



**ADDIS ABABA UNIVERSITY COLLEGE OF HEALTH SCIENCE
SCHOOL OF PHARMACY
DEPARTMENT OF PHARMACEUTICS AND SOCIAL PHARMACY
HEALTH SUPPLY CHAIN MANAGEMENT STREAM (MSc.)**

**ASSESSMENT OF PHARMACEUTICALS TENDER MANAGEMENT: A CASE STUDY
AT ETHIOPIAN PHARMACEUTICALS SUPPLY AGENCY**

BY: DIRIBA YADESA

**May, 2020
ADDIS ABABA,
ETHIOPIA**



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SCIENCES, SCHOOL OF PHARMACY, DEPARTMENT OF PHARMACEUTICS AND
SOCIAL PHARMACY, HEALTH SUPPLY CHAIN MANAGEMENT STREAM FOR
THE PARTIAL FULFILMENT OF DEGREE OF MASTERS IN HEALTH SUPPLY
CHAIN MANAGEMENT**

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Certification

This is to certify that the thesis prepared by Diriba Yadesa, entitled “Assessment of Pharmaceuticals Tender Management: A Case Study at Ethiopian Pharmaceuticals Supply Agency” and submitted in partial fulfilment of the requirements for the degree of Master of Science in Health Supply Chain Management complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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Declaration

I hereby declare that the work which is being presented in this thesis entitled “Assessment of Pharmaceuticals Tender Management: A Case Study at Ethiopian Pharmaceuticals Supply Agency”, is original work of my own, has not been presented for a degree of any other university and that all sources of material used for the thesis have been duly acknowledged.

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ABSTRACT

Assessment of Pharmaceuticals Tender Management: A Case Study at Ethiopian Pharmaceuticals Supply Agency

Diriba Yadesa

Addis Ababa University, 2020

Background:

Tendering is one of the crucial steps in any type of procurement and requires proper handling so as to ensure efficiency and effectiveness of the procurement. Tendering increases competitiveness and it is also a mechanism to get the right price to the medicine to ensure access, but bad practices may adversely affect the process.

Objective:

To assess pharmaceuticals tender management at Ethiopian Pharmaceuticals Supply Agency (EPSA) was the main objective of this particular study. This assessment included the processes being used in pharmaceuticals tendering, comparing pharmaceuticals tender management process of the agency with the Federal Public Procurement Directive of Ethiopia, and identifying major challenges in pharmaceuticals tender management.

Methodology:

The study was designed as a Case Study, to assess the pharmaceuticals tender management at central EPSA. Interviews, document reviews, questionnaire, and observations were used for data collection at Pharmaceuticals and Medical Supplies Tender Management Directorate. A purposive sampling technique was used to gain rich information on the subject matter. All ethical issues were addressed without compromise throughout and even after completion of the study.

Results:

EPSA adheres to the Federal Public Procurement Directives of Ethiopia in most cases, yet some deviations were found regarding domestic preferences, thresholds for methods of procurement, and procurement planning. Manual tendering process, too much bureaucracy and uneconomical procurement requests were found to be the major challenges.

Conclusion:

Although EPSA adheres to the Federal Public Procurement Directive of Ethiopia mostly, the study showed that there were certain areas that need to be improved like annual procurement plan preparation. There were also gaps in the awareness of staffs about Public Procurement Directives, availability of trainings to build the capacity of the staffs. Lack of conducive working environment was another area identified by the researcher the Agency should work on to improve.

Key words: EPSA, Pharmaceuticals, Procurement, Tendering

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Table of Contents

List of Figures	i
List of Tables	ii
ACRONYMS	iii
CHAPTER-1	1
INTRODUCTION	1
1.1 Background of the Study	1
1.2 Statement of the Problem.....	4
1.3 Objective of the Study	6
1.3.1 General Objective	6
1.3.2 Specific Objectives	6
1.4 Research Question	6
1.5 Significance of the study.....	7
1.6 Scope of the Study	7
CHAPTER-2.....	9
RELATED LITERATURE REVIEW	9
2.1 Principles of Procurement.....	10
2.2 Tendering Process in a Procurement.....	11
2.3 Challenges in Tendering Process	13
2.4 Conceptual Framework	14
CHAPTER-3.....	17
RESEARCH METHODOLOGY	17
3.1. Description of Study Area and Setting	17
3.2. Study Design.....	17
3.3. Study period.....	18
3.4. Population of the Study.....	18
3.5. Sampling	18
3.6. Sources of data.....	19
3.7. Validity of the study.....	20
3.8. Data processing, analysis and interpretation.....	20
3.9. Ethical considerations	21
CHAPTER-4.....	22
RESULTS AND FINDINGS	22
4.1 Description of Respondents Profile	22
4.2 Results Obtained from Documentary Reviews:.....	26
4.2.1 Bidding Document	26
4.2.2 Bid Document	29
4.2.3 Evaluation Document.....	30
4.3 Observation Results	30

4.4 Result Obtained from Interview.....	31
4.5 DISCUSSION	32
4.5.1 Assessing EPSA’s Tendering Process against FPPD.....	35
4.5.2 Factors Affecting Tendering Activities.....	44
4.5.3 Challenges Associated with Pharmaceuticals Tendering Processes	44
4.5.4 Limitations of the Study.....	46
CHAPTER-5	47
CONCLUSION	47
RECOMMENDATION	48
CHAPTER-6	49
SUGGESTIONS FOR FUTURE RESEARCHES	49
REFERENCES:	50
APPENDICES	53

List of Figures

Figure 1: Conceptual Framework.....	14
Figure 2: Respondents' Level of awareness of Ethiopian Public Procurement Directives.....	23
Figure 3: Respondent's Reflection on Responsible body for Bid Document Preparation.....	25
Figure 4: Contents of Bidding Document(source: SBD for health sector goods, 2011).....	26

List of Tables

Table 1: Respondents’ profile in terms of Gender and Age.....22

Table 2: Respondents’ Profile in terms of Profession and Level of education22

Table 3: Respondents’ Profile in terms of Position of staff and Year of experience23

