiency becomes critical in achieving quality results in health. An efficient procurement system is a major enabler within the health delivery chain, including responding to emergency supplies, such as those under COVID-19, thereby enhancing both service delivery and quality of care.

The current health procurement system in Namibia faces several challenges that negatively impact on health results. In 2019, a Public Expenditure Review (PER) was conducted and identified several inefficiencies in procurement as significant bottlenecks that contribute to the mismatch between Namibia's health outcomes and significant health sector investments. The inefficiencies in procurement often result in sub-optimal purchases and stockouts of essential medicines, thereby disrupting service-delivery, particularly at the local level and for underserved communities.

The above challenges have inevitably resulted in low value for money in health services procurement, disruption to health service delivery and thus, negative impacts on health care outcomes. Several studies[4] have been conducted to identify bottlenecks in procurement, which proffered specific recommendations. However, these have either not been formally presented to both the MoF and the MoHSS or have not been acted upon.

1. *https://www.who.int/health_financing/topics/public-financial-management/alignment/en/ (accessed Jan 05, 2021)*
2. *https://blogs.worldbank.org/health/towards-better-public-financial-management-health; Nov 2019*
3. *Balancing Control and flexibility in public finance management, World Bank Policy and Research Working Paper 9029; Sep 2019. http://documents1.worldbank.org/curated/en/751041569599184245/pdf/Balancing-Control-and-Flexibility-in-Public-Expenditure-Management-Using-Banking-Sector-Innovations-for-Improved-Expenditure-Control-and-Effective-Service-Delivery.pdf*
4. *Health Public Expenditure Review, (World Bank 2019); PETS in Pharmaceutical Procurement, focusing on ARVs (MoF, in draft); and Briefing Note on Procurement Process, blockages and recommendation (2019)*

According to Ministry of Finance, several challenges are observed with the current health procurements, and these include:

- An increased number of emergency procurements, which lends itself to inevitable inefficiencies such as limited competition, hence could lead to low value for money.
- Delays in response by MoHSS to CPBN queries and vice-versa.
- Lengthy/ inefficient Bid evaluation process (including convening of meetings; capacity of those involved and lack of agreement on process, negatively impacting on timeliness of procurement?).
- concerns regarding frequent stock-outs, despite the large fiscal allocation towards health procurements with negative impacts on beneficiaries).
- Frequent requests for procurements above the current N$25 million threshold.
- Quality and adequacy of existing standard bidding documents.

On the other hand, the health sector believes the challenges emanate from the following, among others[5]:

- The N$25 million procurement threshold that is too low, considering that the annual need on medicines and clinical supplies is approximately N$1.2 billion.
- International bidders are discouraged from supplying the MoHSS due to the low threshold limit, currency fluctuations and high number of requests for quotes.
- Pharmaceutical and clinical supplies procurement is complex, with about 1,400 products procured per year and up to 60 suppliers preparing competitive bids.
- Once tenders are in place, the availability of medicines and related supplies is still dependent on availability of sufficient funds in the correct vote, to pay for orders placed.
- Delays in payments result in delayed deliveries and stock-outs in health facilities as well as negatively impacting supplier relations.

CURRENT EFFORTS TO REFORM PROCUREMENTS IN NAMIBIA

Procurement reforms have been ongoing in Namibia; prior to the Public Procurement Act of 2015, procurements were governed by the Tender Board of Namibia Act, 1996. The passing of the Public Procurement Act offered hope in addressing the gaps in the preceding Tender Board Act. Some of the anticipated benefits of the Public Procurement Act, 2015 included:

- Provision of a much more structured, improved, and sustainable oversight and institutional arrangements.
- Clarity on personnel and personal, professional, and ethical regulatory conduct, including provisions for dedicated cadres with expertise, experience and qualification to implement the statutes.
- Improved transparency in terms of availability of information and data for management and potential for public scrutiny.
- Greater flexibility in terms of choice of procurement methods, procedures.

Its implementation has guided procurements in the health sector over the past three years. However, the same legislative framework has been viewed to lack a few aspects relating to the following[6]:

- There is no sustainability of the standards of transparency set by the United Nations Convention Against Corruption (UNCAC) and the United Nations Commission on International Trade Law (UNCITRAL) Model Law on Procurement of Goods, Construction and Services.
- Limited provisions of the scope for public oversight or scrutiny of the public procurement system as articulated in international mechanisms.
- Counter effects of confidentiality and secrecy provisions along the decision-making pipeline, against the notion of openness in public procurement, undermines transparent and accountable, and by extension, efficient governance.
- Preferential procurement provisions are non-core considerations in the design and installation of a public procurement system.

Despite availability of this legislative framework in the past three years, health sector procurement challenges remain as stated above. Ministry of Finance, specifically the Procurement Policy Unit (PPU), is conducting an extensive review of the procurement act with the hope of ensuring alignment and addressing gaps that may have risen in the past implementation of the act. It is therefore important that the timing of this assignment fits the parallel yet overlapping efforts by MoF.

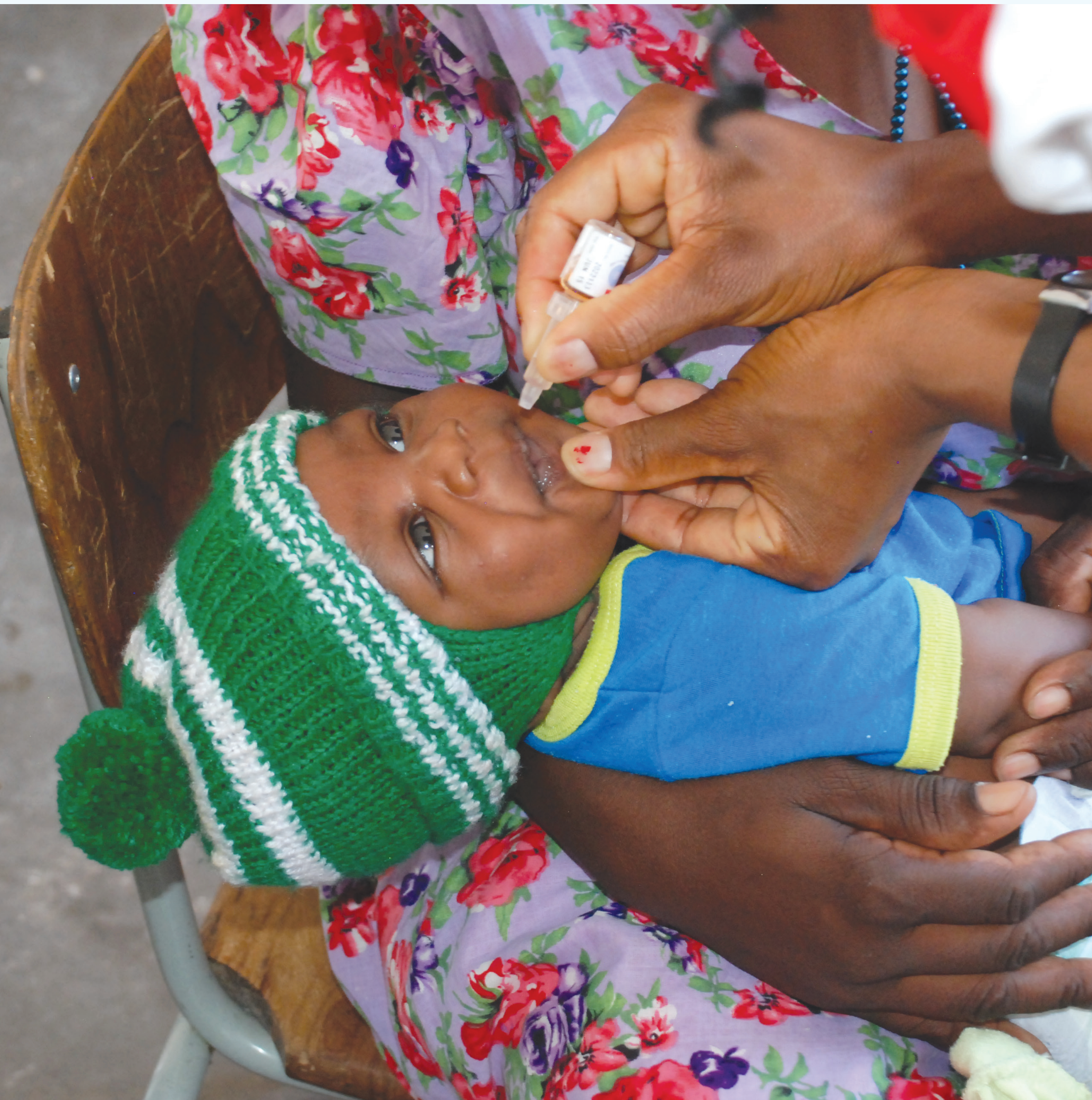
PPU with the support from UNICEF, and USAID, is thus proposing a cocktail of interventions to leverage the previous analytical work in procurement for health, to help strengthen efficiencies and procurement reforms to achieve better value for money and improved service delivery at community level. These involve reviewing and mapping of all key recommendations from past analytical work that have not sufficiently been acted upon and convening the two ministries to dialogue and agree on best options to resolve existing bottlenecks.

5. *Implementation of CMS Namibia Turnaround Strategy, Phase 2 Report (2019)*
6. *Links F (2015); The public procurement bill: A lot of good, some significant bad, but certainly not ugly. Democracy report. Special briefing report no. 9.*

2. PURPOSE, OBJECTIVES AND SCOPE

The overarching purpose of the assignment is to strengthen health procurement for impact in Namibia, through consensus building between MoF and MoHSS around efficient and effective procurement reforms and recommendations for advancing these reforms. The specific objectives of the assignment include:

- Review and compile key recommendations and lessons learned from the previous analytical work.
- Consensus building on challenges, gaps and recommendations going forward.
- Development of a case study that captures a) a summary of analytic work on reforms done to date; b) recommendations about what could be improved in the future; c) An analytic case study on lessons learnt from the process of providing support directly to MoF for the exercise with emphasis on consensus building.



3. APPROACH AND METHODOLOGY

OVERALL APPROACH

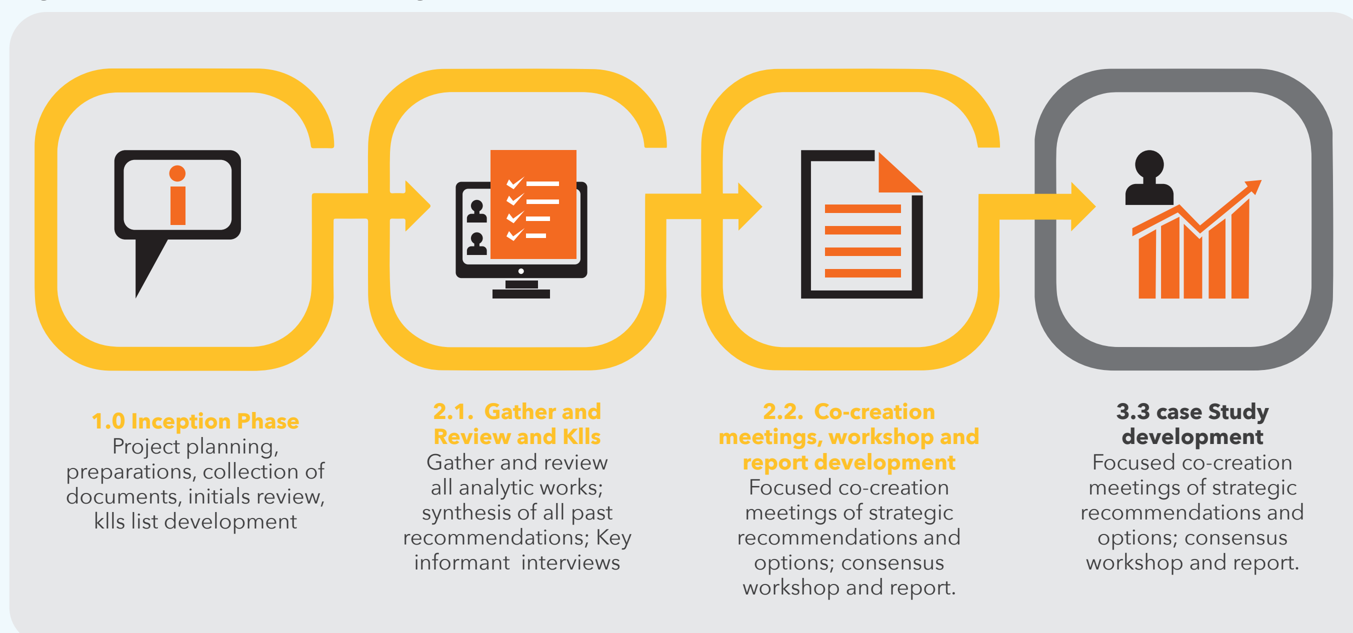
Stakeholders/ Relevant Entities	
Institution	# of Key Informants
Ministry of Health and Social Services	13
Ministry of Finance PPU	6
Central Procurement Board of Namibia	4
Development Partners	13
Total	36

The assignment was inductive and formative, providing opportunities for learning and co-creation through document review, key informant interviews (KIIs), meetings and workshops (with some meetings held virtually) with different sets of stakeholders, and through establishing consultative processes with direct counterparts of MoF (PPU), CPBN, MoHSS, CMS, UNICEF, and all development partners involved: UNICEF, UNDP, UNFPA, WHO, GFATM's PMU, USAID, I-TECH; GSCH-PSM.

Annex 6 provides a detailed list of the key informants engaged during the assignment; the text box to the right provides a summary of number of key informants per institution.

The Study employed a mixed-method approach that provides the possibility of triangulation of various data sources and synthesis across the findings that were generated by the methods applied. The study adopted a three-phase approach consisting of (1.0) an inception phase, (2.1 and 2.2) data collection, analysis and reporting phase (gather, review and synthesis past analytic evidence; a consultative approach to development of recommendations, review of existing procurement legislation and regulations and standard bidding documents and processes) and (3.0) case study development phase. Figure 1 below provides a pictorial view of the phases adopted for the assignment.

Figure 1. Phases of the assignment



DOCUMENT REVIEW AND KEY INFORMANT INTERVIEWS

The study adopted existing good practices in both pharmaceutical procurements and public financial management as the yardstick against which Namibia's performance is measured. The table below, provides a summary of the standards adopted.

