Building effective, sustainable systems for procuring essential reproductive health supplies

A white paper on the value of a comprehensive approach to procurement capacity development in developing countries.

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PATH

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For more information
Keith Neroutsos, director, Procurement, kneroutsos@path.org
Jane Hutchings, director, Reproductive Health Global Program, jh@path.org

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About PATH
PATH is an international nonprofit organization that creates sustainable, culturally relevant solutions, enabling communities worldwide to break longstanding cycles of poor health. By collaborating with diverse public- and private-sector partners, PATH helps provide appropriate health technologies and vital strategies that change the way people think and act. PATH's work improves global health and well-being.

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Executive Summary

Effective procurement systems are critical for ensuring access to reproductive health medicines and other essential health supplies. Although responsibility for procuring public-sector supplies for developing countries is shifting from donors toward country governments and health systems, procurement capacity in many low- and middle-income countries is insufficient to meet this increased responsibility. Under the Paris Declaration on Aid Effectiveness, donors and countries have committed to supporting further development of public procurement systems.

To guide strategies for investment in procurement capacity development—with the goal of improving the sustainability of procurement systems—PATH looked at public-sector practices for procurement of reproductive health supplies in developing countries, with emphasis on key challenges and areas requiring further improvement. Based on PATH's procurement experience, review of the literature, and discussions with key stakeholders, we identified key issues to guide future procurement capacity development.

Although most procurement capacity development efforts to date have focused on transfer of technical skills and tools, our review highlighted the value of a comprehensive approach that includes development of other areas of the public-sector health care system that enable and support good procurement practices. These other areas include human resources and management; institutional infrastructure; the legal, policy, and regulatory environment; government leadership; financing; and transparency. To be effective and sustainable, efforts to develop procurement capacity must involve work to strengthen these cross-cutting systems. Although this comprehensive approach will require increased levels of resources as well as leadership and commitment from countries, we believe it is essential for ensuring security of reproductive health medicines and other essential health supplies over the long term.

Introduction

Shortfalls in the public-sector supply of essential reproductive health (RH) medicines—including contraceptives, medicines for prevention and treatment of sexually transmitted infections, and medicines to ensure healthy pregnancy and delivery[1]—have critical implications for sexual and reproductive health in the developing world. Approximately 215 million women in developing countries face an unmet need for effective contraceptives. Satisfying this unmet need would prevent 53 million unintended pregnancies, resulting in 150,000 fewer maternal deaths and 640,000 fewer newborn deaths each year.[2]

Global stakeholders have shown growing commitment to developing sustainable procurement systems, as demonstrated by increased funding and technical support from donors. In addition, developing countries are increasing their demand for functional procurement systems and taking on more responsibility for leading procurement efforts. Efforts to develop procurement capacity, however, have often focused on short-term technical needs with less emphasis on linking these efforts to broader capacity development in public-sector health care systems. Within this context, many developing countries have faced recurring challenges with procurement of RH supplies.

PATH has worked extensively in the area of procurement capacity development and security of reproductive health supplies. Drawing on this expertise, as well as a review of the literature and interviews with key stakeholders, we have summarized key issues for consideration—aimed at both donors and countries—for developing sustainable procurement capacity. We intend for this paper to provide a starting point for further discussion and reflection among stakeholders and hope our recommendations will be useful for shaping future approaches to procurement capacity development.

Stable access to reproductive health supplies

Reproductive health commodity security (RHCS)—defined as a state in which all individuals can obtain and use affordable, high-quality RH commodities whenever they need them[3]—is the key to effective delivery of sexual and reproductive health services worldwide.[2,4,5] Because RHCS enables reproductive health care worldwide, it is also a prerequisite for numerous development goals, such as those in the Programme of Action of the International Conference on Population and Development and the Millennium Development Goals (MDGs).[6,7] The Paris Declaration on Aid Effectiveness also highlighted procurement capacity as critical to achieving the MDGs and to ensuring that aid is effective.[8] Meeting both country and global goals for improved health depends on the development of reliable and sustainable procurement systems for reproductive health supplies.