Table 4: Major obstacles in tendering process at EPSA34

Table 5: Tendering Methods and Corresponding Thresholds.....38

Table 6: Tendering Methods, and the corresponding days to be open & maximum number of Suppliers for each method.....39

ACRONYMS

API	Active Pharmaceutical Ingredient
BPR	Business Process Reengineering
COPP	Certificate of Pharmaceutical Product
EBY	Ethiopian Budget Year
EPSA	Ethiopian Pharmaceuticals Supply Agency
ERP	Enterprise Resource Planning
EU	European Union
FMHACA	Food Medicine and Healthcare Administration and Control Authority
FOB	Freight on Board
FPPDE	Federal Public Procurement Directive of Ethiopia
FSC	Free Sell Certificate
GMP	Good Manufacturing Practices
ICB	International Competitive Bidding
KLB	Kenya Literature Bureau
LMIC	Low and Middle Income Countries
LT	Lead Time
NCB	National Competitive Bidding
PFSA	Pharmaceuticals Fund and Supply Agency
PPPA	Public Procurement and Property Administration
PO	Purchase Order
PSM	Pharmaceuticals Supply Management
USAID	United States Aid for International Development
WHO	World Health Organization

CHAPTER-1

INTRODUCTION

1.1 Background of the Study

Healthcare providers should undertake a well-planned pharmaceutical procurement to get a good quality health commodities with reliable suppliers at the right cost. Tendering is a methodology by which a buyer of a good, work, consultancy and non-consultancy uses in order to ensure the good quality and right price of the object of procurement. It is a formal procedure used to ensure competitive bidding for a particular contract. Tendering is employed once equivalents for a particular medicine are available, and is outlined by the World Health Organization (WHO) Collaborating Centre for Pharmaceutical Pricing and Reimbursement Policies as “any formal and competitive procurement procedure through which offers are requested, received and evaluated for the procurement of goods, works or services, and as a consequence of which an award is made to the bidder whose tender/offer is the most advantageous” [Dranitsaris et al, 2017].

For efficient and effective procurement of pharmaceuticals it is mandatory to involve professionals from different disciplines like medical, pharmaceutical, managerial, financial and usually political experience. An effective and efficient pharmaceutical procurement process is used to ensure availability of the proper medicines within the right quantities, at the right time, for the right patients at reasonable costs, and at recognizable standards of quality. Pharmaceutical procurement is usually vulnerable to unethical practices. Of the unethical practices that majorly affect procurement transparency, professionalism and equity are some of the major concerning issues related to procurement in healthcare settings. These unethical practices lead to corruption, which affects public procurement globally. However, multiple predisposing factors such as having a weak regulatory authority, lack of regulation enforcement, low workers remuneration, poor procedures and inadequate payment practices, place developing countries at higher risk of corruption. Lack of transparency could have negative health and economic consequences which may cause loss of credibility and clients' trust in the hospital services. This could have larger impact on poorer people, due to the fact that they can neither afford these consequences nor opt for any alternatives, depriving them of access to medicines [Shrestha et al, 2018].

Data from World Health Organization (WHO) shows that medicines procured and used by patients are affected by brand promotion. Brand selection of medicines during procurement and prescribing is influenced by promoting methods of pharmaceutical industries that manipulate scientific proof in favor of newer, more expensive drugs and this implies malpractice in public procurement of pharmaceuticals [Shrestha et al, 2018].

To ensure the six rights in pharmaceuticals supply- the right product of the right quantity and quality, at the right time, place and cost, public procuring entities should have adequate fund and well-planned procurement system. It is also a must to have reliable suppliers of assured-quality products and the procurement of safer and more cost-effective medicines. Effective and efficient procurement system helps to keep total cost of ownership minimal. Health care providers are challenged by increased number of people at risk and due to the fact that health care expenditures are increased proportionally. Due to this reason, it is a must to effectively manage the available funds for essential medicines for treating common diseases like cardiovascular diseases, diabetes, and respiratory, and infectious diseases in general. To ensure efficient and economic use of funds, one should have a transparent tendering and procurement system, which requires a proper balance between the conflicting policy goals of access to medicines and budget control. So, a procurement system should consider the type, value, volume and the treatment programme and establish a tendering system which best suits the object of procurement [Chama Borges Luz et al, 2017].

Ethiopian Pharmaceuticals Supply Agency is the sole public entity that undertakes procurement of health commodities for public health institutions in Ethiopia. It was established in 2007 by the Drug Fund and Pharmaceuticals Supply Agency Establishment Proclamation No 553/2007 with the objective of enabling public health institutions to provide quality assured essential pharmaceuticals at affordable prices in a sustainable manner to the general public, i.e. to both public and private health facilities [PFSA SOP, 2015].

Procurement of pharmaceuticals at the agency is undertaken by two directorates: Tender Management Directorate and Contract Management Directorate, where activities of later are direct continuation of the former. So, this particular study focuses on the assessment of the activities of tender management directorate to address the process [PFSA SOP, 2015].

Tender Management Directorate performs the tendering process which starts at receipt of procurement request and ends at contract agreement signing with bidders. Procuring entities usually do not adhere to procurement plans thereby resulting in delays in completion of the procurement of the required products and this in turn results in supply interruption. This delay in procurement may be due to different reasons like bureaucratic procurement system, reasons emanating from stakeholders, workload, and manual working processes. So it is mandatory to assess the pharmaceuticals tendering process and identify the challenges so that all the concerned bodies take appropriate actions.

1.2 Statement of the Problem

Tendering is useful to have best value for money, but it will also cause decreased competition among suppliers unless proper tendering method is employed. This results in drug shortages and force prescribers to order other treatment options. Changing treatment plans to products which will have lower effectiveness and an increased risk of adverse effects imposes a negative impact on health and economy of a given society. Therefore, care should be taken to make sure that tendering does not negatively impact patient care or the health care system [Dranitsaris et al, 2017].

Ayoti B (2012) indicated that unless tendering process is managed properly, it is prone to malpractices like favoritism, tribalism, and nepotism. In order to overcome these problems, a strong procurement professions and adequate training of staff is mandatory.