Tabel 1. Good standards Reference Sources

Health procurements standards
• SADC Pharmaceutical Procurement & Supply Good Practices (Feb 2014) • World Bank Project Procurement Strategy for Development Short Form Guidance (Feb 2017) • OECD- Methodology for Assessing Procurement Systems (MAPS) (2018) • WHO, UNICEF, UNDP and World Bank: Model Quality Assurance System for Procurement Agencies (2014) • MOH Zambia Draft Guidelines for Procurement Planning 2005, A good example of application of standards
Public Financial management standards
• Commonwealth, Guidelines for public financial management reform • World Bank, public financial management: Good Practices 2003 • Namibia State Finance Act (31 of 1991), regulations and guidelines • Guided Self-Assessment of Public Financial Management Performance, USAID tool kit • PEPA, PETS, PER tools were also consulted

Based on these standards a review framework was developed with 26 categories (later reduced to 11) to assess performance on procurement and public financial management. Annex 1 provides details of these categories, questions and indicators developed for the purposes of this assignment. In total 120 documents were searched, shared and analysed, and 36 key informants were interviewed (See Annex 5 and 6 for the detailed lists of documents and key informants).

CONSENSUS BUILDING AND CO-CREATION MEETINGS

During the KIIs the Study sought potential solutions to the challenges with public procurement of pharmaceuticals and clinical supplies and public financial management. Subsequently, the Study provided dedicated platforms for cross-fertilisation of ideas and co-creation of recommendations going forward. Three meetings were held:

- **Partner's co-creation meeting** - this was held with the objective of seeking an external opinion of the challenges, gaps and recommendations. The Partners meeting was attended by UNICEF, UNFPA, USAID, UNDP, I-TECH and GSCH-PSM. Moderation was done by hera team.

- **Government Institutions co-creation meeting** - this meeting was attended by MoHSS (including representatives of the PMU, Finance and CMS) and MoF (PPU). The objective was developing consensus on what the challenges and gaps were and the potential recommendations going forward.
-
- The meeting also took time to refine the understanding of the actual problem statements.

- **Combined Consensus Building Workshop -** this was held on Friday 19th of March and was attended by MoHSS, CMS, MoF (PPU), CPBN and development partners (UNICEF, UNDP, GFATM PMU, USAID, WHO, GSCH-PSM). A document with draft key messages, situation and recommendations was shared in advance of the meeting and participants used the workshop to refine and develop consensus on the recommendations.

LIMITATIONS

The limitation here could be that the Study could not manage to build consensus on the key actions as earlier envisaged, thus the recommendations put forward would require consensus, which is the scope of the recommended Reference Group. It should be noted that consensus building exercise is a not a once off event, it has to be sustained overtime. Therefore, the study emphasises the importance of the Reference Group as a platform, as agreed in the above-mentioned **Combined Consensus Building Workshop,** to continue the dialogue and resolutions of the challenges.

4. FINDINGS AND RECOMMENDATIONS

4.1 INTRODUCTION TO FINDINGS

The study experienced a high response rate, with participants able to attend 16 out of the desired 19 scheduled interviews. In terms of high-level buy-in, the study was able to develop commonality in approach and key issues affecting pharmaceutical and clinical supplies with both the concerned MoF, CPBN as well as the Executive Director of the (MoHSS). Equally important, the opinions of the partners the study planned to engage, were received.

We started with a wide number of 26 categories in health procurement and PFM in order to make sure all issues would be captured. While implementing focus moved to 11 categories on which there was common agreement that these were capturing all issues.

4.2 KEY MESSAGES, SITUATION AND RECOMMENDATIONS

4.2.1 Regulatory framework

Main message:

The Act and related Regulations and Guidelines for public procurement and public financial management are sufficiently supportive for the application of Good Practices in pharmaceutical procurement; the gaps identified regard mainly refinement of implementation and a provision for outsourced procurement, more specifically pooled procurement by third parties, as procurement method to be added to Part 5 of the Act.

Recommendations:

- 1.1. Amendment of the Act, i.e., PPU to add outsourced procurement, more specifically pooled procurement by third parties, as procurement method under Part 5 of the Act.
- 1.2. Additions to Regulations and Guidelines, i.e. PPU to add instructions to Regulations and Guidelines capturing the outline of market analysis and the efficient pre-payments required for outsourced procurement, the requirement of publishing bid prices per item, development and adoption of detailed multiyear procurement planning, addition of a special threshold for procurement of pharmaceuticals and clinical supplies, and the use of the USD or Euro as the commonly used freely convertible currency in international health procurement.
- 1.3. CMS and PPU to develop and adopt new SBDs and procedures for 2-step tender process with pre-qualification of suppliers and products in pharmaceutical and clinical supplies procurement and use of Framework Agreements and related Purchase Orders.[1]

Good practice guidance:

SADC 2014: Procurement of medicines and health commodities using public funds complies with the existing public procurement policy, legislation and regulations which, in turn, comply with internationally agreed standards for public procurement as well as with the special conditions that apply to procurement of medicines.

Situation: The Public Procurement Act and the State Finance Act and related Regulations and Guidelines are in line with internationally accepted Good Practices[2]. A summary review of the regulatory framework in Namibia was presented at the Workshop of 19 March (Tables 2 and 3).

Table 2. Key aspects of Public procurement Act, regulations and guidelines

Public procurement Act, Regulations and Guidelines	
Attribute	**Status**
Competitive procurement methods	Yes
E-procurement	Yes
Procurement management and oversight capacity	Yes
Procurement planning – forecast & Quantification	Yes

1. To ensure good practice, the following example documents were made available to CMS:
World Bank Standard Procurement Document Prequalification Document Health Sector Goods (Pharmaceuticals, Vaccines and Condoms) (For use with a Request for Bids process) 2017
World Bank Standard Procurement Document Request for Bids Health Sector Goods (Pharmaceuticals, Vaccines and Condoms) 2017
World Bank Standard Procurement Document Trial Edition Request for Bids Framework Agreement(s) Goods (One-Envelope Bidding Process) 2016
2. For this assignment reference is mainly being made to Good Practices as laid down in OECD- Methodology for Assessing Procurement Systems (MAPS) (2018) http://www.mapsinitiative.org/methodology/MAPS-Methodology-for-Assessing-Procurement-Systems.pdf; Interagency Pharmaceutical Coordination (with members WHO, World Bank, UNICEF and UNFPA); "Operational principles for good pharmaceutical procurement" published by the WHO in 1999 (WHO 1999). https://www.who.int/3by5/en/who-edm-par-99-5.pdf; and WHO, UNICEF,

Documentation and recording system	Yes
Monitoring and evaluation mechanism	Yes
Qualification of suppliers and products	Yes
Economies of Scale, Value for Money, Pooled procurement	**No[3]**
Transparency and information sharing	Yes

Table 3. Key Aspects of State Finance Act, Regulations and Guidelines

Public Finance Act, Regulations and Guidelines	
Attribute	**Status**
Adequate and reliable financing	**No[4]**
Planning and Budgeting process	Yes
Accounting, recording and reporting system	Yes
Budget execution control	Yes
Mechanism for internal control	Yes
Mechanism for external control	Yes
Financial management and oversight capacity	Yes

Available evidence points to considerable potential savings when making use of pooled procurement platforms, both globally (UNICEF, UNFPA, GFATM, WAMBO[5] and GDF) and regionally (SADC, COMESA). The pooled procurement mechanisms provide an opportunity of savings from economies of scale. A recent analysis in 2018, suggests that N$88m could be saved if Namibia pursues pooled procurement across TB-medicines, ARVs, Vaccines, Family Planning and reproductive commodities (see table below)[6].

Table 4. Potential savings through pooled procurements

Medicine group	Mechanism	Potential savings (N$)
TB Medicines	GDF facility	25,268,862.74
Reproductive health products	UNFPA mechanism	10,999,468.10
Anti-Retroviral Medicines	GFATM PPM mechanism	19,220,466.40
Vaccines	UNICEF SD mechanism	33,252,225.00

For items where recent market analysis clearly shows advantages, the Act should support outsourced procurement in a structured way7 so that the pooled procurement platforms become accessible. Instructions in the Regulations and Guidelines should outline the elements of the market analysis.

Pooled procurement platforms require pre-financing of contracts. The Government of the Republic of Namibia (GRN), in principle, does not have provisions for advance payment, however exemptions have been granted although, reportedly, this took between 2-4 months and subsequently created a gap in service delivery. In case the advantages of certain pooled procurement are being sought, arrangements for efficient payments need to be organized in parallel.

In Annex 4: Overview of Namibia's current public procurement functions in relation to health procurement (work in progress) the details of all required functions for each institution involved are listed together with the weaknesses and gaps found when compared to the Good Practices. Apart from outsourced procurement, these relate to:

UNDP and World Bank: Model Quality Assurance System for Procurement Agencies; In: Annex III of the WHO technical report series 98648th report, 2014 https://www.who.int/medicines/areas/quality_safety/quality_assurance/expert_committee/ISBN9789241209861-TRS986.pdf?ua=1

3. According to the turnaround strategy phase 2 report "Under the provisions of the procurement Act, …pooled procurements are considered direct or single-source procurements, and the Act requires that such direct procurements should demonstrate that the items to be procured are unique and not widely available from other suppliers. The pooled procurements envisaged may technically fail this test if challenged by local or international wholesalers or manufacturers."

4. Refer to key message (6) below for detailed explanation

5. The Global Fund's online procurement transaction platform

6. Analysis compared prices between CMS and those from pooled procurement.

7. Instead of exemptions provided to MoHSS.

1. Further development and application of tools[1] and procedures regarded as good practices for pharmaceutical procurement, where pre-qualification of suppliers (which CMS has experience with before introduction of the Public Procurement Act) and products is regarded as key for access to the highly competitive market of multi-sourced pharmaceutical products, with ensured quality of the products and their handling as per WHO standards in the Model Quality Assurance System for Procurement Agencies (MQAS[2]); and provisions for a more competitive environment for procurement of health products by using Framework Agreements for 2 to 3 years (also not new to CMS), establish a realistic threshold (current MoHSS proposal amounts to N$250 million) for CMS to conduct its regular procurement with sufficient regard to Economy of Scale (see 4.2.7), the PE to publishing (bid) prices per item (instead of bid and award aggregates; see 4.2.8 and the use of freely convertible currency for all bidders (instead of NAD), amongst other (see 4.2.8).
2. Aiming for more robust PFM systems by applying 3-year rolling procurement plans linked with MTEF and linking the purchaser orders with the available budget.

4.2.2 Governance and Oversight

Main message:
Governance and oversight structures for public financial management and public procurements are insufficient to support special arrangements for pharmaceutical and clinical supplies procurement.

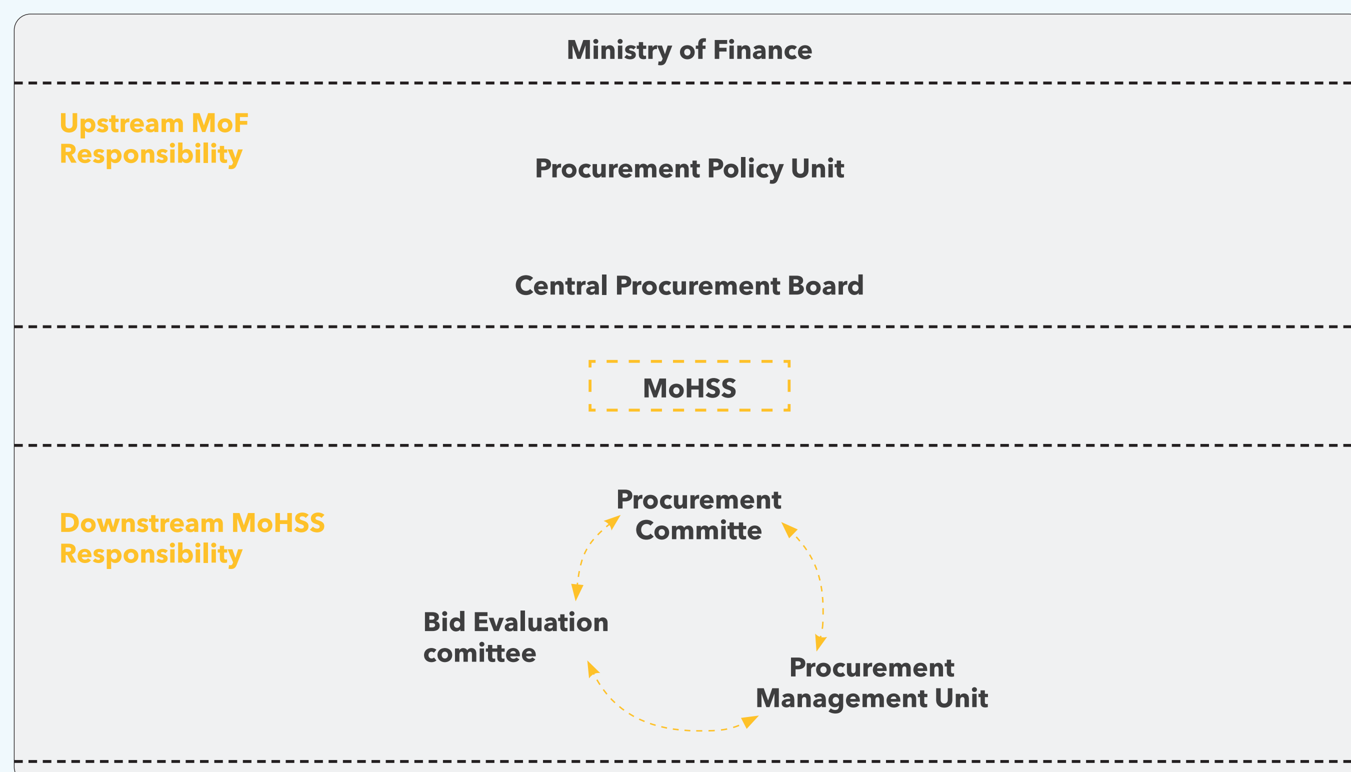
Recommendations:
- 2.1. MoHSS to motivate for special structural arrangements[3] for PMU and PC for pharmaceutical and clinical supplies procurement in line with good standard practice (see below).