The high cost of capacity limitations

As global attention focuses on the need for effective procurement systems, responsibility for procuring RH supplies in the developing world is shifting away from donors and toward country governments and health systems. Donors are phasing out direct donations of goods and program-specific support because of limited funding and often switching to financial support of sector-wide approaches and general budget support. The US Agency for International Development (USAID), for example, has phased out direct donations of family-planning supplies in many Latin American countries.[9]

Lessons learned in Bangladesh

In 1998, the World Bank's Health and Population Sector Program began providing funding for procurement of contraceptives directly to the Government of Bangladesh, where donors had previously supplied almost all contraceptives used in the country. Despite efforts to ensure a smooth transition, stock quantities decreased immediately, and even two years later, no contraceptives had been purchased. At the request of the Government of Bangladesh, the USAID-funded DELIVER project stepped in to provide technical assistance, focusing on strengthening the technical capacity of procurement personnel: placing local procurement experts inside the Ministry of Health and Family Welfare (MOHFW) and organizing training for procurement employees at all levels. At the same time, the World Bank supported comprehensive reform of the legal and policy requirements governing national procurement, resulting in the Bangladesh Public Procurement Act of 2006 and updated regulations in 2008.

The short-term results of the technical assistance were positive. In 2002–2003, the MOHFW independently procured 446 million condoms with a cost savings of more than US$2 million.

Nonetheless, Bangladesh experienced serious shortfalls in 2004–2005 due to a number of challenges, and procurement delays continued into 2007, leading to widespread stock-outs of injectable contraceptives. In early 2008, the country turned to outside donors again, narrowly avoiding condom stock-outs through an emergency shipment of 6 million condoms from USAID.

What happened to the procurement system in Bangladesh? To explore this question, the DELIVER project conducted a comprehensive analysis of efforts to improve procurement capacity in Bangladesh.[13] The analysis noted that efforts to strengthen the public-sector procurement system and ensure a secure contraceptive supply had focused primarily on technical capacity development. Although these investments led to short-term increases in procurement capacity for contraceptive supplies, multiple issues outside the procurement system greatly affected success, including donor requirements, government leadership, and human resources. Because these challenges went unaddressed, Bangladesh was unable to sustain effective contraceptive procurement over the long term.

Unfortunately, many developing countries are insufficiently prepared to manage this increased responsibility.[10,11] In 2005, the United Nations Population Fund (UNFPA) disbursed more than US$30 million to more than 50 countries to avoid shortfalls in emergency RH supplies, illustrating the magnitude and severity of this problem for countries around the world.[12] The case of Bangladesh (see box above) provides another illustration of the need for building strong procurement systems for reproductive health supplies.

In 2001, PATH participated in the organization of an international meeting on contraceptive security in Istanbul—the first global meeting to highlight the issue of contraceptive supply challenges—in which technical experts, donor agencies, and national governments cited countries' inadequate logistics and supply capacities as major contributors to growing shortfalls of RH supplies, bringing this issue to the attention of global stakeholders.[4] PATH has continued to work in the area of contraceptive supply security and has been a driving force in establishing the Reproductive Health Supplies Coalition and in developing procurement training and capacity through the creation of the *Procurement Capacity Toolkit—Tools and Resources for Procurement of Reproductive Health Supplies.*

Committing to a new approach

Historically, procurement capacity development efforts have focused on improving procurement techniques (the means of achieving the acquisition of goods and services), with less emphasis on integrating this work into broader development or reform activities in the public sector.[14] As illustrated in the Bangladesh case study, this approach fails to address factors within the

public-sector environment that are critical to successful, efficient, and sustainable procurement practices. These factors include a supportive government with strong policies, legislation, and public financial-management practices. Donors and countries are increasingly citing a need for more country-driven and integrated approaches to capacity development, especially within the context of health-sector reform.[3,8,11,14,15]

Under the Paris Declaration, donors and partner countries jointly committed to provide sufficient resources to support and sustain medium- and long-term procurement reforms and capacity development. They also agreed that countries should lead the reform process, with donors playing a supporting role. These initiatives will require a comprehensive approach to ensure that capacity development efforts result in the desired gains.