Tender designing should take into consideration the time needed for every step. The time spent anticipating tender offers depends on geographic scope (either local or international) and in some cases on rules and regulations of the government or the funding agency. A reasonable response time for local tenders is likely to be fifteen to twenty days and for international tenders, forty five to sixty days [Management Science for Health, 2012].

Tender process of an organization may be affected by three factors: Human factor, working culture, and technology factor. Knowledge, skills, attitude are among the human factors affecting tendering process. Working cultures of a person like commitment has an impact on efficiency and effectiveness of a tender. Technology is also another important factor. For instance, availability of data bases may contribute a lot to manage a tender effectively and efficiently [Moronda, 2014].

A procurement system may positively or negatively affect the accessibility of appropriate treatment options and also the health of a given population, and thus needs to be assessed. However, in low and middle income countries (LMICs), procurement system remains understudied and the challenges remain to be unidentified. Due to this reason, public health sectors in developing countries are suffering from inefficient and ineffective procurement of health commodities [Mackintosh, 2018].

Health-sector public entities responsible for procurement of essential medicines and health commodities in developing countries generally lack the technical capability to expeditiously guarantee supply sustainability. In a strict public scrutiny and pressures to be transparent and clear, several procurement entities still use archaic procurement procedures/strategies and to rely upon inflexible forecasts and cumbersome tendering processes [Arney et al, 2014].

Efficient procurement of medicines is more than just obtaining the lowest price. It is about creating a healthy market where products of good quality are available at affordable prices on a sustainable basis and at the right time. In this context, a strategic approach to procurement is vital. Such an approach should encompass all activities that might improve the efficiency of procurement. For instance, activities to minimize low-value repetitive purchases, increase the benefit of economies of scale and reduce transaction and transport costs [Ferrario et al, 2017].

Though accessibility and affordability of appropriate medicines for treatment of a given disease are problems with international concern, developing countries where procurement system lacks technical capability suffer more. It is hard to easily and dependably have access to affordable, good-quality, evidence-based medicines. It is obvious that accessibility of affordable and evidence-based top quality medicines depends on the medicines procurement procedure that makes it a vital side of healthcare delivery [Shrestha et al, 2018].

Dello, and Yoshida (2017) conducted a research in Tanzania and found that Public Procurement in Tanzania is inefficient and ineffective prone to inflated costs, corruption and delayed completion of public procurements. Public procurement has a huge potential to stimulate the economy by providing opportunities to Small and Medium Enterprises (SME's), if done properly. The main bottleneck within the current procurement procedures is inefficient tendering and selection of bids.

In Ethiopia, pharmaceuticals are procured centrally by Ethiopian Pharmaceuticals Supply Agency. Tender management is the core activity of pharmaceuticals procurement, and performed by Pharmaceuticals and Medical Supplies Procurement Directorate. As the tender management process pass through a lot of lengthy steps, it may be prone to different

challenges which may affect efficiency and effectiveness of pharmaceuticals procurement. This in turn may result in interrupted supply of pharmaceutical supplies thereby compromising the accessibility of essential medicines to the public. Studies indicate that tendering process is vulnerable to different challenges and malpractices unless handled properly. But in Ethiopia, tendering process, especially pharmaceuticals tendering process, has got no or little (if any) attention by researchers. Therefore, this particular study focuses on pharmaceuticals tender management practices of Central EPSA and identify the associated challenges so as to recommend better approaches.

1.3 Objective of the Study

1.3.1 General Objective

- To assess pharmaceuticals tender management at EPSA.

1.3.2 Specific Objectives

- To describe pharmaceuticals tender management process
- To compare pharmaceuticals tender management process of the agency with the available standards
- To identify major challenges in pharmaceuticals tender management.
- To identify the factors that affect tendering activities at EPSA and how these factors affect tendering.

1.4 Research Question

Objectives of this particular study was governed by the following research questions:

- How is pharmaceuticals tendering process being carried out at EPSA?
- Does EPSA undertake tendering of pharmaceuticals as per the standards of Public Procurement Directives?
- What are the challenges of pharmaceuticals tender management at EPSA?
- What are the factors that affect tender activities at EPSA and how do these factors affect pharmaceuticals tendering process?

1.5 Significance of the study

The study aimed to provide the practical experience and associated challenges of the pharmaceuticals tendering procedures at EPSA so that all the concerned bodies contribute their part for efficient and effective procurement of pharmaceuticals. The findings and recommendations in this study will help the Ethiopian Pharmaceuticals Supply Agency to examine the existing procedures of tendering for the purpose of improving them. It will also influence the governing bodies re-examine the regulations to best suit the existing regulations for pharmaceuticals procurement because as the findings of this particular study revealed that the Federal Public Procurement Directive needs some modifications. Communication gap with the stakeholders for mutual benefit, lack of conducive working environment, specification problems which may result in no-bidder at the end of evaluation, lack of scheduled trainings, and inability to stick to the tendering plan were the main challenges found by the researcher and this will help all concerned bodies to overcome these challenges to ensure effective and efficient procurement of pharmaceuticals for the need of the society. Finally this particular study will pave the way for researchers to conduct other similar studies.

1.6 Scope of the Study

The study focused on the assessment of Pharmaceuticals Tender Management at Ethiopian Pharmaceuticals Supply Agency. Tendering activity starts at receiving procurement followed by budget preparation and approval, bidding document preparation, tender announcement, bid opening and closing, bid evaluation and approval process, announcement of award, complaint handling, purchase order preparation, and commences at contract signing. All these activities were included in this particular study. At EPSA, pharmaceuticals tender management starts at receipt of procurement request and followed by budget and plan preparation, bidding document preparation, tender announcement, tender closing and opening, evaluation, award, purchase order preparation, and contract preparation and signing. Each stage requires approval by higher officials. As the process goes through different bureaucratic stages and involves different internal and external stakeholders, it is found to be challenging. Tendering is the main activity in the procurement of

pharmaceuticals having different stakeholders like the buyer (EPSA), the supplier, FMHACA, and PPPA, which makes it unmanageable and might be not feasible to include all the stakeholders to study at a time. Due to this reason, this particular study was limited to EPSA and the assessment of pharmaceuticals tender management, with all types of tendering methods used by EPSA for pharmaceuticals procurement, was conducted from EPSA's perspective, which is the main stakeholder and the sole public pharmaceuticals procurement agent in Ethiopia.