Good practice guidance:

SADC 2014: Each country should have one National Medicines Procurement Agency that is responsible for all three core functions, i.e., Procurement, Storage and Distribution.

Situation: The current governance structure for public procurement of pharmaceuticals and clinical supplies in Namibia include the MoF PPU, CPBN, MoHSS and its directorate CMS; MoHSS's PC, PMU and ad hoc Bid Evaluation Committees (BEC). The figure below summaries this organisational structure.

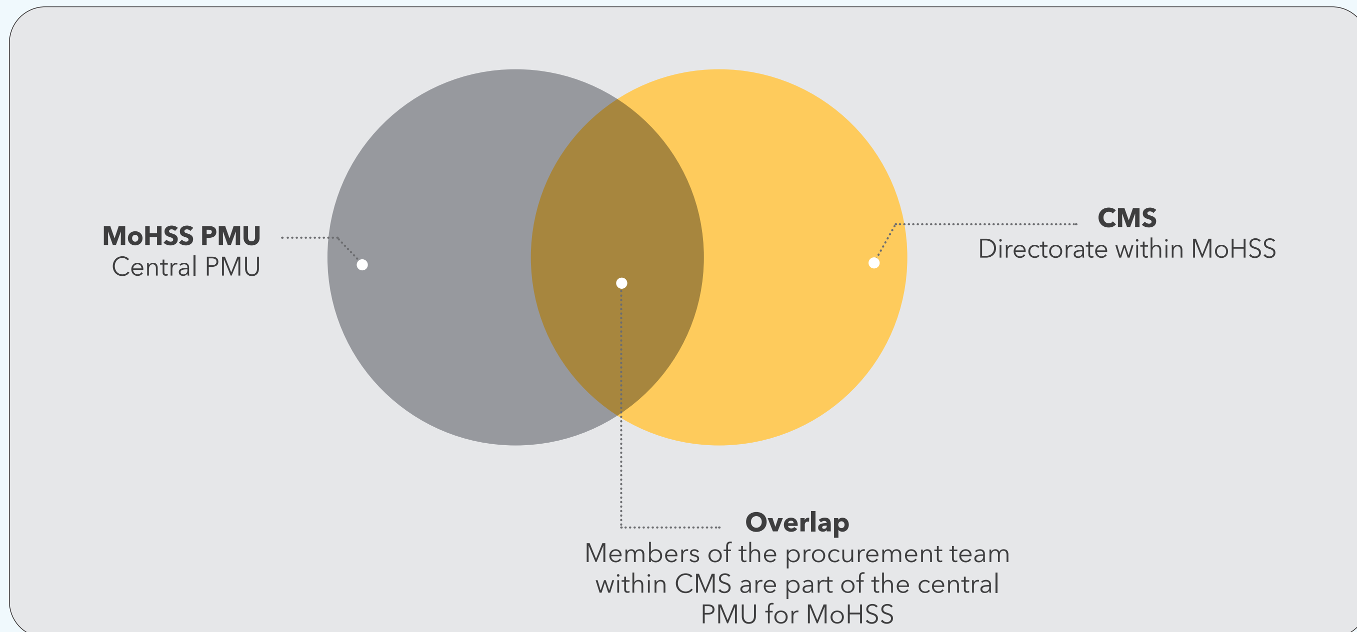
Figure 2. Governance and oversight of public procurement for health products



1. *The latest SBD used for the ARV tender was based on an obsolete World Bank SBD for Health Products of 2015 which does not provide for pre-qualification nor has adequate provisions for framework agreements.*
2. *WHO, UNICEF, UNDP and World Bank: Model Quality Assurance System for Procurement Agencies; In: Annex III of the WHO technical report series 98648th report, 2014 https://www.who.int/medicines/areas/quality_safety/quality_assurance/expert_committee/ISBN9789241209861-TRS986.pdf?ua=1*
3. *As permitted in the Public Procurement Act, 2015,*

Over the past year, MoHSS requested for the decentralisation of its Procurement Committee (PC) and PMU to the regions, and this was granted. It is anticipated that this decentralisation, once successfully implemented, will relieve pressure on the central PC and PMU and hence they will be able to ensure efficient processes for supporting central procurements of pharmaceuticals and clinical supplies. However, a gap that was identified, aside from workload of the central PMU is the need for a specialised PMU and PC for pharmaceutical and clinical supplies at central level. Currently, the situation is as shown in Figure 3 below.

Figure 3. Overlap between CMS procurement team and PMU within MoHSS.



It is envisaged that a specialised PMU (based at CMS), PC and SBDs for pharmaceuticals and clinical supplies would alleviate the current challenges inherent in central PC and CPBN. If permission is granted for a specialised PMU and PC for pharmaceuticals and clinical supplies, its membership should include representatives of the MoHSS central PC.

4.2.3 Human Resource Capacity

Main message:
Human resource capacity (number and skills) gaps exist in all institutions involved in public procurement of pharmaceuticals and clinical supplies.[4]

Recommendations:

3.1. Conduct an HR capacity audit for the institutions involved in public procurement and financial management of the pharmaceutical and clinical supplies within MoHSS-CMS, PPU and CPBN. This should include HR planning, staffing (number and skills), job analysis and recruitments. For CMS, this should be based on the recommendations and aspirations of the turnaround strategy already underway.
3.2. Develop and implement training for CMS and PMU on public procurement Act and State Finance Act and related regulations and guidelines.

Good practice guidance:
Ensure that the National Medicines Procurement Agency has proper supervision and management, a formally agreed organisational structure, job descriptions with proper distinction between functions, and qualified staff.

Situation: Submissions of SBDs made through CPBN experience significant delays. An ARV procurement analysis[5] of the time taken from identification of needs, through SBD development, tendering, contracting and purchasing to delivery of goods at CMS shows that the internal processes in MoHSS (PMU, PC and BEC) take 17 weeks compared to 36 weeks if through CPBN processes. Some delays are due to inefficient communication between the institutions engaging in the process, while other delays are due to capacity gaps within CPBN, predominantly at bid evaluation stage.

4. MoHSS noted that lack of capacity is all over. Current focus is on PMU at regional level. With regard to the Act etc, at PMU the HR situation is generally fine, but there are some gaps to be handled and the plan is to approach PPU to assist with capacity building. Gaps relate to Bid Evaluation members where capacity building is needed, also in areas of contract management.
5. ARV analysis of timelines for N$25m threshold through MoHSS internal systems and those for above N$25m through CPBN. Done in 2020 by PSM/ GHSC, USAID, Namibia.

The CMS also suffers from capacity gaps. The CMS turnaround strategy phase 2 report states that 32 posts are vacant within CMS. To date the post of Director is vacant since CMS' elevation from a sub-division to a directorate. It is also the perception of the CPBN that the quality of submissions to CPBN from MoHSS/CMS is low, and this has led to a lot of back-and-forth leading to delays. It raises questions on the capacity of the CMS staff in terms of procurements, procurement act, regulations and guidelines. It is also noted that although some internal audits were done, CMS was not provided with reports from these audits over the past 3 years.

The PPU also faces capacity gaps. So far, PPU has not performed any compliance audit for either the exemptions granted, or procurements conducted under the N$25m threshold within MoHSS. The ratio of PPU staff to workload is perceived to be very high. The desired staff compliment for PPU is 21, yet the vacancy rate is 33% (n=7). Even then, the department of M&E within the PPU is grossly incapacitated, with only 3 staff members to monitor procurement across all public entities in the country.

4.2.4 IT Infrastructure for Procurement and financial Management

Main message:
IT Infrastructure for health procurement and financial management exist but are not linked and are not used optimally.

Recommendations:
- 4.1. MoHSS to link IFMS with SYSPRO to allow for efficient financial planning, purchasing and budget monitoring, so that systems are in place to avoid issuing manual purchase orders outside IFMS.

Good practice guidance:
The public procurement system should be mainstreamed and well-integrated into the public financial management system. Procurement plans need to be periodically updated as the budget may be updated and revised to reflect changes that take place in timing of contracts.[1]

Situation: CMS has a well-developed SYSPRO system in place, an integrated software package used for inventory control, sales, purchase orders and receipts, as well as accounting. This is reported (CMS turnaround strategy report) to be working well, though with some gaps in terms of organisation products in the system e.g., management of different pack-sizes for same products, Batch/Expiry tracking system to allow FEFO. Preparations are underway to upgrade from SYSPRO v6 to v8 which are expected to be able to address the said gaps. The Turnaround Strategy also recommends the initiation of online tendering.

For management of stocks at health facility level there is a Facility Electronic Stock Card (FESC), as well as a (MoHSS) Pharmaceutical Information dashboard. The main challenge is the completeness and quality of data; it is reported that not all facilities are keeping their FESC up to date or reporting regularly on the dashboard. This has implications on quality of forecasts generated through SYSPRO.

An electronic financial management system is in place, Integrated Financial Management System (IFMS). The relevant staff within CMS, i.e., accountants, have access to IFMS. However, SYSPRO and IFMS are not linked, resulting in purchase orders issued by CMS (from SYSPRO) are not committed on IFMS until the stock is delivered and supplier invoice needs to be paid. This causes problems for the Finance division, resulting in delayed payments to suppliers.

1. *Methodology for assessing procurement systems (MAPS), 2016*

4.2.5 Procurement Planning and Financial Management

Main message:

Planning for procurements is done and financial management systems exist, but execution is not optimal; availability of pharmaceuticals and clinical supplies is a concern, while overspending is observed each year.

Recommendations:

- 5.1. MoHSS to revise procurement planning for pharmaceuticals and clinical supplies to a rolling 3-year plan, in line with the MTEF. Annual update of the 3-year procurement plans should include the different MoHSS programmes to ensure changes in treatment regimens are taken into consideration.
- 5.2. MoHSS Accounting Officer (ED) to provide a finance certificate to ensure availability of funds over 3 years, to allow for establishing 3-year framework agreements under which purchase orders may be placed (reducing workload for Procurement staff by limiting the number of procurement cycles and decreasing procurement cycle times).
- 5.3. MoHSS to adopt appropriate recommendations from the CMS turnaround strategy Phase 2 report, including provisions for health products tracking, improving storage infrastructure and introducing an essential clinical supplies list, all of which will increase pharmaceutical procurement efficiencies considerably[2].
- 5.4. MoHSS to implement measures to control ordering by health facilities, including allocating budgets per District, inserting allocated budgets into FESC and assigning responsibility for monitoring pharmaceutical expenditure at District and Regional level. Move from the current pull system to an assisted pull system[3].
- 5.5. MoHSS to develop and implement SOPs for revised budget planning and control functions.

Good practice guidance:

Quality Assurance together with Procurement, Storage and Stock Control, Distribution, Finance and other relevant departments function as a team with regard to Procurement Planning & Monitoring, more specifically on:

- the establishment of technical specifications;
- quantification;
- preparing tender lists;
- monitoring of procurement steps up to receipt;
- prioritisation of payments;
- monitoring stocks that do not move; and
- monitoring of distribution.

Order quantities should be based on a reliable estimate of actual need.

Ensure adequate, reliable financial resources to support procurements of health products at all times.[4]

Situation: The Public Procurement Act requires that each public entity publishes, for example on their website, an annual procurement plan. The available annual procurement plan for MoHSS provides limited information about pharmaceuticals and clinical supplies, without details of individual line costs and delivery times per item. Standard practice recommends a multi-year detailed procurement plan.

There are gaps in financial and procurement planning. The Mid-Term Expenditure Framework (MTEF) exists and covers three years, while the annual procurement plan is a summary lumpsum for one year. A robust, detailed multiyear procurement plan is missing. This should be developed in line with the MTEF cycle. This could enable timely procurement processes being in place for the three-year period. This would also be in line with the aspirations of multi-year framework and long-term agreements with suppliers.
In terms of implementation, the financial approvals for initiating procurements are provided by one office (Deputy Director: Finance, MoHSS), while the purchase order approvals are done by a different office (directorate level if below a certain threshold, or by the accounting officer if it is above the threshold). Reportedly, this procedure has led to lack of controls in financial spending by the cost centre for pharmaceutical and clinical supplies, and ultimately overspending.

Another reported cause of over-spending is that health programmes (especially the HIV programme) do not consider the pharmaceutical budget when revising the relevant National Treatment Guidelines. It is essential that all changes to the treatment guidelines take into consideration both the pharmaceutical budget and supply chain considerations.

Namibia has a well-established pull system for ordering supplies. Facilities submit their orders directly to the appropriate medical store (CMS or one of the two Regional medical stores, Oshakati or Rundu) and the medical store responds to the needs of the facilities. In the recent past there were no measures at sub-national level to control facility ordering. However, plans are in place (supported by USAID through

2. The report notes that accountability at facilities also needs to be addressed as increased efficiency at CMS alone will not sufficiently address managing needs and funding.
3. "Assisted pull system" usually works like the current pull system, but if an item has been out of stock for some time, once it is back in stock, the CMS will assess stock amount and set limits for how much stock can be ordered for the different facilities. If a facility orders above this amount, the CMS will contact them and inform that they must order within a certain limit to ensure equitable access to the item.
4. Methodology for assessing procurement systems (MAPS), 2016.

PSM) to strengthen both tracking of stocks and adherence to budgets at health facilities, by linking FESC to SYSPSRO.

4.2.6 Financial Resources and management

Main message:
In the recent past the resources approved for pharmaceutical and clinical supplies were not adequate for the country needs (51-85% of requested budget was made available) due to limited resources. Debt currently stands at N$370m. The frequency of budget release is less than optimal (monthly), quarterly disbursements are more effective. Cash flow management and accountability systems are in place through the existence of the IFMS. However, there is weak cash flow management.