Goal of this white paper

In 2007 and 2008, as part of a broader effort to expedite progress toward contraceptive security, PATH set out to identify the key issues that must be addressed—both by donors and by countries—to develop sustainable procurement systems. Here, we describe these issues, review their connection to current challenges faced by procurement systems, and discuss the importance of using a comprehensive approach to develop procurement capacity. This paper draws on PATH's experience in the field of procurement and reproductive health supply security, as well as a review of the literature and interviews with a diverse group of key stakeholders involved in international health product supply. We reviewed literature focusing on procurement practices, procurement capacity development, and reproductive health commodity security, drawing from both published and unpublished sources (e.g., project reports and white papers accessible through agency websites). We also interviewed key stakeholders involved in procurement of RH supplies in developing countries, including country-level procurement personnel, regional coordinating bodies, donor and development agencies, international procurement agencies, and nongovernmental organizations (NGOs) (Table 1). Interviews focused on respondents' perspectives related to procurement or funding of RH and contraceptive supplies, key challenges and areas in need of investment, and lessons learned from previous capacity development efforts.

TABLE 1. **Stakeholder interviews**

Country-level procurement personnel
Ministry of Health, Tanzania
Ministry of Health, Senegal
Ministry of Health, Côte d'Ivoire
Ministry of Health, Togo
National Regulatory Agency, Benin
National Regulatory Agency, Nigeria
Regional coordinating bodies
Pan American Health Organization
West-African Health Organization
Donors and development agencies
US Agency for International Development
World Bank
GAVI Alliance
The Global Fund to Fight AIDS, Tuberculosis and Malaria
International procurement agents
Crown Agents
Population Services International
IDA Solutions
United Nations Population Fund
Nongovernmental organization program implementation
USAID | DELIVER Project*
International HIV/AIDS Alliance

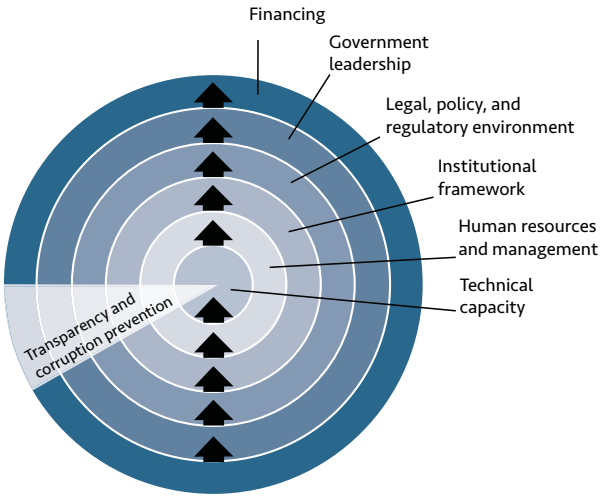
*We conducted two separate interviews with DELIVER personnel.

Findings

Our review identified seven areas that should be addressed to help build effective, sustainable systems for public-sector procurement (see Figure 1):

- Technical capacity of procurement personnel.
- Human resources retention and management.
- Institutional infrastructure.
- Legal, policy, and regulatory environments.
- Government leadership.
- Financing.
- Transparency and prevention of corruption (relates to all six areas above).

FIGURE 1. **Areas for capacity development.**



The literature and interviews highlighted the interdependence of each of these areas, pointing to the importance of having adequate capacity in all areas to ensure the effective performance and sustainability of any country's public procurement system. For example, many stakeholders described the importance of developing technical skills among procurement personnel but noted the difficulty of maintaining these skills due to rapid staff turnover and lack of institutionalized procedures. Failure to recognize that problems in one area are often compounded by challenges in other areas may lead to repeat investments and short-term capacity development that is not sustainable.