CHAPTER-2

RELATED LITERATURE REVIEW

Principles of public procurement should not be compromised in any public procurement entity. These principles include transparency, accountability, value for money and equal treatment for all suppliers, and they shall be applied to all types of procurement, regardless of their value, to ensure an efficient and effective procurement. Transparency is one and the main principle of which public procurement entities should be governed by. Tendering processes should be transparent and expected to be publicized as per the specific directive states. By the principle of impartiality, potential suppliers shall be given equal opportunity to participate in any bid they want. While preparations of specifications, care should be taken so that it should not be prepared in favor of a supplier. The evaluation criteria shall also not be set in such a way that it benefits one supplier than the others. For the sake of efficient and effective procurement, tendering procedures and decisions must be free of malpractices and qualifications and standards must be treated equally [WHO, 2016].

Vogler et al (2017) conducted a research on medicines, and indicated that tendering for medicines is able to contribute to the principle of value for money by minimizing total cost of ownership. However, tendering process is mostly affected by legal restrictions due to the fact that policy makers may not take into considerations the type of commodities while endorsing directives. So, policy makers should work with professionals who have technical knowledge about the specific type and object of procurement. Successful application of tendering process also requires a strong legal and organizational framework, collaboration and coordination with stakeholders and promote generic use while evaluating potential suppliers.

Improved procurement and supply chain management will scale back costs and address the matter of supply shortages that adversely have an effect on health outcomes by interrupting treatment and, in certain cases, possibly resulting in drug resistance. In LMICs, where procurement and supply chain management tend to be complicated and fragmented, these varieties of enhancements may be vital for strengthening the health system. Changes to the procurement and supply chain procedures encompasses centralizing or decentralizing

procurement, enhancing data systems to control and inform purchasing (e.g., early-warning systems), infrastructure improvements or processes along the supply chain to lower wastage and change the methods for financing purchases, among others [Seidman, 2017; Atun, 2017].

2.1 Principles of Procurement

DengFeng Wu and HongyiMao (2017) conducted a research on optimization of pooling system and its application in drug supply chain based on big data analysis, and concluded that pooling system in drug procurement contributes a lot for cost minimization and few principles should be emphasized after the application of the pooling system to relieve stress of liquidity and reduce the frequency of drug shortage. They proposed the following principles:

- Minimizing Payment Cycle to Reduce Liquidity Occupied- After a government-oriented bidding system is applied in the drug purchasing industry, a supplier who wins the bid will gain the opportunity to supply all hospitals in one provincial scope. Shortening payment cycle is required to streamline the supply chain when centralized procurement is used.
- Suppliers Should Shorten Replenishment Cycle to Cut down the Inventory Level, or the payment cycle should be shortened to relieve liquidity stress.
- Suppliers Should Not Set a Relatively Short Leading Time of Procurement- this because short leading time will also increase the risk of shortage. The supplier ought to set a reasonable time interval to balance different influences from Lead Time.

An assessment by USAID/Deliver Project on procurement bottlenecks indicated that most bottlenecks emanates from non-technical functions than the core procurement functions of technical capacity, staffing, and management. This shows that both technical and supportive activities should be considered to figure out the predisposing factors to procurement bottlenecks. Focusing only on the technical part of the procurement activity may not give a complete list of bottlenecks. Access to funds for executing procurement was the most prevalent bottleneck identified. The assessment indicated that transparency of the budgeting and funding processes and communication hindered access to funds, while donor coordination delayed funds availability. Complex bureaucratic processes and unclear lines of

communication had to be navigated and monitored by concerned parties in order to gain access to the decision making groups. Lack of stakeholder participation for the commodity in question was also a contributing factor. In another case, the donor community acted to bridge the funding gap caused by a delayed release of previously committed aid. Identifying and addressing the underlying issues enabled access to the needed funds, either directly or through an alternate mechanism [USAID/Deliver Project, 2013].

2.2 Tendering Process in a Procurement

A study conducted by Kendo and Getuno (2016) indicated that the tendering process in Kenya Literature Bureau was found to be effective and efficient and the procuring entity ensured that the procurement process was performed with full conformity in terms of quality, quantity and time of delivery of the object of procurement. The study indicated that procurement and tendering process are affected by supplier selection. Quality, technical capability,

supplier profile, cost, service levels, as well as the risk factor were critical factors that affect the supplier performance. Improved efficiency of tendering process can be achieved by making the process system-supported. Using technology can also enhance the procurement function especially in improving transparency thereby reducing corruption. Procurement planning is another important activity that facilitates the move towards efficient and effective tendering process and improved service delivery.

Athumani (2012) conducted an assessment on effectiveness of tendering process and found that tendering process is ineffective due to various reasons like lack of commitment of the evaluation teams, inability to spend enough time on evaluation because the evaluation team is challenged by work overload, and most of the evaluators lack skills of using excel programme in financial evaluation and the Procurement Management Unit delays in receiving requirement from the user department which cause the delays of all procedures of tendering process.

More than one bidder could be awarded based on the award criteria set in the bidding document. Possible reason for such cases are when the amount (quantity) of the good is too large in that one bidder only may not be able to supply in the specified time period. Also in

long term agreements, and also in order to encourage small firms such award system could be applied. The criteria set for awarding procedures influences participation in tenders and, furthermore, the chance of new suppliers to win the contract. This may help both the procuring entity and policy makers because it facilitates the efficient utilization of limited funds for drug procurement and cost containment can be achieved through bidding thereby ensuring the principle of value for money [Laitenberger, and, Hunold, 2014].

Leopold et al (2008) conducted country survey and revealed that an effective and efficient tendering process ensures the availability of the right product in the right quantities, at reasonable prices and right quality. Typically these elements are the main criteria used in tendering processes. The study showed tendering may add value by ensuring transparency in public procurement of health commodities.