Recommendations:

- 6.1. MoHSS to lobby for additional resources for pharmaceutical and clinical supplies with Treasury.
- 6.2. CMS to strengthen expenditure control management and ensure a payment arrears reduction strategy is implemented.
- 6.3. CMS to develop and implement efficient budget optimisation approaches within pharmaceutical and clinical supplies procurements.
- 6.4. MoHSS-CMS to prepare a motivation paper to Ministry of Finance- including regulations/conditions to be agreed to- for dealing with advance payments for pooled procurement. This calls for wide support from different high-level politicians and offices such as auditor general and attorney general.
- 6.5. MoHSS' Health programmes should take the budget into account when taking decisions on changes of the treatment regime.
- 6.6. MoHSS and MoF to ensure funds are continuously available for purchase of pharmaceuticals and related supplies, through better cash flow planning and budget releases. This is within the context of the existing fiscal space.
- 6.7. MoHSS to conduct routine internal financial audits at CMS and ensure that recommendations are fully implemented.

Good practice guidance:
Ensure adequate, reliable financial resources to support procurements of health products at all times[5].

Situation: The MoHSS appreciates the Treasury for increasing allocation for pharmaceuticals to 1.3BN for 2021/22 FY. The allocation will increase by 3% per annum over the MTEF period. However, low allocations hampered current financial management (2020/21) with debt carried over into the next financial year. Table 5 below shows the funding gap for pharmaceuticals and clinical supplies over the past three financial years.

Table 5. Pharmaceuticals and Clinical Supplies Funding Gap

Description	2018/19	2019/20	2020/21
Total need (Request) N$	1,327,316,423	1,297,525,854	1,255,044,470
Total approved N$	681,884,000	899,463,945	1,065,731,702
Percentage (%)	51.4%	69.3%	84.9%

The approved budgetary allocations for pharmaceutical and clinical supplies increased, however in real value (US$) terms, the resources remained the same over the past three financial years. It is understood MoF has allocated more resources in the coming fiscal year (N$1.3 billion). Part of this increased allocation could be applied towards clearing existing debts through Treasury Authorisation Warrant (TAW. CMS should now and always pursue strategies to increase efficiencies, as described in the above recommendations.

Overall, according to MTEF and Public Expenditure Review (PER), MoHSS's overall expenditure has been in line with budgets [98.95% in 2015/6; 99.53% in 2016/7 and 99.17% in 2017/8]. Budget variance is below 5%.

However, specific to CMS and for the period 2016/7 to 2018/9, CMS has under spent their procurement budget for medicines: 2016/7 (85%); 2017/8 (57%) and 2018/9 (76%) [turnaround strategy phase 2 report]. This looks like general underspending of the approved budget. It is reported that in reality CMS commitments and purchase orders always exceed the agreed budget. Each year, about N$300million of unpaid invoices are carried over to the subsequent financial period. Currently the overall debt stands at N$370million. This provides evidence of low compliance; there are unauthorised expenditure and exceeding approved budgets and exemptions.

5. *Methodology for assessing procurement systems (MAPS), 2016*

Monthly budget release makes it difficult for CMS to satisfy their contractual obligations towards suppliers. This in turn leads to suppliers delay to the CMS citing unpaid invoices. Expert opinion, from CMS suggests that monthly releases of N$100 million per month is sufficient to ensure supplier payments. However, in reality MoF budget releases for pharmaceuticals and clinical supplies averages N$75m. Coupled with debt pressure, the budget released makes it difficult for CMS to ensure stocks are available for the entire system they serve.

The financial certificate processing, financial commitments and purchase order approval need to be synchronised. Currently these steps are done by two different offices and this creates a challenge regarding reconciliations. As stated in previous sections, purchase orders are not issued in IFMS system, but rather in SYSPRO or an excel based manual processes, as previously highlighted.

4.2.7 Thresholds

Main message:
The introduction of the current threshold of N$25 million has prevented CMS, as specialized procurement agency, from conducting its regular tenders for multi-year contracts for pharmaceuticals and clinical supplies with an annual procurement value for pharmaceuticals and clinical supplies of approximately N$1 billion. To date, structural arrangements could not be agreed between MoHSS and CPBN leading to excess costs due to emergency procurements. In the meantime, PPU is considering the MoHSS proposal to increase the threshold for pharmaceuticals and clinical supplies so that CMS may resume the regular tenders.

Recommendation:
7.1. PPU, in proper consultation with the Reference Group (see section 5.2.11) to agree on appropriate threshold and conditions, such as certain steps and timeline to increase CMS efficiency as the specialized PMU for pharmaceuticals and clinical supplies, all to be captured in a Capacity Assessment Report, in order to revise the threshold for pharmaceutical and clinical supplies.

Good practice guidance:
SADC 2014: Procurement of medicines and health commodities using public funds complies with the existing public procurement policy, legislation and regulations which, in turn, comply with internationally agreed standards for public procurement as well as with the special conditions that apply to procurement of medicines.

Situation: Since 2004/05, the MoHSS used to be granted large annual tender exemptions from the Tender Board of Namibia. This enabled MoHSS to manage procurement of pharmaceuticals and clinical supplies internally, via its CMS tender committee. A number of advantages emerged e.g., speed of procurements process and maintenance of pharmaceutical procurement expertise. This allowed those with specific knowledge of the pharmaceutical sector to guide the process. This system also allowed for multi-year contracts with suppliers, in which the MoHSS was more likely to secure a competitive price[6].

Further evidence also shows that, prior to the introduction of the Public Procurement Act, some procurements were less efficient. For example, between 2012/3 and 2015/6, for ARVs alone, there was potential overcharging of N$165 million (either a sign of supplier inefficiency or profiteering).[7]

The introduction of the current Public Procurement Act and related Regulations and Guidelines centralised several processes and ensured internationally accepted Good Practices in public procurement. As concluded in section 4.2.1 further refinement is needed to achieve compliance with the internationally accepted Good Practices for pharmaceutical procurement as well as taking into account the realities of pharmaceutical procurement in Namibia, i.e. the special expertise needed, which is only in CMS, although limited, and the annual procurement value of N$1 billion which requires tenders that are far above the current threshold of N$25 million. It cannot have been the intention of the law to have all regular pharmaceutical procurement to be the responsibility of the CPBN, which does not have the special expertise that is required.

To date, structural arrangements are yet to be agreed between MoHSS and CPBN, leading to decreased health service levels[8] and excess costs and pressure on MoHSS' capacity, due to frequent emergency procurements. The latter has led to lack of compliance with existing requirements, such as for procurement performance reporting and financial management.

In the light of the above, further consultations between parties (in the proposed Reference Group for this purpose; see section 5.2.11) are required to decide on the conditional path to the realistic threshold needed to enable CMS to become a state-of-the-art procurement agency for pharmaceuticals and clinical supplies, which will achieve acceptable health service levels. Examples of these conditions are mentioned

in our Recommendations above.

4.2.8 Competitive Procurements

Main message:
There is limited involvement of international suppliers; pre-financing challenges with pooled procurements and lack of evidence on additional value for local preferences.

Recommendations:
8.1. MoHSS, with support from PPU, to engage MoF regarding the pre-financing for pooled procurements, both in terms of exemptions and streamlining timeframe for approval. Review past experience and evidence on pooled procurement with an objective addressing gaps and delays before engaging MoF.
8.2. Put in place three-year framework agreements based on budgets from indicative MTEF estimates. The MTEF provides a basis for financial certificates to be issued.
8.3. Develop strategies for incentives to attract international suppliers such as use of freely convertible currency common in global health procurement (USD or Euro), item-price publication.

Good practice guidance:
WHO 1999: Procurement in the public health sector should be based on competitive procurement methods, except for very small or emergency or single-source orders.

Situation: A root cause analysis done in 2009 noted several challenges with pharmaceutical and clinical supplies procurements. Such challenges included limited competition due to insufficient advertising of tenders and insufficient promoting of CMS as purchaser; short bidding time and other restrictive terms and conditions in tender document and contract; high workload in the Procurement Section due to high number of tenders and buy-outs; amongst others.

Currently, evidence shows sufficient advertising using the MoHSS website, but an excess of emergency, uncompetitive procurements and limited platforms and incentives to engage international suppliers. The small procurements and consequently insufficient Economy-of-Scale, limited to the volatile local currency (N$ instead of a more stable, more commonly used freely convertible currencies USD or Euro) or at best the ZAR

for foreign bidders only, limits the appetite of international players. There is also lack of transparency, in terms of limited information of bids and award prices per item, which may discourage competitors. The current barriers that prevent CMS running international tenders for pharmaceuticals and clinical supplies led to relatively small-scale local procurements, decreased competition and subsequently higher costs (estimated at 30% in the 2019 Briefing Note on Procurement Process, blockages and recommendations). There is also evidence of decreased competition due to domestic preferences and this has potential to limit value for money (VfM). A study done in 2009 mentions median price differences between 62 and 78% for key items (2009 Supplier performance report).

The issue of local preference raises three concerns. Firstly, there is lack of a detailed analysis on the value addition of local suppliers. Secondly, given the economic importance of a healthy population, it is sub-optimal for MoHSS to trade-off current health gains against possible future economic growth. Lastly, there is no clear guidance on how to apply the preferences in pharmaceutical procurement where practically all local suppliers are trading companies instead of manufacturers.

4.2.9 Transperancy and E-Procurement

Main message:
During opening of pharmaceutical and clinical supplies tenders, bid prices are not being read out and awarded prices per item are not being published in detail. There has been progress in implementing e-procurement, with a pilot for e-procurement scheduled to commence immediately with other ministries.

Recommendations:
- 9.1. MOHSS to publish prices of all bids and awards in detail per item, and as per procurement Act and other related legislation.
- 9.2. Upon completion of e-procurement pilot within other public entities, PPU to review results and implement e-procurement within MoHSS.

Good practice guidance:
- OECD: Governments should adapt the degree of transparency according to the recipient of the information and the stage of the cycle while protecting confidential information to ensure a level playing field for potential suppliers and avoid collusion practices.
- OECD: E-procurement – the use of information and communication technologies in public procurement can facilitate access to public tenders, increase competition and allow the detection of bid rigging cases.

Situation: In general, regulations for advertisements and bid opening are in place and adhered to. We noted the notifications, bids and awards on websites for both MoHSS and CPBN.

One weakness observed is at the bid opening stage, as only the total value per bid with multiple items are being read out. Individual item prices are not being read out because it is time consuming. In addition, bid prices per item are not published afterwards. There are no platforms in place for the public (including future bidders) to see past prices per item or lot. Publication of the bid prices per item is an important part of good public procurement practices which should be introduced. Requests for Quotes issued by MoHSS state that there is an internal bid opening published on the website, but these publications were not found.

PPU is piloting an e-procurement platform with 3 public entities (MoHSS not included in the pilot). It is envisaged that once the pilot is completed, roll-out will commence in other public entities including MoHSS.

4.2.10 Monitoring and Evaluation

Main message:
There are a number of M&E activities that are provided for in both the Public Procurement Act and State Finance Act. These include compliance audits, performance audits, financial audits etc. There is mixed progress in implementing these. PPU is developing an M&E strategic framework that will guide reporting requirements, frequency, and approaches such as e-assessments

Recommendations:
- 10.1 PPU to complete development of the M&E strategic framework and share with MoHSS and CPBN. The framework should include, required data/information, frequency, workload and mechanism of reporting.
- 10.2. In line with the statutes, PPU and MoHSS need to undertake routine performance and compliance audits for pharmaceutical and clinical supplies procurements.

Good practice guidance:
WHO-MQAS: Procedures and records show that there is planning and monitoring of contracts and suppliers' performance, such as:
- compliance with all of the contract terms and conditions, especially the value of contracts awarded;
- delivery schedules;
- Communication;
- timely submitting of shipping documents;
- product compliance;
- supplied batches meet agreed specifications; and
- complaints management.

Situation: Due to capacity gaps, procurement compliance audits are not being done by PPU and contract performance reports are not being prepared or published.
Finance audits are being done (external by the Office of the Attorney General, OAG) at MoHSS and the most recent one (2019) state that the MoHSS financial performance is in compliance in all material respects. CMS specific financial internal audits have not been carried out in the recent past.

In terms of overall MoHSS audit performance, "The criteria of presentation, accuracy and validity of performance information is not met which concluded that reported information is not reliable and might not be useful to the general public and stakeholders"[9]

Reports from audits done at CMS are not made available to CMS- this needs to be corrected, so that the outcome of audits done are known and corrective actions may be taken. Follow-ups need to be made.

4.2.11 Communication, Accountability and Oversight

Main message:
It is noted that some of the current bottlenecks emanate from limited engagement and dialogue between the institutions involved.

Recommendation:

- 11.1 Set-up a Reference Group to promote dialogue and consensus building on health sector procurement solutions . Its- Members: PPU, CPBN and MoHSS (CMS, PMU, Finance). Accountable to the EDs of MoHSS and MoF, Chair of the CPBN and Head: PPU. See Annex 7 for proposed ToRs, as supported by participants at the Stakeholder meeting (19 March 2021).

Good practice guidance:
SADC 2014 Adapted for Namibia situation: MoF, CPBN and MoHSS, together with other relevant stakeholders, function as a team with regard to [issue regarding] pharmaceutical procurement oversight and management.

Situation: There have been challenges with timely communication and engagement between the key players involved in pharmaceutical and clinical supplies procurements. Given the potential negative impact that inefficiencies in health procurements can have on Namibia's development goals, there is need for ongoing communication and consensus building between MoF, MoHSS and CPBN. The proposed Reference Group will provide an appropriate platform for timely deliberations and problem solving related to implementation of agreed upon solutions.

5. CONCLUSIONS AND WAY FORWARD

This analysis shows that the public procurement and state finance legislation and regulations in general comply with good practices, however a few gaps are observed when we consider the specific requirements for pharmaceutical and clinical supplies procurement. The desk review, interviews and meetings between stakeholders resulted in 11 key messages with 28 recommendations which need to be transformed into actions and targets. Consensus was reached through co-creation meetings and ultimately on the formation of a Reference Group for Health Procurement (RGHP), in which the core stakeholders will participate, and which will form a platform with the following objectives:

- To ensure confidence in good public health procurement management practices.
- To achieve consensus on practical health procurement and supply chain management (PSM) and public financial management (PFM) solutions that positively impact efficient health service delivery.
- To guide and monitor timely implementation of recommendations and solutions.

It is expected that the RGHP will continue the consensus building process with finalization of an action plan and monitoring its implementation to ensure that health procurement is efficient and effective. An outline is presented in Annex 7.