Furthermore, stakeholders emphasized that the effectiveness and sustainability of procurement systems depend more on making improvements in the broader "enabling environment" that supports public-sector procurement than on improving use of specific procurement mechanisms or methods. The literature strongly echoes this need, pointing out that efforts to improve procurement capacity must focus as much on strengthening the national governing and policy environment, institutional infrastructure, and human resources as they do on technical capacity.[3,14,16,17,18]

Technical capacity of procurement personnel

Key stakeholders and the literature identified numerous areas where procurement personnel face challenges related to technical capacity, including data collection, requirements forecasting, distribution, use of information systems, quality-assurance testing, market research, the ability to meet international bidding requirements, clinical and pharmaceutical understanding, and compliance with World Bank procurement rules and procedures.[10,19,20] Stakeholders expressed concern that although new information-technology tools are becoming increasingly available to assist with these challenges (e.g., logistics and management information software, country commodity managers), these tools create an increased need for training and maintenance to ensure effective use. Even with transfer of technical skills through workshops and training,

procurement challenges may persist because of staff turnover, weak governance, or lack of adequate regulations—leaving critical gaps in a country's ability to effectively procure and distribute supplies.[13,14,21]

Human resources retention and management

Almost all stakeholders highlighted the problem of staff retention. They identified numerous contributing factors, including unclear roles and inadequate support, motivation, and remuneration. In addition, stakeholders cited additional systems-related challenges, such as procurement timelines and donor and lender policies, as well as the fact that high-level managers who are included in the procurement process may not be familiar with specifications for RH products.

In a report on a recent study of RHCS in India and Mozambique, the authors highlighted the importance of maintaining management capacities for all staff working in procurement and supply chains and called for strategies to fill human-resource needs more broadly to implement RHCS.[17] Another study, focusing on an evaluation of the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund), has drawn attention to the fact that although almost 50 percent of Global Fund resources are spent on the purchase of drugs and commodities, procurement and supply management was one of the greatest challenges faced by grant recipients—specifically, lack of procurement management experience and trained procurement staff.[19]

The literature points out that different procurement mechanisms and methods can highlight or mitigate management problems. For example, centralized procurement at the national level (the central medical stores model, parastatal agencies, and autonomous supply agencies) optimizes use of scarce procurement professionals.[22] Even so, managing the complex procurement mechanism of international competitive bidding requires specialized knowledge, expertise, and experience. Several stakeholders, including donor and development agencies, international procurement agencies, and NGOs, noted that outsourcing procurement is an important option for countries that lack capacity. Others have also cited the importance of this option for addressing short-term capacity constraints.[14,23] This approach, however, still requires some level of in-country technical and management capacity to monitor and manage outsourced contracts.

Institutional infrastructure

Lack of institutional infrastructure—the systems and procedures that provide guidance, clear lines of accountability, and compliance with national and international regulations—was another oft-cited problem among key stakeholders. Specifically, stakeholders mentioned the lack of standard operating procedures (SOPs) and guidelines with clear levels of accountability and governance. They also cited a lack of information sharing, information-technology systems, and physical capacity (e.g., adequate storage) to support procurement and distribution. Stakeholders emphasized the challenge of creating and maintaining these systems in settings with high staff turnover and repeatedly made the point that, unless a country has the institutional infrastructure to support necessary systems and procedures, training and technical capacity building will always be short-term solutions that break down when staff depart.

Legal, policy, and regulatory environments

Legal, policy, and regulatory environments are recognized as providing an important foundation for RHCS[9] and require concerted attention from countries and donors.[17] This is also an area with significant procurement-related capacity development challenges. Stakeholders from countries, donors and development agencies, NGOs, and international procurement agencies cited problems ranging from technically weak regulatory systems to regulatory systems being vulnerable to political interference. A study on contraceptive procurement in Latin America

found that the legal and regulatory policies in most Latin American countries were restrictive when involving procurement with public funds—including favoring contracts to local manufacturers or imposing taxes on imported goods—and called for regulations that allow unrestricted access to international suppliers. The same study noted that many countries have agreed to use UNFPA as a procurement agency so that the countries may gain access to international sources and prices, allowing procurement of contraceptives at competitive prices in international markets without having to issue an international tender or contract.[9]

Government leadership

Government leadership and commitment are considered preconditions to effective public-sector procurement.[10] Government ownership and management of any capacity development or reform process is also cited as necessary to the success of any such effort in the public sector.[8,14] Stakeholders also highlighted this issue, noting that government leaders must recognize procurement as a key government function before technical capacity building can be effective.