WHO procurement strategy (2015) states that automating the procurement process contributes a lot to effectively and efficiently undertake procurement activities. Automating the system also enhances the communication with stakeholders so as to ensure effectiveness in public procurement. Communication between the procuring entity and the government body which endorses the directive is crucial in order to review and adopt the bidding threshold that best suits the specific object of procurement. Filling the communication gap among all stakeholders in procurement functions is helpful to exercising the principle of transparency in procurement by publicly sharing information, such as tender results, procedures, codes of conduct and business opportunities and this creates mutual trust to collaborate and cooperate for mutual benefit.

Public procurement entities are expected to responsibly perform their activities as per the directives and laws of their country. But there are different challenges that hinder compliance to these procurement directives. Lack of compliance to public procurement directive may result in poor procurement decisions, loss of value for money, poor quality of works, delayed/rejected procurement, lack of transparency and corruption. Due to these reasons, public funds allocated for procurement may be lost without achieving its goal and finally end up with damage to the government economy [Ohene D, 2014].

Tendering is the main activity in the process of procurement and used for cost containment by promoting competition among potential bidders thereby ensuring value for money. Even though it is applied globally where there are many suppliers, it is also an activity where there is few or even a single supplier. Tendering is vulnerable to malpractices worldwide, especially in public procurements. In developing countries, these malpractices get a great concern, and resulted from non-transparent tender practices, absence of consistency, unclear tender award criteria, attention on lowest price solely, single-winner tendering, and over all, absence of impact monitoring. Despite tenders can be used for cost containment, they can also expose the healthcare systems to risks together with drug shortages, low quality products, ultimately delivery, and compromised patient health outcomes. So, tendering should be carefully planned. If strategically planned, managed, and conducted, tenders can be advantageous. Countries with increasing healthcare coverage should manage their tendering process strategically to realize the desired achievements in healthcare [Manladakls et al, 2018].

2.3 Challenges in Tendering Process

Purchasers could be challenged by lack of negotiating, bargaining, and contracting power which emanates from lack of ranking the pharmaceutical products to be procured. This results from inability to implement strategic purchasing, especially in developing countries. Basic benefit package, reimbursement, decision-making, technology and contract are the main challenges related to pharmaceutical purchase. An important challenge is that pharmaceutical packages do not have enough coverage and there are different pharmacopeias approved by different insurance funds. In this respect, offering national drug pharmacopeia seems essential. Highlighting cost-effectiveness requirements are among other aspects which should be considered as an important factor while purchasing and as an important criterion while compiling, changing and amending service package by insurance organizations [Bastani et al, 2018].

Small (uneconomical) procurements are one of the challenges of tendering systems. These may cause loss of discounts that might be obtained from pooled procurements. The issue of corruption is also another challenge to pharmaceuticals tendering especially in developing countries. Lack of professional expertise for pharmaceuticals procurement is another

challenge in pharmaceuticals tendering process. Lack of legal framework that supports pharmaceuticals procurement, lack of supplier performance monitoring and reward system, and experienced staff turnover challenges the tendering system. Registration status of the pharmaceutical product in the purchaser's country also put a great challenge because if the product is not registered in the country, it may be prohibited to be imported [WHO, 2016].

2.4 Conceptual Framework

Tendering process encompasses a set of activities of which advertisement, tender opening, tender evaluation, and award to the successful bidder are the main activities. Prior to advertisement, need identification, allocating budget, and bidding document preparation should be done. These main activities are common in any procurement, especially in international procurements and also applicable to EPSA. The conceptual frame work which was adapted from Athumani (2013) to address the tendering process in EPSA is depicted in the following figure so as to address tendering processes at EPSA.

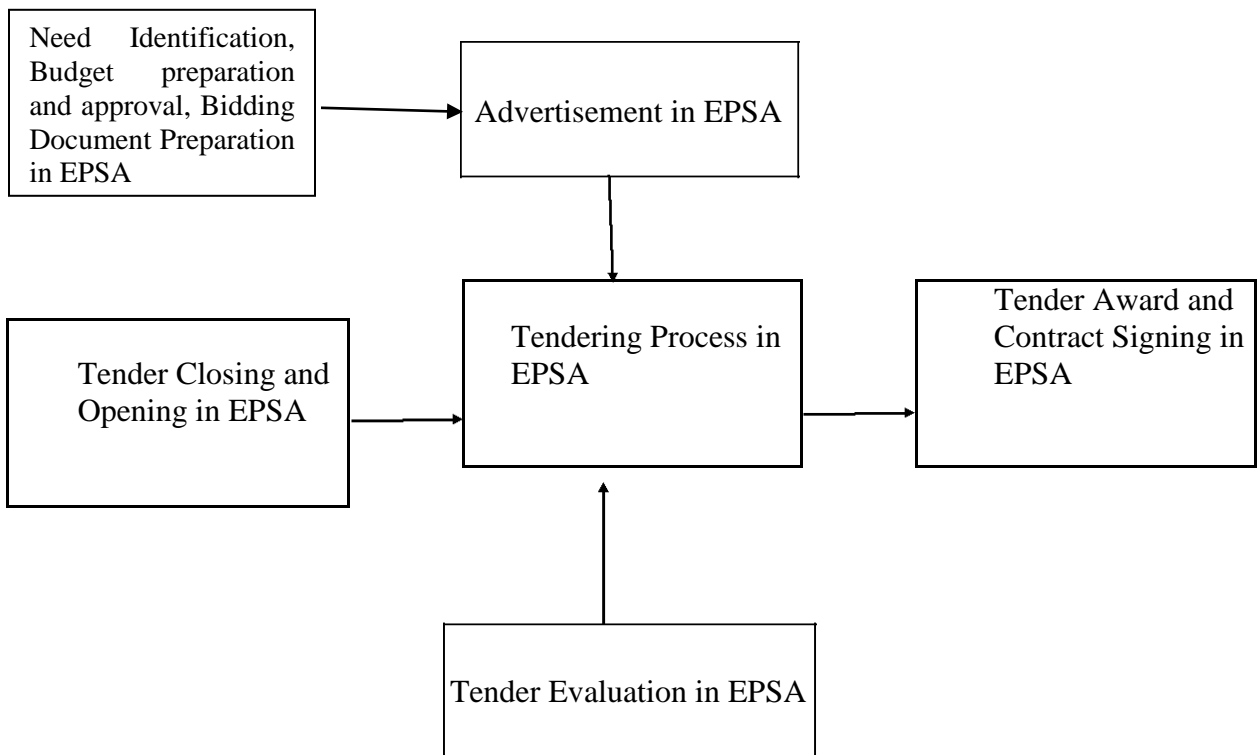


Figure 1: Conceptual Framework

Advertisement:

The Ethiopian Federal Government Procurement and Property Administration Proclamation No. 649/2009 states that invitation for bid shall be publicized in a minimum of one times in a national newspaper of general circulation which is printed in the language the bidding document is prepared, and also the time allowed for preparation of bids shall not be less than the minimum number of days stipulated in the procurement directives.