ANNEX 1: FRAMEWORK

Category	Assessment questions	Which Procurement Entity should respond to this question?
1. Health procurements assessment indicators		
Legislation, regulations and guidelines for public procurement and institutions in place	**Original Questions:** That are the weaknesses or gaps in legislation, regulations and guidelines with regard to Good Practices for health procurement? What are the weaknesses or gaps of the current governance and oversight structures for procurement of health products?	PPU and CPBN
Legislation, regulations and guidelines for public procurement and institutions in place	**Supplementary Questions:** Is the PPU agreeing that the MoF Procurement Regulations and MoF Procurement Guidelines be reviewed to include the specific requirements for health procurement? Should PPU consider to add thresholds for FAs in the Regulations taking into account that orders under FAs may often be less than N$3 million and FAs usually are valid for 2 or 3 years and the threshold should subsequently be double or triple the current N$25 million? In these cases Open International Bidding (OIB) should be the preferred method to be executed by the PE? Is there any objection to develop new Standard Documents (Standard Bidding of Procurement Documents, SBDs or SPDs), specifically for Health Products with reference to the current World Bank SPDs of 2017 (which includes the Standard Pre-qualification), and in case Framework Agreements (FA)re being preferred, with reference to the World Bank's Standard Procurement Document Trial Edition Request for Bids Framework Agreement(s) Goods of 2018? Could procurement thresholds by public entities not better be linked to annual value of procurement/PE? May MoHSS, being specialized in pharmaceutical procurement, be trusted with OIB as current arrangement is only with CPBN in charge?	PPU and CPBN
Written procedures for all procurement	**Original Questions:** What written procedures are there, what are weaknesses and gaps? What are arrangements between MoHSS-CMS and CPBN with regard to CPBN managing OIB, who does what? Are there agreed procedures and , if so, what are weaknesses and gaps? Are the SOPs, manuals, guidelines available and regularly updated to manage procurement? **Supplementary questions:** Are both CPBN and MoHSS prepared to apply Good Practices in health procurement, i.e. Pre-qualification based on the current SPBs by World Bank and Framework Agreements for at least two years? Is PPU effectively monitoring/inspection of MoHSS procurement structures, qualified staff, planning and reporting requirements as per existing legislation and regulations? What special expertise is there in CPBN for health procurement? If not sufficient, how is gap to be addressed? Is the CPBN prepared to hire this expertise or is the CPBN prepared to cooperate with a specialized Procurement Committee for Health Products for management of the procurement of health products? Are MoHSS and CPBN prepared to work out a more detailed step-by step plan for the tenders to start with pharmaceuticals and clinical supplies?	MoHSS-CMS and CPBN

Category	Assessment questions	Which Procurement Entity should respond to this question?
Procurement Planning and Monitoring	Original questions: What are the weaknesses and gaps in the current annual costed procurement plan for Health? How are funds assured? What is the extent of coordination and integration of public procurements with donor procurements? Analyse the 3-monthly health procurement performance reports.	PPU and MoHSS
Procurement Planning and Monitoring	Supplementary Questions Are there any reports on studies regarding market research (as per Procurement Guidelines) of Value-for-Money (VfM) of health procurement (apart from ARVs, Reproductive Health (RH) and TB)?	PPU and MoHSS
Essential health products	**Original question:** To what extent is Health Technology Assessment (HTA) applied as basis for selection of items for procurement, such as the Essential Medicines List? **Supplementary question:** What is the policy with regard to medicines that are not on the Namibia Essential Medicines List (NEML)?	MoHSS and CMS
Use of generic names only (avoid use of brand names)	**Original question:** What is the extent of generic procurement compared to branded procurements?	MoHSS and CMS
Quantification	**Original question:** What are weaknesses and gaps in data management systems to inform procurement to effectively manage procurements?	MoHSS and CMS
Reliable financing	**Original question:** What weaknesses and gaps of budget and financial procedures which may lead to delay in payments of suppliers?	MoHSS and CMS
Economy of scale (OECD, WHO)	**Original question:** Do regulations allow for quantities of items large enough to benefit from economy of scale?	PPU and MoHSS
Competitive procurement method	**Original questions:** Is there sufficient competition to ensure reasonable prices? Is use of direct or limited procurement low? **Supplementary question:** How would domestic preference be applied in health procurement, if at all?	MoHSS-CMS and CPBN
Prequalification of suppliers	**Original question:** What are reasons for not applying pre-qualification?	MoHSS-CMS and CPBN
Prequalification of products	**Original question:** What are weaknesses and gaps in qualification of health products?	MoHSS and CMS
Bid opening, advertisements	**Original question:** Are procurement methods sufficiently transparent and information publicly shared?	MoHSS-CMS and CPBN

Category	Assessment questions	Which Procurement Entity should respond to this question?
e-Procurement	**Original question:** What form of e-procurement is applied in health procurement or planned for? **Supplementary question:** May 2019 e-Procurement Readiness Assessment was announced by MoF for all PEs to fill questionnaire and report should be available?	MoHSS-CMS and CPBN
Suppliers' performance	**Original questions:** How efficient are the existing suppliers that have been engaged in the past 5 years? Review supplier performance	MoHSS and CMS
2. Public Financial Management assessment		
Health procurement budget discipline	**Original question:** How are procurements aligned with the regulations and the budgets ceilings? **Supplementary questions:** What is the extent of budget compliance for other years (2018/9 and 2019/20)? What is the compliance with health procurement budgets? Can we see the compliance audit reports conducted by Office of Auditor general (OAG)?	CMS and MoHSS and MoF
Expenditure against original budgets for health procurements for the past 5 financial years	**Original questions:** What are the budget executions rates (expenditure divided by budgets) for the past period? What are the gaps and trends?	CMS and MoHSS and MoF
Expenditure against original budgets for health procurements for the past 5 financial years	**Supplementary questions:** What are the budgets and expenditure for health procurements over the past 3 years? CMS strategy show general underspending, is this correct? We also here that MoHSS has exceeded budgets (Audit reports and media), is this correct?	CMS and MoHSS and MoF
Extent, aging, and monitoring of expenditure payment arrears toward suppliers in the past 5 financial years	**Original questions:** How are the arrears monitored? What is the current extent of arrears, values and ageing? Supplementary questions: For the past three years, share statements on arrears to suppliers. What is the evidence drawn from that?	CMS and MoHSS
Extent to which MoHSS-CMS/ CBPN access to key fiscal information	**Original questions:** What is your view on financial information transparency? Do all entities involved in procurement have access to fiscal budgets, documentation, and reports? For example, Annual budgets, budget execution reports, financial statements, external audit reports, contract awards, available resources etc. **Supplementary question:** Do you have visibility on procurement budgets, budget execution reports, fiscal availability etc.	CMS and MoHSS

Category	Assessment questions	Which Procurement Entity should respond to this question?
Evidence of financial planning in the past 5 financial years	**Original questions:** Are multi-year procurement strategies available and costed? Are these used or followed during implementation? Are they useful? **Supplementary question:** Do you have a multiyear procurement plan?	CMS
Cash flow predict-ability and control over timely budget execution relating to health procure-ments	**Original questions:** Are cash flows forecasted and monitored? What is the extent of reliability and horizon of periodic in-year information to MoHSS on procurement ceilings for expenditure commitment? What is the frequency and transparency of budget adjustments and bud-get re-allocations?	PPU, MoHSS/CMS
Cash flow predictability and control over timely budget execution relating to health procurements	**Supplementary questions:** Who has access to IFMS and who monitors it from the MoHSS entity? The issue of financial controls is key, why do we have unauthorised or exceeding expenditure if the system is there? What controls are put on IFMS? Are you able to see how much you are getting per month and future disbursement visibility?	PPU, MoHSS/CMS
Public access to complete, reliable, and timely procurement information.	**Original question:** What is the mechanism available and extent of public access to procurement information?	CMS and MoHSS
Formal and doc-umented internal controls	**Original question:** How effective are expenditure commitments? What is the degree of compliance with rules for processing and recording transactions? **Supplementary question:** Can you share the financial procedures and internal financial control rules. (MoHSS and CMS)	MoHSS and CMS
Internal audit functions, effectiveness and accountability	**Original questions:** What is the coverage and quality of internal audit function? Frequency and extent of distribution of audit reports? Extent of management response to internal audit findings? **Supplementary questions:** Does an Audit commit exist within the MoHSS? Please share the reports of minutes, ToRs and performance of the Audit Committee. Can we have internal audit report for the most recent periods? 2018/9 and 2019/20? Can we also have the Audit General External audit report? Was an internal pharma audit done in the past 5 years? Can we have a report?	MoHSS, CMS and MoF
The accounting system provides coherent information on resources reaching lower levels of service delivery	**Original question:** How effective is the financial accounting system?	MoHSS/CMS and CPBN

Category	Assessment questions	Which Procurement Entity should respond to this question?
The accounting system provides coherent information on resources reaching lower levels of service delivery	**Supplementary questions:** How are commitments controlled within procurements? Are you using IFMS to manage procurement contracts? If not, what is in place?	MoHSS/CMS and CPBN
The accounting system can produce timely periodic reports and management has access to them	**Original question:** What is the scope of the accounting system, timeliness and quality of financial information? **Supplementary question:** Can we have financial statements for CMS for the past 3 years.	MoHSS/CMS and CPBN
The MoHSS is receiving and using budget estimates provided by government's Ministry of Finance	**Original question:** How complete, timely and quality of budget estimates?	MoHSS and CMS

ANNEX 2: RECOMMENDATIONS, ACTIONS AND RESPONSIBILITY

Category	Key Message	Strategic Recommendation	Activity Reference	Proposed Activity	Proposed Implementor	When
Regulatory Framework	1. The Act and related Regulations and Guidelines for public procurement and public financial management are sufficiently supportive for the application of Good Practices in pharmaceutical procurement; the gaps identified regard mainly refinement of implementation and a provision for outsourced procurement, more specifically pooled procurement by third parties, as procurement method to be added to Part 5 of the Act.	1.1. Amendment of the Act, i.e., PPU to add outsourced procurement, more specifically pooled procurement by third parties, as procurement method under Part 5 of the Act.	1.1.1	Revise the Public procurement act and add outsourced procurement, more specifically pooled procurement by 3rd parties, as procurement method under Part 5 of the Act.	MoF (PPU)	Short term
		1.2. Additions to Regulations and Guidelines, i.e. PPU to add instructions to Regulations and Guidelines capturing the outline of market analysis and the efficient pre-payments required for outsourced procurement, the requirement of publishing bid prices per item, development and adoption of detailed multiyear procurement planning, addition of a special threshold for procurement of pharmaceuticals and clinical supplies, and the use of the USD or Euro as the commonly used freely convertible currency in international health procurement.	1.2.1	Add instructions to Regulations and Guidelines capturing the outline of market analysis and the efficient pre-payments required for outsourced procurement, the requirement of publishing bid prices per item, development and adoption of detailed multiyear procurement planning, addition of a special threshold for procurement of pharmaceuticals and clinical supplies, and the use of the USD or Euro as the commonly used free convertible currency in international health procurement.	MoF (PPU)	Short term
		1.3. CMS and PPU to develop and adopt new SBDs and procedures for 2-step tender process with pre-qualification of suppliers and products in pharmaceutical and clinical supplies procurement and use of Framework Agreements and related Purchase Orders	1.3.1	CMS, if need be with assistance of a pharmaceutical expert (TA), to review and adopt new SBDs and procedures for 2-step tender process with pre-qualification of suppliers and products in pharmaceutical and clinical supplies procurement and use of Framework Agreements and related Purchase Orders. PPU to adopt.	MoF (PPU), CMS and CPBN	Short term
Governance and Oversight	2. Governance and oversight structures for public financial management and public procurements are insufficient to support special arrangements for pharmaceutical and clinical supplies procurement.	2.1. MoHSS to motivate for special structural arrangements for PMU and PC for pharmaceutical and clinical supplies procurement in line with good standard practice	2.1.1	MoHSS to develop justification paper for special structural arrangements for PMU and PC for pharmaceutical and clinical supplies procurement in line with good standard practice.	CMS/ MoHSS	Short to medium term

Category	Key Message	Strategic Recommendation	Activity Reference	Proposed Activity	Proposed Implementor	When
Human Resource Capacity	3. Human resource capacity (number and skill) gaps exist in all institutions involved in public procurement of pharmaceuticals and clinical supplies	3.1. Conduct an HR capacity audit for the institutions involved in public procurement and financial management of the pharmaceutical and clinical supplies within MoHSS-CMS, PPU and CPBN. This should include HR planning, staffing (number and skills), job analysis and recruitments. For CMS, this should be based on the recommendations and aspirations of the turnaround strategy already underway.	3.1.1	Conduct an HR audit for the three main institutions (MoHSS-CMS, PPU and CPBN) and align HR planning, staffing with a clear job analysis (i.e., skills and workload requirements).	MoF (PPU), CMS and CPBN	Short to medium term
IT Infrastructure for Procurement and Financial Management		3.2. Develop and implement training for CMS and PMU on public procurement Act and State Finance Act and related regulations and guidelines.	3.2.1	3.2. Develop and implement training for CMS and PMU on public procurement Act and State Finance Act and related regulations and guidelines.	CMS/ MoHSS	Short term
	4. IT Infrastructure for health procurement and financial management exist but are not linked and are not used optimally.	4.1. MoHSS to link IFMS with SYSPRO to allow for efficient financial planning, purchasing and budget monitoring, so that systems are in place to avoid issuing manual purchase orders outside IFMS.	4.1.1	Develop SoPs that ensure the processes in IFMS and SYSPRO are aligned and synchronised.	CMS/ MoHSS	Short term
			4.1.2	Develop a software interface between IFMS and SYSPRO	CMS/ MoHSS	Long term
Procurement Planning and Financial Management	5. Planning for procurements is done and financial management systems exist, but execution is not optimal; availability of pharmaceuticals and clinical supplies is a concern, while overspending is observed each year.	5.1. MoHSS to revise procurement planning for pharmaceuticals and clinical supplies to a rolling 3-year plan, in line with the MTEF. Annual update of the 3-year procurement plans should include the different MoHSS programmes to ensure changes in treatment regimens are taken into consideration.	5.1.1	Develop 3-year procurement plans for pharmaceuticals and clinical supplies and align these with MTEF cycle and budget.	CMS/ MoHSS	Short to medium term
			5.1.2	Revise these multi-year plans annually.	CMS/ MoHSS	Long term
		5.2. MoHSS Accounting Officer (ED) to provide a finance certificate to ensure availability of funds over 3 years, to allow for establishing 3-year framework agreements under which purchase orders may be placed (reducing workload for Procurement staff by limiting the number of procurement cycles and decreasing procurement cycle times).	5.2.1	Issue 3-year financial certificates based on 3-year framework agreements and in line with 3 year MTEF estimates.	MoHSS	Short term