A study of RHCS highlighted the effect of donor practices on government ownership of procurement and found that government ownership of RHCS was weak in three of four countries assessed (Cambodia, Uganda, and Zambia).[10] In each country, most contraceptives were procured by major donors or their agents on behalf of governments, with donors using their own procurement methods, operating on short timelines, and providing limited support to government-led planning and budgeting processes. Donors' limited coordination with government stakeholders, unpredictability, and lack of transparency were cited as factors that contribute to weak country ownership.

The provision of general budget support by donors and use of countries' existing procurement systems have also been cited as important factors for enhancing government ownership and leadership.[8,14,24] However, an assessment by the European Network on Debt and Development (Eurodad) of donors' progress under the Paris Declaration concluded that only 5 percent of all aid went to general budget support in 2006, and donors' use of national procurement systems was still very low because of a lack of trust in these systems. A 2008 report noted that in Honduras, where the World Bank and Inter-American Development Bank have invested in the development of a new national procurement system, the system remains unused—even by these agencies—because of perceived high levels of corruption.[24] The fact that most donor aid is still project-specific—requiring duplicative, vertical systems—and that the type and level of technical assistance provided to countries is still often determined by donor agendas, rather than country-identified priorities,[24] suggests that countries face significant challenges in leading and owning capacity-development efforts.

Financing

Financing is one of the most commonly cited challenges facing national procurement systems and was mentioned by three of our five stakeholder groups (country respondents, international procurement agencies, and NGOs). Stakeholders cited unpredictability in the timing and availability of funds as a major obstacle to effective procurement decisions, specifically with regard to ordering large quantities, allowing long lead times, or paying suppliers promptly (all of which can lower prices). This point has been raised repeatedly in the literature around RHCS, and many groups have consequently stressed the importance of donors making more long-term, predictable commitments to RH supplies.[10,12,17,24]

The literature also points to the lack of coordinated action and financing plans across donor organizations, as well as information systems that are inadequate to enable coordination and transparency—all of which make effective government-led actions and decision-making around procurement of RH supplies difficult to manage at the country level.[10,25] Data from

the Eurodad case study support these findings, pointing to a wide degree of divergence in donor disbursement practices—ranging from settings such as Sierra Leone, which received less than 50 percent of committed total aid in 2006, to Ghana, which experienced deviations in donor disbursements ranging from 1.2 percent to 7.5 percent from 2003 through 2006.[24]

Government funding cycles also can impede effective procurement or the use of more transparent procurement mechanisms, such as international competitive bidding. In Uganda, for example, government funds generally accumulate to levels sufficient for international orders just before the end of the fiscal year, and unspent funds must be returned at the end of the year, leaving no time to conduct an effective bidding process.[10]

Transparency and prevention of corruption

Transparency and corruption are widely cited in the published literature on procurement challenges in the health sector.[14,15,24,26,27] Corruption, which is in no way limited to developing-country procurement systems, was also the issue most commonly identified in our stakeholder interviews. The Development Assistance Committee (DAC) Partnership Forum on Corruption asserts that anticorruption strategies in public-sector procurement must address the following issues to be effective: (1) political and managerial will, (2) enactment and enforcement of procurement laws and regulations, (3) transparent and accountable bidding processes, (4) institutional improvements, (5) enhancement of professional skills, (6) standard procurement approaches, and (7) ethical codes/integrity pacts.[14] These are consistent with the areas described in this paper and further substantiate the interdependence of each of these domains for ensuring effective, sustainable procurement systems.