Tender Opening:

Opening of bids should follow immediately after deadline for submission of bids as per the time indicated in the bidding document for opening of bids, and the public body shall open all bids received before the deadline. “The name of the bidder and the total amount of each bid, discounts offered and any such information as the public body deems necessary to let the bidders know their relative rank shall be read out aloud and recorded and a copy of the record shall be made available to any bidder on request” [PPPA Proclamation No. 649/2009].

Tender Evaluation:

For the purpose of evaluation, the public body may ask the bidders for clarifications provided that, no change in the substance of the bid including changes in price, shall besought, offered or permitted. A bid is regarded as “responsive” only if it conforms to salient requirements set forth in the bidding documents, but minor deviations will be tolerated as far as there is no change in the substance of the bid. Bids shall be evaluated as per the criteria indicated in the bidding document [PPPA Proclamation No. 649/2009].

Tender Award:

After evaluation, the successful bidders shall be notified prior to the expiration of bid validity. During notification of award, not only the successful bidders, the unsuccessful ones shall also be notified about the results of the tender evaluation in which they have participated, with the reason of their unsuccessfulness. “The contract shall not be signed by the public body prior to the receipt of the notice by the unsuccessful bidder”[PPPA Proclamation No. 649/2009].

Prior to tender advertisement, the procuring entity should identify its need with clear specifications followed by procurement plan preparation, budget allocation, bidding document preparation, and selection of tender (procurement) method [Ohene, 2014].

CHAPTER-3

RESEARCH METHODOLOGY

3.1. Description of Study Area and Setting

The study was conducted at EPSA head office. Formerly, the name of the organization was Pharmaceuticals Fund and Supply Agency, and during proposal preparation this name was used. But, after the main research work started, the name was changed to Ethiopian Pharmaceuticals Supply Agency by a circular letter. So, the researcher also adopted the new name of the organization, i.e., Ethiopian Pharmaceuticals Supply Agency throughout this research work.

EPSA head office is located in Addis Ketema Subcity of Addis Ababa. Ethiopian Pharmaceuticals Supply Agency was established in 2007 by Proclamation No. 553/2007 based on the Pharmaceuticals Logistics Master Plan (PLMP). The Agency is mandated to avail affordable and quality pharmaceuticals sustainably to all public health facilities and ensure their rational use through enhancing financial and human resources capacity, implementing need-based efficient pool procurement and implementing modern inventory management system to meet the ever-increasing demand of health commodities. So as to execute its mandate in the area of pharmaceuticals supply in an efficient and effective manner, integrated pharmaceuticals logistics system (IPLS) has been developed and implemented since 2010.

EPSA is a sole public pharmaceuticals procurement agent at national level. The agency is organized in to different directorates, of which Tender Management Directorate is the one which performs tendering of pharmaceuticals. This directorate is further organized into different teams namely RDF Pharmaceuticals Tender Management team, Program Pharmaceuticals Tender Management team, Chemicals and Medical Supplies Tender Management team, and Medical Equipment Tender Management team [PFSA BPR, 2017].

3.2. Study Design

The research was conducted as *case study* to assess the pharmaceuticals tender management at EPSA. Data were collected by using interviews, questionnaires, document reviews, and

observations. All the necessary information required to assess pharmaceuticals tender management were included in the data collection techniques. Data required to identify the factors that affect tendering activities was also obtained from the respondents to answer the research question.

3.3. Study period

The study was conducted from December, 2018 to June, 2019.

3.4. Population of the Study

3.4.1. Study population

All professional staffs (officers who directly participate in the tendering process) of the Pharmaceuticals and Medical Supplies Procurement Directorate and related officials (Director of the directorate and Deputy Director General) of the agency were used as the study population. There were 17 professional officers working in the Tender Management Directorate, one director of the directorate, and one deputy director general. So the total number of study population was 19.

3.4.2. Sample population

All pharmaceuticals procurement officers and related officials (Director and Deputy Director General) of the agency were the sample population. Here, the sample population was the same as the study population, i.e., 19.

3.4.3. Participant population

Professionals (Officers, Director, and Deputy Director General) from whom feedback (data) were collected were the participant population. Feedback was collected from all the sample population, so the participant population was 19.

3.5. Sampling

Purposive sampling was used for this study. It is a type of sampling which enables to use ones judgment to select cases that will best enable the researcher to answer the research question(s) and to meet the objectives. Purposive sampling is a sampling method in which elements are chosen based on purpose of the study. Purposive sampling may involve

studying the entire population of some limited group or a subset of a population. All technical staffs were purposively selected for this study, as there were a limited number of technical staffs in Pharmaceuticals Tender Management Directorate, in order to get rich information on tendering process at EPSA. Non-technical (supportive) staffs were excluded from the study because it was believed that technical knowledge is mandatory to explain and give the required information about tendering process. So that was the reason why the technical staffs were purposively selected for the study by excluding the non-technical (supportive) staffs because they might not have information about the study subject.

3.6. Sources of data

Both primary and secondary data were used in this study. These data (both primary and secondary) helped to answer research objective 1 and 3.

Primary data

Primary data were obtained by interviewing the Deputy Director General, Director of Pharmaceuticals and Medical Supplies Tender Management Directorate, and two officers who participate in tendering process and have rich experience. A semi-structured interview was used to obtain the ideas of the respondents regarding the overall pharmaceuticals tendering process at EPSA, during the data collection period, specifically the interview period was from April 1-5, 2019. It was conducted at EPSA head office, Addis Ababa, Ethiopia. The interview was carried out in Amharic language, audio recorded, and transcribed to English by the researcher.