Category	Key Message	Strategic Recommendation	Activity Reference	Proposed Activity	Proposed Implementor	When
Procurement Planning and Financial Management	5. Planning for procurements is done and financial management systems exist, but execution is not optimal; availability of pharmaceuticals and clinical supplies is a concern, while overspending is observed each year.	5.3. MoHSS to adopt appropriate recommendations from the CMS turnaround strategy Phase 2 report, including provisions for health products tracking, improving storage infrastructure and introducing an essential clinical supplies list, all of which will increase pharmaceutical procurement efficiencies considerably	5.3.1	Review, prioritise and implement appropriate recommendations from the CMS turnaround strategy Phase 2 report, including online tendering, provisions for health products tracking, improving storage infrastructure and introducing an essential clinical supplies list, all of which will increase pharmaceutical procurement efficiencies considerably	CMS/ MoHSS	Short to medium term
		5.4. MoHSS to implement measures to control ordering by health facilities, including allocating budgets per District, inserting allocated budgets into FESC and assigning responsibility for monitoring pharmaceutical expenditure at District and Regional level. Move from the current pull system to an assisted pull system	5.4.1	Develop facility-based budget using morbidity, mortality, and consumption data	CMS/ MoHSS	Medium to long term
			5.4.2	Consider assisted pull system based on disease burden estimates	CMS/ MoHSS	Medium to long term
		5.5. MoHSS to develop and implement SOPs for revised budget planning and control functions.	5.5.1	Develop SoPs for pharmaceutical and clinical supplies budgeting and expenditure control for CMS and ordering facilities	CMS/ MoHSS	Medium to long term

Category	Key Message	Strategic Recommendation	Activity Reference	Proposed Activity	Proposed Implementor	When
Financial Resources and Financial Management	6. In the recent past the resources approved for pharmaceutical and clinical supplies were not adequate for the country needs (51-85% of requested budget was made available). Debt currently stands at N$370m. The frequency of budget release is less than optimal (monthly), quarterly disbursements are more effective. Cash flow management and accountability systems are in place through the existence of the IFMS. However, there is poor cash flow management.	6.1. MoHSS to lobby for additional resources for pharmaceutical and clinical supplies with Treasury.	6.1.1	MoHSS to continue to lobby for more resources for pharmaceutical and clinical supplies based on well prepared burden of disease estimates	CMS/ MoHSS	Medium to long term
		6.2. CMS to operate within approved budgets at all times and ensure a debt reduction strategy is put in place, otherwise penalties should be applied.	6.2.1	Put SoPs and procedures in place to ensure CMS does not spend beyond the approved budgets	CMS/ MoHSS	Short term
		6.3. CMS to develop and implement efficient budget optimisation approaches within pharmaceutical and clinical supplies procurements.	6.3.1	Develop budget optimisation strategies for pharmaceutical and clinical supplies procurements, including: • long term framework agreements to be implemented for procurement of pharmaceuticals and clinical supplies • advertise tenders on international websites e.g., Devex • publish individual item prices of all bids and awards on MoHSS website	CMS/ MoHSS	Short to medium term
			6.3.2	Develop capacity within CMS to forecast, plan and implement pooled procurement, including timing, warehouse and quantities etc.	CMS/ MoHSS	Medium to long term

Category	Key Message	Strategic Recommendation	Activity Reference	Proposed Activity	Proposed Implementor	When
Financial Resources and Financial Management	6. In the recent past the resources approved for pharmaceutical and clinical supplies were not adequate for the country needs (51-85% of requested budget was made available). Debt currently stands at N$370m. The frequency of budget release is less than optimal (monthly), quarterly disbursements are more effective. Cash flow management and accountability systems are in place through the existence of the IFMS. However, there is poor cash flow management.	6.4. MoHSS-CMS to prepare a motivation paper to Ministry of Finance- including regulations/conditions to be agreed to - for dealing with advance payments for pooled procurement. This calls for wide support from different high-level politicians and offices such as auditor general and attorney general.	6.4.1	MoHSS to prepare a motivation paper to engage Ministry of Finance- including regulations/conditions to be agreed to - for dealing with advance payments for pooled procurement.	CMS/ MoHSS	Short to medium term
		6.5. MoHSS' Health programmes should take the budget into account when taking decisions on changes of the treatment regime	6.5.1	Health programmes to consider financial implications during guideline reviews and align changes in guidelines to funds available.	CMS/ MoHSS	Short to medium term
		6.6. MoHSS and MoF to ensure funds are continuously available for purchase of pharmaceuticals and related supplies, through better cash flow planning and budget releases.	6.6.1	Refer to activity 5.2.1 above in addition ensure co-ordinating cash flow and purchase	CMS/ MoHSS	Short to medium term
		6.7. MoHSS to conduct routine internal financial audits at CMS and ensure that recommendations are fully implemented.	6.7.1	Conduct routine CMS internal audits and implement audit recommendations	CMS/ MoHSS	Short to medium term

Category	Key Message	Strategic Recommendation	Activity Refer-ence	Proposed Activity	Pro-posed Imple-mentor	When
Thresholds	7. The introduction of the current threshold of N$25 million has prevented CMS, as specialized procurement agency, from conducting its regular tenders for multi-year contracts for pharmaceuticals and clinical supplies with an annual procurement value for pharmaceuticals and clinical supplies of approximately N$1 billion. To date, structural arrangements could not be agreed between MoHSS and CPBN leading to excess costs due to emergency procurements. In the meantime, PPU is considering the MoHSS proposal to increase the threshold for pharmaceuticals and clinical supplies so that CMS may resume the regular tenders.	7.1. PPU, in proper consultation with the Reference Group (see section 5.2.11) to agree on appropriate threshold and conditions, such as certain steps and timeline to increase CMS efficiency as the specialized PMU for pharmaceuticals and clinical supplies, all to be captured in a Capacity Assessment Report, in order to revise the threshold for pharmaceutical and clinical supplies.	7.1.1	PPU to conduct a capacity assessment for MoHSS for higher threshold and in consultation with the Reference Group develop a suitable threshold for MoHSS.	MoF (PPU)	Short term

Category	Key Message	Strategic Recommendation	Activity Reference	Proposed Activity	Proposed Implementor	When
Competitive Procurements	8. There is limited involvement of international suppliers; pre-financing challenges with pooled procurements and lack of evidence on additional value for local preferences.	8.1. MoHSS, with support from PPU, to engage MoF regarding the pre-financing for pooled procurements, both in terms of exemptions and streamlining timeframe for approval. Review past experience and evidence on pooled procurement with an objective addressing gaps and delays before engaging MoF.	8.1.1	Review past evidence of bottlenecks and challenges with pooled procurement e.g., pre-financing and procurement delays	MoHSS	Short to medium term
			8.1.2	In line with activity 6.4.1, MoHSS to engage MoF regarding the pre-financing for pooled procurements, both in terms of exemptions and streamline timeframe for approval.	CMS/ MoHSS	Short to medium term
			8.1.3	CMS to ensure these processes are included in pooled procurement planning.	CMS/ MoHSS	Short to medium term
		8.2. Put in place three-year framework agreements based on budgets from indicative MTEF estimates. The MTEF provides a basis for financial certificates to be issued.	8.2.1	Put in place multi year framework agreements in line with MTEF cycle and multi-year procurement plans 5.1.1 above.	CMS/ MoHSS	Short to medium term
		8.3. CMS to develop strategies for incentives to attract international suppliers such as use of freely convertible currency common in global health procurement (USD or Euro), item-price publication.	8.3.1	Develop strategies to attract international suppliers.	CMS/ MoHSS	Short to medium term
Transparency and e-procurement	9. During opening of pharmaceutical and clinical supplies tenders, bid prices are not being read out and awarded prices per item are not being published in detail. There has been progress in implementing e-procurement, with a pilot for e-procurement scheduled to commence immediately with other ministries.	9.1. MOHSS to publish prices of all bids and awards in detail per item	9.1.1	In line with the amendment to Public Procurement Act, publish bid prices and award prices per item.	CMS/ MoHSS and CPBN	Short term
		9.2. Upon completion of e-procurement pilot within other public entities, PPU to review results and implement e-procurement within MoHSS.	9.2.1	PPU to implement e-procurement for MoHSS once the pilot is completed.	PPU and MoHSS	Short to medium term

Category	Key Message	Strategic Recommendation	Activity Reference	Proposed Activity	Proposed Implementor	When
Monitoring and Evaluation	10. There are a number of M&E activities that are provided for in both the Public Procurement Act and State Finance Act. These include compliance audits, performance audits, financial audits etc. There is mixed progress in implementing these. PPU is developing an M&E strategic framework that will guide reporting requirements, frequency, and approaches such as e-assessments	10.1 PPU to complete development of the M&E strategic framework and share with MoHSS and CPBN. The framework should include, required data/information, frequency, workload and mechanism of reporting.	10.1.1	PPU to complete development of the M&E strategic framework.	MoF (PPU)	Short to medium term
		10.2. In line with the statutes, PPU and MoHSS need to undertake routine performance and compliance audits for pharmaceutical and clinical supplies procurements.	10.2.1	PPU to conduct compliance audit as per the regulations and the new M&E framework.	MoF (PPU)	Short to medium term
Communication, Accountability and Oversight	11. It is noted that some of the current bottlenecks emanate from limited engagement and dialogue between the institutions involved.	11.1 Set-up a Reference Group to ensure confidence in good public health procurement management practices through dialogue and consensus-building-Members: PPU, CPBN and MoHSS (CMS, PMU, Finance). Accountable to the EDs of MoHSS and MoF, Chair of the CPBN and Head: PPU. See Annex 7 for proposed ToRs, as supported by participants at the Stakeholder meeting (19 March 2021).	11.1.1	Establish a Reference Group for Health Procurement as platform to guide formulation and implementation of action plan and to solve issues to achieve Good Practices and efficiency in pharmaceutical and clinical supplies procurement.	MoF (PPU), PMU/ CMS/ MoHSS and CPBN	Immediately

ANNEX 3: RECOMMENDATIONS ON STANDARD BIDDING DOCUMENTS

PPU realizes that the current set of Standard Bidding Documents (SBD) are not sufficiently addressing the challenges that come with pharmaceutical procurement and has requested the consultants for advice. In March 2020 the CPBN launched a tender for ARVs using the 2015 World Bank SBD for Health Products. This SBD is using post-qualification and is regarded obsolete, as the standard for multi-sourced pharmaceuticals is a 2-steps tender process with pre-qualification. Reference is made to the current World Bank Standard Procurement Documents for Health Products.[1]

It is recommended that CMS (with support from PPU) adapt the World Bank Standard documents to the specific needs of Namibia, without compromising the standard of pre-qualification.

It is further recommended that these documents are adapted for contract agreements for 2 to 3 years with Purchase Orders to be placed on need-basis, as is common for CMS. Reference may be made to World Bank Standard Procurement Document Trial Edition Request for Bids Framework Agreement(s) Goods (One-Envelope Bidding Process) 2016.

1. World Bank Standard Procurement Document Prequalification Document Health Sector Goods (Pharmaceuticals, Vaccines and Condoms) (For use with a Request for Bids process) World Bank Standard Procurement Document Request for Bids Health Sector Goods (Pharmaceuticals, Vaccines and Condoms) 2017

ANNEX 4: RECOMMENDATION OF ACT, REGULATIONS AND GUIDELINES AMENDMENTS

Responsible	Functions/responsibilities per Act, Regulations and Guidelines, Gaps	References/ Recommended tools to be developed
Minister of Finance	ACT summary: The Minister may, with or without condition, as the Minister may determine, grant a general or specific exemption by way of a directive for specific types of procurement or disposal from the application of certain provisions of this Act that are not practical or appropriate for the purpose for which such goods are let, hired or disposed of, including goods, works and services being procured.	Procurement Act 2015 and (draft) Amendments
MoF-PPU	**ACT Summary:** Policy making, guiding, supervision... advising the Minister on any procurement or disposal which includes: a) the monitoring of compliance with this Act, directives, code of procedures and guidelines issued under this Act; b) the reviewing of the procurement system and proposal of mechanism for improving the implementation of government policies by public entities; c) the assessing of the impact of the procurement system on the socio-economic policy objectives of the Government; d) the promotion of the fundamental principles of procurement governing the administration of procurement; and e) the reviewing of, monitoring and assessing methods of disposal of assets.	Procurement Act 2015 and (draft) Amendments Procurement Regulations (2017) Procurement Guidelines (2017) Standard Bidding Documents for Goods a.o., Directives
MoF-PPU	**Selection of the functions most relevant for Health:** • propose various thresholds to the Minister relating to public procurement or disposal to be applied by public entities and the Board • to advise public entities on all public procurement policies, principles, and practices • to monitor, report on the performance of the public procurement systems in Namibia • to prepare and conduct training programmes • to set mandatory training standards, capacity building and competence levels, certification requirements and professional development paths for procurement practitioners in Namibia • to prepare, update and issue directives, instructions, guidance notes and manuals, including any other incidental documents for mandatory use by public entities; • to issue authorised versions of the standardised bidding documents, standard forms of contracts, pre-qualification documents, procedural forms, requests for proposals and other similar documents for mandatory use by every public entity implementing procurement • to inspect or cause to be inspected any procurement activity to ensure compliance with a procurement award by either the Board or a public entity • to institute audits	**Recommended tools to be developed:** • Template for annual 3-year rolling Procurement Plan. • SBD for Pre-qualification of Health products. • SBD for Bids from Pre-qualified suppliers of Health Products. • SBD for Framework Agreements (referring to 2017 World Bank. • Standard Procurement Documents as examples as well as World Bank Standard Procurement Document Trial Edition Request for Bids Framework Agreement(s) Goods 2018). • Template for Bid Opening reports (bid price per item). • Template for Bid Evaluation Report. • Template for PE Procurement Manual.