In addition to improving transparency and accountability within public procurement systems, several groups have also called on donors to improve their practices, requesting greater transparency of aid flows by sharing timely and accurate information on intended and actual disbursements with government authorities so that they can effectively plan and manage their procurement (and other) national programs.[11,24]

Discussion

Experiences in Bangladesh (see box on page 3) illustrate the importance of addressing public-sector procurement capacity development in a comprehensive and synchronized manner. They also underscore the interdependence of technical capacity with human resources retention and management, institutional infrastructure, policy and regulation, governance, financing, and transparency. Others have noted similar interdependencies—for example, the World Health Organization's Framework for Action[28] and the DAC Partnership Forum on Corruption.[14]

When any one of these areas is not addressed, previous gains can be destabilized, requiring additional investments to further develop and sustain good procurement practices. Creating a capacity development plan that addresses all of these components—in addition to any others identified by key stakeholders—requires a substantial level of investment, coordination, and expertise, as well as leadership and direction at the country level. Experience suggests that a comprehensive approach to procurement capacity development is necessary for sustainable and successful outcomes.[14]

The case for a comprehensive approach to procurement capacity development

Donors and countries increasingly recognize that past procurement capacity development efforts have been too narrowly focused, primarily addressing technical skill-building without addressing broader environmental factors that support and enable sustainable procurement efforts.[14,18] In a 2005 paper published by the OECD/DAC and the World Bank, the authors highlight this point, stating, "When procurement issues are taken up, they are frequently analyzed ignoring wider public sector financial management or service delivery issues....Th[is] conventional approach...may have a relatively limited chance of achieving improved outcomes."[14] The United Nations Development Programme (UNDP), which also supports procurement capacity development, reinforces this point in a 2008 report: "UNDP has invested heavily in training and skills building of individuals. There is, however, growing recognition that the other two levels of capacity (organisational and enabling environment) must be supported as well to promote sustainable capacity development."[18]

Potter and Brough argue that a systemic approach to capacity development is critical to making effective use of resources.[21] Their experience with the Indian health and family-welfare sectors yielded findings similar to those identified in Bangladesh.[13] In India, numerous efforts were made to build capacity through training and infrastructure development, with little attention to the broader organizational systems and processes needed to support personal capacity. Issues such as poor supervision, lack of accountability, fragmentation of numerous vertical programs, slow budget disbursements, lack of authority, corruption, and poor support systems undermined staff ability to carry out their functions. Ultimately, additional investments were required in both settings to address the need for more comprehensive, systems-based capacity development.

A comprehensive approach may be particularly important for procurement capacity development because of procurement's financial implications. On average, procurement of goods, works, and other services by public bodies can cost between 15 and 30 percent of the gross domestic product.[26] Given the multiple opportunities for corruption, as well as the multitude of actors involved in the procurement process, a comprehensive approach

to capacity development that engages all relevant personnel and stakeholders is critical. This approach can also be used to address other issues, as described by the UNDP. The UNDP has applied a "systemic approach" to capacity development—defined as a long-term process involving work at the individual, organizational, and enabling environment levels—to numerous development areas, including water and sanitation, education, and civil service leadership.[18] To promote a broader, systemic approach to capacity building, UNDP launched the United Nations Procurement Capacity Development Centre (UNPCDC) in 2008.

Obstacles and opportunities for implementing a comprehensive approach

Several tools are available to assess capacity development needs within national procurement systems and RHCS frameworks (Table 2), and there is significant agreement on what components should be assessed (many of which correspond to the issues outlined in this paper). However, comprehensive assessments rarely translate into comprehensive capacity development plans that address constraints across all relevant areas. The SPARHCS Process Guide seeks to bridge this gap by providing stakeholders with more concrete guidance on how to implement a capacity development plan based on the SPARHCS approach.[35]

TABLE 2. **Current tools available for assessing country procurement systems**

Assessment tool	Objective of tool	Components of assessment
SPARHCS: Strategic Pathway to Reproductive Health Commodity Security – Diagnostic Guide[5]	Assesses the current status of national reproductive health commodity security.	• Client utilization and demand. • Commodities. • Commitment. • Capital. • Capacity. • Coordination. • Context.
Organization for Economic Cooperation and Development: Methodology for Assessment of National Procurement Systems[29]	Assesses national procurement systems.	Four pillars: • Existing legal framework that regulates procurement. • Institutional architecture and management capacity of the system. • Operation of the procurement system and competitiveness of the national market. • Integrity of the procurement system.
United Nations Development Programme Procurement Capacity Assessment Tool[30]	Assesses procurement capacity, not the procurement system itself.	• Leadership. • Policy and legal framework. • Mutual accountability mechanisms. • Public engagement. • Human resources. • Financial resources. • Physical resources. • Environmental resources.