17 questionnaires were distributed to the pharmaceuticals tender management officers to obtain their independent views about the overall tender management process and associated challenges being carried out at the directorate. The questionnaire was prepared, by adopting from a previous similar study (Athumani, 2013), and handed to the respondents in paper. The respondents were required to give their response regarding their awareness of Public Procurement Directives, availability of training, their level of understanding of tendering processes, participation of procurement specialists, challenges and obstacles associated with tendering of pharmaceuticals. The researcher assumed that by obtaining these responses, it may contribute to the assessment of the tendering processes at the agency. The respondents

were professionals in the area of health, most of them were pharmacists, and they have experiences in tendering of pharmaceuticals. In addition to this, the researcher briefly clarified about the questionnaires to the respondents so that they respond by understanding it. By doing so, it is ensured that qualified personnel fulfilled the questionnaires. The interview questions and questionnaires were adopted from previous similar studies. Observation of the overall tendering procedures was also used as a primary source of data.

Secondary data

Documentary review was used as secondary source of data for this particular study. The documents were BPR report of 2017, standard bid document for tenders of all types conducted in 2010 and 2011 EBY (the reviewed tender numbers were summarized in annex IV), and bidding documents of the respective tenders, evaluation documents of the respective tenders, purchase orders, any other document that the researcher come across while data collection and assumed to be helpful was used as a secondary source of data. Secondary data was collected by following by following the steps in tendering process and documents that were available at each stage of the process were reviewed after getting consent and willingness from higher officials and respective officers of the agency.

3.7. Validity of the study

To make the instruments address the objectives of the study, the researcher communicated with three professionals who have once been staffs of EPSA and worked in Procurement Directorate of the Agency. The researcher assumed that these three procurement officers had better understanding of the processes in pharmaceuticals procurement as they have at least five years of experience as pharmaceuticals procurement officer. Data collection tool was revised by these procurement professionals and corrections was made as per their comments before data collection.

3.8. Data processing, analysis and interpretation

After collection, the data needs to be analyzed and processed. Data processing includes a series of activities. First the data was sorted in to different groups. Next, check for quality of data was followed. This quality check may involve checking for completeness and excluding incomplete questionnaire. The data was manipulated manually and organized to facilitate for

computer processing. The analysis of data was followed by using SPSS version 20. Data collected from respondents, and from documentary reviews and observations was grouped and coded in such a way that it is suitable for SPSS analysis. Statistical results, mainly the frequencies, were used to analyze and answer the research objectives. Then, the results were interpreted graphically or using tables and comparison with available directives was used for interpretation and discussion of the results.

3.9. Ethical considerations

A letter requesting for cooperation and willingness of the study setting, that is Ethiopian Pharmaceuticals Supply Agency, was written from School of Pharmacy, Addis Ababa University. After obtaining consent of the Agency, the purpose and objective of the study was clearly explained to the participants so as to get their consent. During the data collection time, the willingness of the participants either to continue or quit their participation was respected. After data collection, confidentiality/privacy of the respondents was also kept.

It was ensured that the study did not cause any harm to the respondents and this was discussed with the respondents and their consent was obtained. Also the respondents were assured that the confidentiality of their response was not compromised at any time. Due to this reason, for the sake of ethical consideration, a letter written from School of Pharmacy, Addis Ababa University to EPSA was used without requiring additional confirmation letter from ethics review committee of the School of Pharmacy, Addis Ababa University.

CHAPTER-4

RESULTS AND FINDINGS

4.1 Description of Respondents Profile

Questionnaires were distributed to all officers working in pharmaceuticals tender management. There were a total of 17 officers of which 12 were males and 5 were females. Of the total 17 officers, 11 were in the age category of 21-30, 5 of them were between 31 & 40 years, and one of the officers was in the age category of 41 to 50, as shown in table 1 below.

Table 1: Respondents' profile in terms of gender and age

Gender	Age in years					Total
	≤20	21-30	31-40	41-50	≥51	
Male	0	6	5	1	0	12
Female	0	5	0	0	0	5
Total	0	11	5	1	0	17

Below is a table showing the level of education and profession of the respondents. Most of them are pharmacists professionally, and also there are laboratory professionals and biomedical engineers. Fifteen of the professionals are degree holders and two have masters degree.

Table 2: Respondents' profile in terms of profession and level of education

Profession	Level of Education					Total
	Certificate	Diploma	Degree	Masters	Other	
Pharmacy	0	0	10	1*	0	11
Laboratory	0	0	2	1	0	3
Nurse/HO	0	0	0	0	0	0
Other	0	0	3	0	0	3
Total	0	0	15	2	0	17

As shown in the following table, most of the respondents (10) have 1-3 years of experience, whereas 5 of the respondents have 4-6 years of experience and 2 have less than 1 year of experience. 11 of the respondents are senior staffs, and 6 are senior staffs. This indicated that there were diverse experience and most of them had less than three years of experience.

Table 3: Respondents' profile in terms of position of staff and year of Experience

Position of staff	Year of experience					Total
	<1	1-3	4-6	7-9	≥10	
Management	0	0	0	0	0	0
Senior	0	6	5	0	0	11
Junior	2	4	0	0	0	6
Total	2	10	5	0	0	17

The following figure shows the level of awareness of the respondents about Ethiopian Public Procurement Directive. Seven (41%) of the respondents respond that they have high awareness and ten (59%) of them have medium awareness. This indicated that majority of the tender management staff had medium awareness.