Responsible	Functions/responsibilities per Act, Regulations and Guidelines, Gaps	References/ Recommended tools to be developed
CPBN	**The Board is in fact the National Procurement Management Unit:** • to conduct the bidding process on behalf of public entities for the award of contracts for procurement (or disposal of assets) that exceed the threshold of N$25 million. • to enter into contracts for procurement or disposal of assets on its own behalf or on behalf of public entities awarded by the Board. • to direct and supervise accounting officers in managing the implementation of procurement contracts awarded by the Board. • and (under powers and functions of Board • call for such relevant information and documents as it may require from any public entity • - approve bidding documents and notices submitted to the Board by public entities. • oversee the examination and evaluation of bids • - review the recommendations of a bid evaluation committee, and i. to approve or reject the recommendation of the bid evaluation i. committee to award a contract; or ii. to require the bid evaluation committee where applicable to iii. make a new or further evaluation on specified grounds; or iv. to report to the Minister any decision of the Board not v. implemented by the public entity within the prescribed period.	Procurement Act 2015 and (draft) Amendments Procurement Regulations (2017) Procurement Guidelines (2017)
MoHSS-ED	**ACT Summary:** **Accounting Officer:** • set up an internal organisational structure which includes a procurement committee and procurement management unit for the conduct and management of procurement at the public entity • accountable for the full compliance with this Act and directives and • instructions made under this Act. • engage in procurement planning, plan each step of the procurement • process and prepare annual procurement plan • certify the availability of funds before the commencement of each • procurement process • ensure that the proceedings of the internal structures are properly • recorded and kept in a safe and secure place in the prescribed manner. • must keep and maintain proper record of minutes and other related documentation • must establish an ad hoc bid evaluation committee for the evaluation of bids required. • must appoint persons as members of the bid evaluation committee and appoint one of them as chairperson	Procurement Act 2015 and (draft) Amendments Procurement Regulations (2017) Procurement Guidelines (2017)

Responsible	Functions/responsibilities per Act, Regulations and Guidelines, Gaps	References/ Recommended tools to be developed
MoHSS-ED	An accounting officer may delegate or assign to a staff member any of the powers or functions conferred upon or imposed on the accounting officer by or under this Act, except the power to issue contract awards, sign agreements and appointing or recommending staff members for appointment to procurement committee, bid evaluation committee or procurement management unit. **Regulations summary:** **Accounting Officer must notify:** a) the successful bidder of the selection of its bid for award; and b) (b) the other bidders, specifying the name and address of the successful bidder and the price of the contract. c) on request of an unsuccessful bidder, must promptly brief the bidder of the reasons for which its bid or its application for prequalification was unsuccessful, if the request for such information was submitted within the prescribed period of the publication of the notice referred to in section 55(8).	Procurement Act 2015 and (draft) Amendments Procurement Regulations (2017) Procurement Guidelines (2017)
MoHSS-PC	**Regulations summary:** Procurement Committee oversight functions: a) recommend to the accounting officer the bidding process of a public entity; b) review the evaluation of pre-qualification or bid for procurement made and submitted to it by the bid evaluation committee; c) attend to clarification of the issues pertaining to bidding during bidding stage and evaluation stage; d) ensure that the implementation of the procurement contract is made in accordance with the provisions of the Act and procurement contract; e) review and recommend to the accounting officer submission made for variations, addenda or amendments in accordance with the provisions of the Act; f) recommend to the accounting officer the approval for the award of the procurement contract; and g) annually submit to the accounting officer a list of procurement contracts awarded by the public entity.	Procurement Act 2015 and (draft) Amendments Procurement Regulations (2017) Procurement Guidelines (2017) Standard Bidding Documents for Goods a.o. Directives **Gap**: • MoHSS Procurement Manual including links with the MTEF

<table>
<tr><th>Responsible</th><th>Functions/responsibilities per Act, Regulations and Guidelines, Gaps</th><th>References/ Recommended tools to be developed</th></tr>
<tr><td>MoHSS-PMU</td><td>Regulations summary:
The procurement management unit is responsible for conducting and management of procurement activities of a public entity from the initiation of the procurement to the award of the procurement contract, but the procurement management unit is not responsible for the evaluation of bids or awarding or termination of procurement contracts.
Functions:
a) support the functioning of the procurement committee and provide secretarial services and technical input to the procurement committee;
a)
b) serve as the channel of communication for the public entity procurement;
c)
d) handle complaints by suppliers, contractors or consultants and submit to the accounting officer a report on how such complaints have been or are to be resolved;
e)
f) prepare an annual procurement plan that a public entity intends to carry out during the financial year which includes types and quantity of the goods, works or services to be procured by the public entity; and 8 other detailed instructions;
g) initiate a procurement activity on receipt of a purchase requisition approved by the accounting officer; and
h) implement procurement policy decisions of a public entity and decisions made by the Review Panel.</td><td>Procurement Act 2015 and (draft) Amendments Procurement Regulations (2017)
Procurement Guidelines (2017)

Standard Bidding Documents for Goods a.o.
Directives

Gap:
• MoHSS Procurement Manual including links with the MTEF</td></tr>
<tr><td></td><td>In addition to an annual procurement plan referred to in sub regulation (2), the procurement management unit must prepare an individual procurement plan for each individual procurement and the individual procurement plan must take into account:
a) the identification and assessment of the need for procurement;
b) the estimate of the time required for each stage in the procurement process;
c) the identification of the amount and source of funding;
d) the acquisition history for similar goods, works or services;
e) the estimation for the cost of the proposed procurement;
f) possible aggregation of procurement requirement taking into account factors such as achieving economies of scale in purchasing, optimised use of procurement and contract administration resources; and
g) the selection of appropriate procurement method in accordance with section 27 of the Act and the reason for the selection of the procurement method.</td><td>Procurement Act 2015 and (draft) Amendments Procurement Regulations (2017)
Procurement Guidelines (2017)

Standard Bidding Documents for Goods a.o.
Directives

Gap:
• MoHSS Procurement Manual including links with the MTEF</td></tr>
</table>

Responsible	Functions/responsibilities per Act, Regulations and Guidelines, Gaps	References/ Recommended tools to be developed
MoHSS-PMU	**Gaps**: • Annual procurement plan to be changed to annually prepare rolling 3-year Procurement Plan linked to MTEF. Prepares Bidding Document based on the PPU's SBDs with inputs from user departments on specifications and quantities and special requirements (terms and conditions). • Prepare advertisement, Invitations to Bid. • Assist PC with requests for clarifications • Bid Opening • with publication of bid prices per item. • Prepare Award Notifications • showing prices per item. • Prepare contract agreements, contracts, purchase orders	Procurement Act 2015 and (draft) Amendments Procurement Regulations (2017) Procurement Guidelines (2017) Standard Bidding Documents for Goods a.o. Directives **Gap:** • MoHSS Procurement Manual including links with the MTEF
MoHSS-CMS	**As supply chain user department:** **Gap:** • may provide inputs for Procurement Plan • may (assist to) prepare bidding document (List of Requirements) • - may participate in Bid Evaluation Committee **Gap:** • Reinforce timely procurement as link in the PSM chain for pharmaceuticals and clinical supplies. • Prepare detailed PSM Plan for Pharmaceuticals and Clinical Supplies • .Prepares Bidding Document based on the PPU's SBDs for Health Products to be developed (see PPU). • Assist PC with requests for clarifications. • Bid Opening • with publication of bid prices per item. • Prepare Award Notifications • showing prices per item.	Procurement Act 2015 and (draft) Amendments Procurement Regulations (2017) Procurement Guidelines (2017) Standard Bidding Documents for Goods a.o. Directives **Gap:** • MoHSS Procurement Manual for Pharmaceuticals and Clinical Products (use draft SADC Standards Manual as guideline) • • ; ensure link with MTEF.
MoHSS-Divisions	**ACT Summary:** User departments: • may provide inputs for Procurement Plan. • may (assist to) prepare bidding document. • may participate in Bid Evaluation Committee	Procurement Act 2015 and (draft) Amendments Procurement Regulations (2017) Procurement Guidelines (2017) Standard Bidding Documents for Goods a.o. Directives
MoHSS-HTA	**Gap:** • Should select and establish specifications of health products needed as per Health Technology Assessment (HTA)	**Gap:** • HTA Strategy

Responsible	Functions/responsibilities per Act, Regulations and Guidelines, Gaps	References/ Recommended tools to be developed
Bid Evaluation Committees (to be constituted for each procurement)	**To be constituted by Accounting Officer or CPBN:** • evaluation of pre-qualifications, bids, proposals or quotations • preparation of evaluation reports for submission to the procurement committee • maintaining bids confidential NB For the sake of an independent evaluation process and avoidance of conflict of interest, a member of the Board may not form part of a bid evaluation committee of the Board, and- (a) a member of a procurement committee; or (b) an accounting officer, of the same public entity may not form part of a bid evaluation committee of the same public entity. **Regulations summary:** 1. The bid evaluation committee must, with the approval of the accounting officer and on the request by the procurement committee - (a) provide clarification on the contents of the evaluation reports referred to in section 26(4) of the Act; and (b) may review the evaluation report referred to in paragraph (a) on a specific ground backed by the contents of the bidding documents and in accordance with the Act. 2. The bid evaluation committee must commence with the process of examination and evaluation of bids in accordance with section 52 of the Act within five days after the opening of bids. 3. The process of examination and evaluation of bids referred to in sub-regulation (2) must be completed within 14 days after the opening of the bids or such other period as a public entity may extend, but not exceeding 30 days	Procurement Act 2015 and (draft) Amendments Procurement Regulations (2017) Procurement Guidelines (2017) Standard Bidding Documents for Goods a.o. Directives **Gap:** • Selection of experts in procurement and use of product. • Template for Evaluation of Bids and Evaluation Reports?
Review panel	**ACT Summary:** to be appointed by the Minister of Finance to decide on applications for review by bidder or supplier.	Procurement Act 2015 and (draft) Amendments Procurement Regulations (2017) Procurement Guidelines (2017)

ANNEX 5: LIST OF DOCUMENTS

- 5th National Development Plan (2017/2018-2021/2022)
- A Proposal for Strengthening Namibia's pharmaceutical supply chain (UNDP, 2020)
- AfDB- Country Strategy Paper (2020-2024)
- Aligning public financial management (PFM) and health financing (2021) https://www.who.int/health_financing/topics/public-financial-management/alignment/en/
- Aligning Public Financial Management and Health Financing: A process guide for identifying issues and fostering dialogue (2017)
- Amendment to the Public Procurement Act, 2015
- Annual Procurement Plans and reports
- Assessment of the Pharmaceutical Situation in SADC Member States: https://www.who.int/medicines/areas/coordination/coordination_assessment/en/
- Balancing Control and flexibility in public financial management, World Bank Policy and Research Working Paper 9029(2019).
- Bidders – Debarred/ Suspended bidders
- Briefing note: Procurement processes, blockages and recommendations (July 2019)
- Capacity Building Strategy
- Capacity Building Strategy and Capacity Development Programme (2015)
- Central Procurement Board Namibia CPBN (https://www.cpb.org.na/)
- Central Procurement Board of Namibia Bidding documents (March 2020) for Procurement of Anti-Retroviral Medicines
- CMS price comparison with International Price Reference (ARVs, TB) (2018)
- CMS Turnaround Strategy Phase 1 reports
- Commonwealth, Guidelines for public financial management reform
- Debarred/Suspended bidders/suppliers
- Discussion paper: Universal Health Coverage Policy Framework (2018)
- E-Government Procurement readiness assessment questionnaire (2019)
- Emergency Procurement reporting templates.
- Equity in health care in Namibia: developing a needs-based resource allocation formula using principal components analysis (2007)
- Evaluation of Public Financial Management Reform (Joint evaluation- 2001-2010)
- Evaluation of Root Cause of Suppliers' Performance to Central Medical Store of Namibia (2009)
- Exemption to all Public Entities with regards to application of Bid Security (Bank Guarantee)- in terms of Section 45 of the Public Procurement Act, 2015
- General Exemptions, Directives and Letters (2017-2021)
- Global Fund Data Explorer (2020) https://data.theglobalfund.org/investments/location/NAM
- Guided self-assessment of Public Financial management performance (PFMP-SA) – A toolkit for Health Sector Managers. USAID (2013)
- Guided Self-Assessment of Public Financial Management Performance, USAID tool kit.
- Guiding Principles for Donors Regarding Quality Assurance of Essential Medicines and Other Health Care Commodities July 2020
- Hardley et al (2020); Review of public financial management diagnostics for the health sector.
- Implementing an Integrated Pharmaceutical Management Information System for Antiretrovirals and Other Medicines: Lessons from Namibia (2018)
- Indicative Annual Procurement Plan (2020/2021)
- Individual procurement plan for the supply and delivery of pharmaceutical products to the Ministry of Health and Social Services for a period of 2 years 2021
- Interagency Pharmaceutical Coordination (with members WHO, World Bank, UNICEF and UNFPA); "Operational principles for good pharmaceutical procurement" published by the WHO in 1999 (WHO 1999). https://www.who.int/3by5/en/who-edm-par-99-5.pdf
- International Supply Chain Group (ISCG) Technical Review of Public Health Supply Chain Assessment Tools An analysis of major tools and approaches 2019 by the Interagency Supply Chain Group
- Invitation of bids for the supply and delivery of clinical products to the Ministry of Health and Social Services for a period of 2 years 2020
- Invitation of bids for the supply and delivery of pharmaceutical products to the Ministry of Health and Social Services for a period of 2 years 2020
- IPPR analysis: Namibia's National Budget 2020/21
- List of exemptions issued by PPU (including health)