Assessment tool	Objective of tool	Components of assessment
World Bank: Assessment of Country's Public Procurement System[31]	Assists countries in analyzing procurement policies, organization, and procedures; used to develop country procurement assessment report.	• Legal framework. • Procurement system organizational framework. • Procurement capacity building system/ institutions. • Procurement procedures/tools. • Decision-making and control system. • Anti-corruption initiatives and programs. • Private-sector participation in the system. • Contract administration and management. • System for addressing complaints. • Other issues associated with risk.
Global Fund: Guide to Writing the Procurement and Supply Management Plan[32]	Provides a template for recipient countries to assess their capacity to conduct procurement and supply management; used to develop procurement and supply management plans.	• Management capacity. • Procurement policies, systems, and capacity. • Quality assurance systems and capacity. • International and national laws. • Coordination (of different funding sources). • Management information systems capacity. • Product selection. • Forecasting procedures. • Procurement and planning. • Inventory management. • Distribution. • Ensuring rational use of medicines.
US Agency for International Development's Health System Assessment Approach: A How-To Manual[33]	Rapid assessment tool for use by US Agency for International Development missions and countries to identify systems' strengths and weaknesses, as well as potential solutions or recommendations for interventions.	• Governance. • Health financing. • Health service delivery. • Human resources. • Pharmaceutical management. • Health information systems.
PATH Procurement Capacity Development Toolkit: Assessment Guide[34]	The assessment guide is a component of the toolkit used to identify strengths and weaknesses of procurement systems.	• Reproductive health cycle management. • Legal framework. • Organization and functions. • Record keeping. • Staffing. • Previous assessments and capacity building. • General risk assessment.

Furthermore, there is little discussion around the implications of approaches that focus primarily on technical capacity building or processes that address a single program need, which may result in loss of time and resources when these investments must be repeated due to lack of long-term gains and system sustainability. Funding to enable such a comprehensive capacity development approach presents clear challenges, as do the complex systems and deeply entrenched issues associated with procurement reform.

The Paris Declaration marked an important juncture and opportunity in the broader context of donor-and-country aid relations. The commitments set forth in the Declaration, including the acknowledgment that countries should take the lead in developing strategies for procurement capacity development—with donors playing a supporting role—provides an important opportunity to adopt country-driven, comprehensive approaches for procurement capacity development.[36] This is especially true because development of national capacity in important environmental areas (e.g., transparency; governance; and legal, policy, and regulatory frameworks) can only be achieved with the commitment and support of national authorities and is often considered by donors to be outside of their mandate when funding specific projects or program activities.[37]

New capacity development tools and strategies

Some donors are now developing more comprehensive approaches for procurement capacity development. For example, UNFPA has developed a Global Programme to Enhance RHCS to provide a structure "for moving beyond ad hoc responses to stock-outs towards more predictable, planned, and sustainable country-driven approaches for securing essential supplies and ensuring their use."[3] Their plan outlines objectives that correspond to many of the issues highlighted here, and in 2009 UNFPA launched a five-year, 15-country capacity-development plan.