- Measuring performance of PFM systems (GSDRC) 2015 https://gsdrc.org/professional-dev/measuring-the-performance-of-pfm-systems/
- Methodology for Assessing Procurement Systems (MAPS) (2016)
- Ministerial statement on Covid-19 in Namibia. (Feb 2021)
- MOH Zambia Draft Guidelines for Procurement Planning (2005)
- MoHSS Pharmaceutical information Dashboard, https://pmis.mhss.gov.na/index.php/en/
- MoHSS: National Healthcare Technology Policy (2003)
- Namibia- Health Sector Public Expenditure Review (English). Washington, D.C: World Bank Group. http://documents.worldbank.org/curated/en/268141563376806867/Namibia-Health-Sector-Public-Expenditure-Review (2019)
- Namibia- Health Sector Public Expenditure Review (English). Washington, D.C.: World Bank Group. http://documents1.worldbank.org/curated/en/268141563376806867/pdf/Namibia-Health-Sector-Public-Expenditure-Review.pdf
- Namibia – National Health Accounts Report (2014/2015)
- Namibia Central Medical Stores Turnaround Strategy Phase 2 Report (July 2019)
- Namibia Country data Profile on Pharmaceutical Situation in the SADC region (2009)
- Namibia Essential Medicines List (2016)
- Namibia Public Health Supply Chain Key challenges and SCMS Support to MoHSS (student presentation)
- Namibia Resource Tracking for Health and HIV (2017/2018) https://acs.r4d.org/wpcontent/uploads/2020/06/Namibia-Resource-Tracking-Report-2017-18-FINAL.pdf
- Namibia's Health and HIV Financing Landscape (Aug 2018)
- Namibia's Health and HIV resource tracking (2017-2018)
- Namibian Government tours UNFPA Procurement Services Branch (2017) https://namibia.unfpa.org/en/news/namibian-government-tours-unfpa-unfpa-procurement-services-branch
- National Health Act (2015)
- National Health Policy Framework (2010-2020)
- National Pharmacists Forum: Technical Report: Dissemination of Pharmaceutical Services Information (2014)
- National Strategic Framework for HIV and AIDS (2017/18- 2021/22)
- National Supply Chain Assessment results (2013)
- Notice to suppliers (https://mhss.gov.na/notices2)
- OECD Methodology for Assessing Procurement Systems Brochure 2020
- OECD- Compendium of good practices for integrity in Public Procurement (2014)
- OECD- Harmonising Donor practices for effective aid delivery: Strengthening procurement capacities in developing countries (2005)
- OECD- Methodology for Assessing Procurement Systems (MAPS) (2018)
- OECD- Methodology for Assessing Procurement Systems (MAPS) (2018)
- PEFA- Stocktake on PFM Diagnostic tools 2016
- Performance measurement in humanitarian relief chains (2008)
- Policy Brief (2008): How can the impact of health technology assessments be enhanced?
- Procurement Awards (https://mhss.gov.na/awards)
- Procurement board gets new leadership (2021) https://www.namibian.com.na/98933/read/Procurement-board-gets-new-leadership?fbclid=IwAR06ut0KGc9vTwKGLte0z8BukXv2AmtIzdWfjtIRI1MqvzCsKqduNLy4hCw
- Procurement process at CPBN
- Procurement tenders advertise list (https://mhss.gov.na/tenders)
- Procurement tracker Namibia: Public Procurement in a State of Emergency (June 2020)
- Procurement tracker Namibia: Red Flags-The warning signs fluttering over emergency procurement practices (October 2020)
- Procurement tracker Namibia: Spotlight on the PSEMAS administration contract (August 2020)
- Procurement tracker Namibia: Struggling for Answers on E-Procurement (Sept 2019)
- Procurement tracker Namibia: System Dogged by Governance Challenges (April 2020)
- Procurement tracker Namibia: System in turmoil? (April 2019)
- Procurement tracker Namibia: The Capacity-building Conundrum (Oct 2019)
- Procurement tracker Namibia: The Central Procurement Board Attempts to Reboot (Jun 2019)
- Procurement tracker Namibia: Trying to Fix the System (Jul 2019)
- Public Expenditure and Financial Accountability: https://www.pefa.org/
- Public Expenditure Tracking in Pharmaceutical Procurement, focusing on ARVs (MoF DRAFT, 2016)
- Public Procurement Act, 2015 (Act 15 of 2015)

- Public Procurement Guidelines (2017)
- Public Procurement Regulations (2015)
- Research paper: A Critical Analysis of Namibia's Public Procurement Supplier Remedies Regulatory Framework (2015): Introducing the Standstill Period
- Research paper: Health technology assessment in low- and middle-income countries: A landscape assessment (2015)
- Resource flows for health care: Namibia reproductive health sub-accounts (2011)
- SADC Pharmaceutical Procurement & Supply Good Practices 'A region with the highest standards of health for all' (February 2014)
- SADC Pooled Procurement Services 2020- MSD Tanzania
- SADC Strategy for Pooled Procurement of Essential Medicines and Health Commodities, (2013-2017)
- SCSM: Inventory control and Good Storage Practices- Follow-up visits debriefing- PEPFAR
- Special Briefing Note 9: The Public Procurement Bill (2015) in Namibia
- Standard bidding Forms and Documents
- State Finance Act, Act 31 of 1991
- Strategic Plan: (2017-2018)/ (2021/2022)
- Strengthening the Supply Chain Management Workforce in Namibia: Results of a Rapid Retention Survey for Pharmacists and Pharmacist Assistants (2015)
- Templates (including Individual Procurement Plan, Annual Procurement Plan, etc.)
- Threshold Assessment (Framework) Tool
- Towards better public financial management for health (2019) World Bank Blogs https://blogs.worldbank.org/health/towards-better-public-financial-management-health
- UN Procurement Manual 2020
- UNICEF supply chain maturity model (2018): https://www.unicef.org/supply/unicef-supply-chain-maturity-model
- USAID Global Health Supply Chain Program https://www.ghsupplychain.org/country-profile/namibia
- USAID/Namibia: Strengthening pharmaceutical systems (SPS) and Supply chain management (SCMS) evaluation report (2010)
- W.H.O has released (in 2020) a health financing progress matrix
- What do Public Financial Management assessments tell us about PFM reform? (2010)
- WHO work on supply systems: www.who.int/medicines/areas/access/supply/en/
- WHO-Building strong public financial management systems towards universal health coverage: Key bottlenecks and lessons learnt from country reforms in Africa (2018)
- WHO, International Health Regulations (2005)
- WHO, UNICEF, UNDP and World Bank: Model Quality Assurance System for Procurement Agencies; In: Annex III of the WHO technical report series 98648th report, 2014
- World Bank country profile Namibia (2008): https://www.globalpublicprocurementdata.org/gppd/country_profile/NA
- World Bank Project Procurement Strategy for Development Short Form Guidance (Feb 2017)
- World Bank, public financial management: Good Practices (2003)
- World Bank: Health Sector Public Expenditure Review (2019)
- World Bank's Fin Health tool which builds on PEFA and is quite extensive and in depth. www.finhealth.com

ANNEX 6: LIST OF KEY INFORMANTS

Key informant	Designation
Mr. Benetus T. Nangombe	MoHSS- Executive Director
Ms. Petronella Masabane	MoHSS- Deputy ED, Office of the ED
Mr. Axel Tibinyane	MoHSS- Acting Director: Pharmaceutical Services)/ Deputy Chairperson for the Procurement Committee
Mr. Godwin Tjavara	MoHSS- Director: Finance & Procurement
Mr. Evaristus Iita	MoHSS- Deputy Director: Procurement & Head of Procurement Management Unit
Mr. Almecro Boois	MoHSS- Deputy Director Finance / Financial Advisor
Ms. Seija Nakamhela	MoHSS- Central Medical Store, Chief Pharmacist
Ms. Fabiola Vahekeni	MoHSS- Central Medical Store, Procurement Pharmacist
Mr. Tonata Ngulu	MoHSS- Central Medical Store, Distribution Pharmacist
Mr. Lemesa Bizwayehu	MoHSS- Central Medical Store, Quantification & Supply Planning Pharmacist
Ms. Emilia Salomo	MoHSS- Central Medical Store, Chief Accountant
Mr. Yousef Makar Sadek	MoHSS- Chief Pharmacist, Windhoek Central Hospital
Mr. A. Mutonga	MoHSS- Division: Finance, Accountant
Ms. Rebecca Haipinge	CPBN- Procurement Specialist: Goods and Services
Mr. Immanuel Karbinda	CPBN- Procurement Specialist: Capital Projects
Ms. Nicola Davids	CPBN- Assistant Legal Advisor
Mr. Charles Sipiho	CPBN- Senior Procurement Officer
Mr. Francois Brand	MoF Head: Procurement Policy Unit (PPU)
Mr. Phineas M. Nsundano	MoF PPU- Director: Legal Support and Compliance
Mr. Willibarth Haraseb	MoF PPU- Deputy Director
Ms. Emilia Michael	MoF PPU- Chief Policy Advisor: System Monitoring and Evaluation
Ms. Alina Hekandjo	MoF PPU- Policy Analyst, Directorate: Legal Support and Compliance
Ms. Esther Kuugongelwa	MoF PPU- Chief Learning and Development Officer, Directorate: Professionalisation and Capacity Strengthening
Ms. Harriet Lema	GHSC PSM- Project Coordinator
Dr. Mary Nana Ama Brantuo	WHO- Child and Adolescent Health Officer
Mr. Jecob Nyamadzawo	UNICEF- Social Policy Manager (PF4C)
Ms. Kenanao Keemenao Motlhoiwa	UNICEF- Chief, Child Survival and Development.
Ms. Grace Hidinua	UNFPA- Programme Specialist HIV Prevention & FP
Ms. Penelao Hauwanga	UNFPA- Director Finance Associate
Ms. Sarah Mofila	UNFPA- Program Associate
Dr. Norbert Forster	I-TECH- Country Director
Mr. Jordan Tuchman	USAID- Health Systems Strengthening Advisor
Ms. Farida Mushi	USAID- Supply Chain Advisor
Ms. Irish Goroh	UNDP- Program Coordinator
Mr. Ian Ryden	Former UNDP Consultant- CMS turnaround strategy (Phase 1 and 2)
Mr. Matthew Black	MoHSS Global Fund PMU- Director

ANNEX 7: PROPOSED TERMS OF REFERENCE FOR REFERENCE GROUP FOR HEALTH PROCUREMENT

BACKGROUND

Public funds are the cornerstone of sustainable financing for Universal Health Coverage (UHC) in most countries, the public financial management (PFM) system – the institutions, policies and processes that govern the use of public funds – plays a key role. A robust PFM system can ensure higher and more predictable budget allocations, reduced fragmentation in revenue streams and funding flows, timely budget execution, and better financial accountability and transparency[1].

For Namibia to achieve its National Development Plan goal of all Namibians having access to quality health services[2], effective and efficient access to health products is key. It is essential to have the right products in the right place, at the right time and for the right price. The public health supply chain is only as strong as its weakest links. Although studies in recent years have made diverse recommendations for improvements in public health product procurement, the World Bank's Namibia- Health Sector Public Expenditure Review[3] of 2019 reported continuous structural issues resulting in decreasing public expenditure on pharmaceutical procurement, high prices and disrupted availability of medical products and service provision in public facilities.

There have been challenges with timely communication and engagement between the key players involved in pharmaceutical and clinical supplies procurements. Given the potential negative impact that inefficiencies in health procurements can have on Namibia's development goals, there is need for on-going communication and consensus building between MoF, MoHSS and CPBN. The Reference Group will provide an appropriate platform for timely deliberations and problem solving related to implementation of agreed upon solutions.

OBJECTIVES

- To ensure confidence in good public health procurement management practices.
- To achieve consensus on practical health procurement and supply chain management (PSM) and public financial management (PFM) solutions that positively impact efficient health service delivery.
- To guide and monitor timely implementation of recommendations and solutions.

REPORTING

This Reference Group will report to the Executive Directors of MoF and MoHSS, the Chair of the Central Procurement Board of Namibia (CPBN) and the Head of the MoF Procurement Policy Unit (PPU)

TASKS

CONSENSUS BUILDING

- Supervise and facilitate the development and implementation of transparent and efficient procurement and supply systems at all levels that are acceptable for all "partners in health".
- Facilitate and supervise health procurement planning and monitoring.
- Promote harmonization of procedures for efficient health procurement.

SUPERVISE IMPLEMENTATION OF RECOMMENDATIONS FROM CONSENSUS BUILDING

- Execute pre- and post-review (Procurement Audit) of all health procurement at Central level.
- Facilitate the strengthening of the capacity of CPBN and MoHSS-CMS.
- Facilitate appropriate, timely funding for health procurement.

1. https://www.who.int/health_financing/topics/public-financial-management/alignment/en/ (accessed Jan 05, 2021)
2. Republic of Namibia, Namibia's 5th National Development Plan, https://www.npc.gov.na/national-plans-ndp-5/ (accessed Jan 3, 2021)
3. Namibia - Health Sector Public Expenditure Review (English). Washington, D.C.: World Bank Group. http://documents.worldbank.org/curated/en/268141563376806867/Namibia-Health-Sector-Public-Expenditure-Review (accessed Jan 3, 2021)

MEMBERSHIP

Representatives of MoF Procurement Policy Unit (PPU), MoHSS and CPBN will be the core members of the Reference Group. Members should be mid-level managers, to balance the need for technical knowledge with authority to make decisions. MoHSS representatives will be from the Procurement Management Unit, Directorate Pharmaceutical Services / Central Medical Store and Directorate Finance and Procurement. CPBN representatives should be officers dealing with MoHSS procurements.

Representatives from other bodies / directorates, will be co-opted as required, according to the work of the Reference Group.

Core Members	
Organization	**Designation**
MoF-PPU	Legal Support & Compliance
MoF-PPU	Monitoring and Evaluation
MoHSS	Procurement Management Unit
MoHSS	Central Medical Store / Directorate Pharmaceutical Services
MoHSS	Finance Division
Central Procurement Board of Namibia (CPBN)	Relevant Officers (2)
Co-opted as required	
MoF	Treasury
MoHSS	User departments, e.g., HIV, TB, EPI programmes
Development Partners	Relevant Officers
Namibia Medicines Regulatory Council	Medicines
	Other relevant stakeholders, as required

SECRETARIAT

The Reference Group Secretariat will be housed within MoF PPU.

NOTES

NOTES

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