Other groups are addressing specific components relevant to public-sector procurement that could be applied in a comprehensive strategy. The Medicines Transparency Alliance, funded by the UK Department for International Development in collaboration with WHO and the World Bank, is a multistakeholder alliance formed to increase transparency around the procurement, supply, and use of medicines. The Alliance has focused on strengthening the capacity of seven pilot countries to collect, analyze, disseminate, and use data on the quality, availability, pricing, and use of medicines. These data are helping improve transparency and accountability with regard to the selection, regulation, procurement, distribution, and supply of medicines—including the ways in which they are prescribed to and used by patients.[38]

Members of the Reproductive Health Supplies Coalition—a global partnership dedicated to ensuring that all people in low- and middle-income countries can access and use affordable, high-quality supplies to ensure better reproductive health—have commissioned two new global financing mechanisms for procurement: AccessRH (a minimum volume guarantee) and the Pledge Guarantee for Health. These mechanisms hold promise for reducing risk and increasing the reliability of funding flows. The first helps buyers get the lowest price for supplies by allowing them to buy through a bulk purchasing agency, and the second allows recipients of donor assistance to obtain short-term commercial credit by using their pending donor "pledges" as collateral. Rather than waiting for donor disbursements, recipients can use their credits to purchase RH supplies when they are needed.[39] Although those mechanisms do not address the larger systemic challenges identified in the this paper, they do provide important tools that can help address specific financing constraints.

Short-term recommendations

In addition to the long-term, comprehensive approach we advocate, several approaches or tools mentioned in this paper can help address procurement challenges in the short term (depending on country needs):

- To develop technical capacity, updated software and information technology tools can be used to help with forecasting, commodity management, and many other specific procurement tasks.[40,41] When public-sector procurement capacity is severely limited, or governments want access to competitive international prices or stronger quality assurance processes, contracting commercial, UN, or NGO procurement agents is an effective option. As noted previously, even when contracting out procurement functions, governments must still effectively monitor and manage procurement agents.
- To support greater institutionalization of procurement practices, public-sector programs should develop comprehensive SOPs and guidelines that delineate clear levels of accountability and governance for all personnel involved in procurement practices. These SOPs, which should define how procedures and processes work, will help ensure greater transparency as well as greater program efficiency in settings with high staff turnover.
- To improve transparency, governments can separate the responsibility for procurement decisions from the responsibility for quality control. Furthermore, governments can use quality assurance mechanisms such as the WHO/UNFPA Prequalification Programme[42] to determine which reproductive health supplies, including condoms, to procure based on stringent quality-control criteria.
- To improve financing, governments can change the practices of insisting on a return of "unspent budget" if it has been *allocated* for procurement of health commodities but procurement has not yet been *completed*. This would "guarantee" the financing of particular procurements from one fiscal year to the next, so that protracted procurement processes do not have to begin afresh.
- Finally, to enable more effective procurement practices in the short term, efforts should be made to educate and inform relevant national stakeholders, including personnel across regulatory, finance, legal, health, and other related ministries, so that they are familiar with the procurement process and can play an active role in supporting the process.

These approaches, when implemented separately, can help mitigate challenges and reduce possible risks encountered in the procurement of reproductive health and other health supplies. If these approaches are included in a broader capacity development strategy, they will have greater potential for leading to long-lasting system improvements.

Conclusion

Effective procurement systems are critical for ensuring RHCS, as well as for achieving greater aid effectiveness and poverty reduction. Aid reform and increased attention to national procurement capacity provide an important opportunity to rethink capacity development strategies by focusing on long-term, sustainable improvements using country-driven, comprehensive approaches. The issues we describe in this paper should be considered in future strategies focusing on long-term strengthening of public-sector procurement systems.

This approach to procurement capacity development represents a departure from traditional approaches, which have focused primarily on the development of technical capacity among procurement personnel without fully linking these activities to broader development efforts in the public sector. Comprehensive capacity development processes are critical for developing and sustaining good procurement practices. Although many donors and agencies have acknowledged the importance of the issues outlined in this paper to contributing to effective procurement practices, greater commitment among these groups to taking a comprehensive, integrated approach to capacity development will not only increase countries' likelihood of attaining the objectives laid forth in the Paris Declaration, the Millennium Development Goals, and the International Conference of Population and Development but also help countries attain and sustain reproductive health commodity security.

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PATH

Street
2201 Westlake Avenue, Suite 200
Seattle, WA 98121
USA

Mailing
PO Box 900922
Seattle, WA 98109
USA

www.path.org