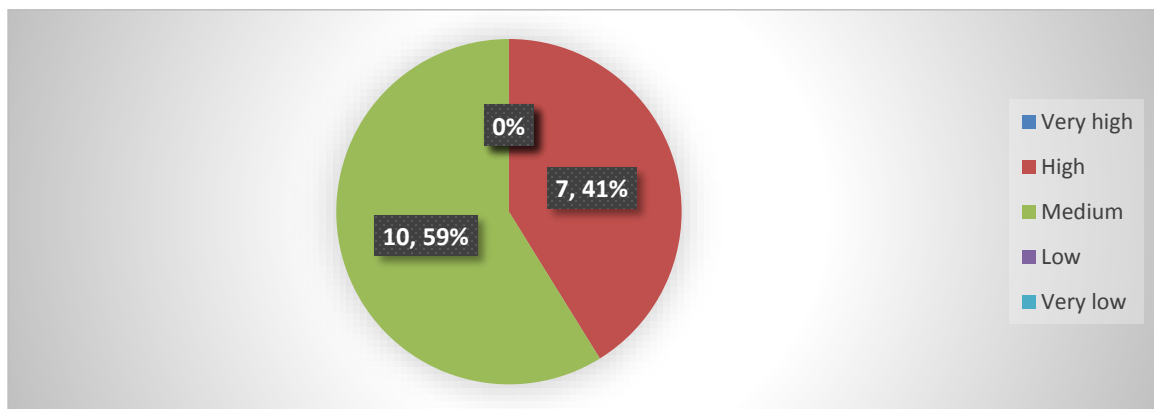


Figure 2: Respondents' level of awareness of Ethiopian Public Procurement Directives

Regarding competency of pharmaceuticals tender management staffs, two of the respondents strongly agreed, ten of them agreed, four were neutral, and one disagreed that EPSA has competent tender management staff as shown in table 4 below. The result showed that most of the staffs (>58.82%) agreed that EPSA's tender management staffs

were competent. When they say competency, it was to indicate the capacity of the staffs to accomplish tendering activities as per the required procedures and technical necessities.

Respondents were asked about the availability of training on tender management and their response indicated that one of the respondents get training often, five of them get some times, ten of them trained rarely, and one of them never trained at all. This indicated that 58.82% of the staffs rarely got training.

Majority of the respondents (thirteen of them, 76.47%) agreed that more than 15 professionals were working in pharmaceuticals tender management directorate. Two of them said that there were 6-10 professionals, whereas two of the respondents answered that 10-15 professionals were working in the tender management directorate. Some of the respondents considered “professionals” as procurement expertise while others considered as health professionals, and that was why the number varied based on the response of the participants.

The researcher also questioned about the level of understanding of tendering procedures at EPSA of the staffs working in tender management unit. The finding showed that four (23.53%) of the respondents have excellent understanding, five (29.41%) have very good understanding, five (29.41%) have a good understanding, two (11.77%) of the respondents understanding was fair, and one (5.88%) has poor understanding about tendering procedures at EPSA.

Another point the researcher wanted to know is that who prepares the bidding document, and got the following response from the participants: fourteen (82.35%) of the respondents answered that the bid document was prepared by an officer from tender management directorate, and two (11.77%) of them said that it is prepared by a group of expertise, as shown in the following figure.

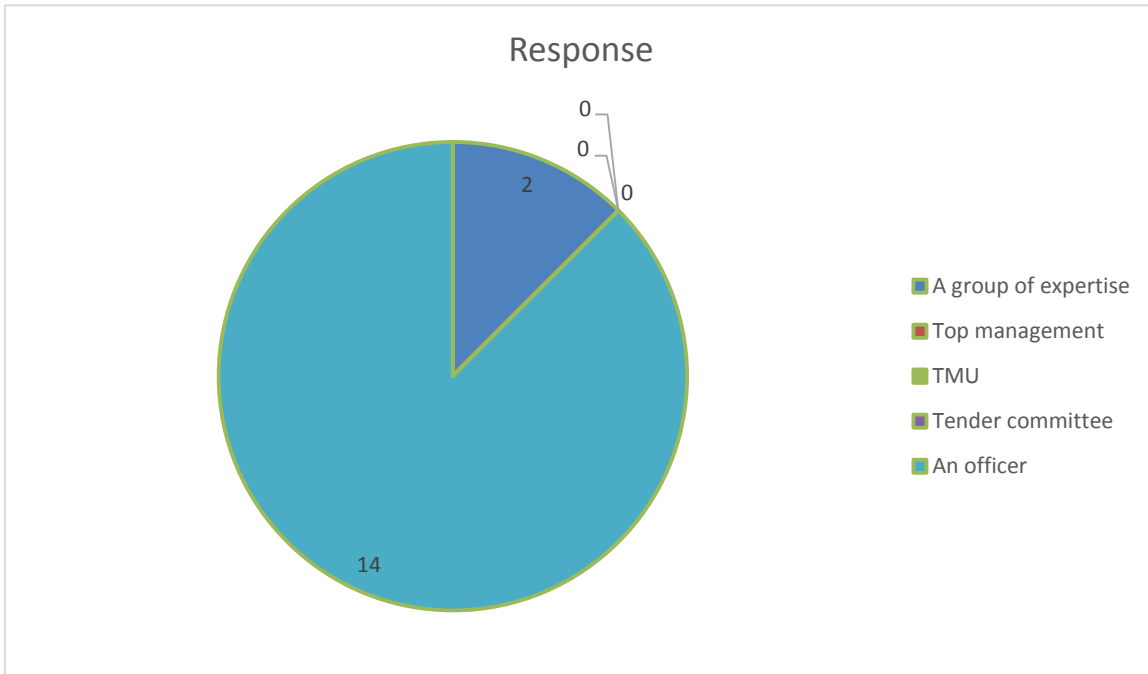


Figure 3: Respondent's reflection on responsible body for bidding document preparation

Participation of a procurement specialist in pharmaceuticals tendering process at EPSA was one of the researcher's interest to assess pharmaceuticals tender management. The findings obtained from the respondents indicated that six (35.29%), three (17.65%), five (29.41%), two (11.76%) of the respondents believed there was high, medium, minimal, and poor participation of procurement specialist at EPSA's tendering process, respectively. One (5.89%) of the respondents did not respond on this point.

Respondents were also asked to reflect on whether there were obstacles in performing tendering of pharmaceuticals. Most of the respondents (13, 76.47%) responded "yes" while 3 (17.64%) responded "no" and 1 (5.89%) didn't respond. This indicated that majority of the staffs faced obstacles while performing tender activities.

4.2 Results Obtained from Documentary Reviews:

4.2.1 Bidding Document

Pharmaceuticals Supply Agency (PSA) has adopted a bidding document from Ethiopian Public Procurement Directives for the procurement of Pharmaceuticals. PSA's bidding document has the following contents:

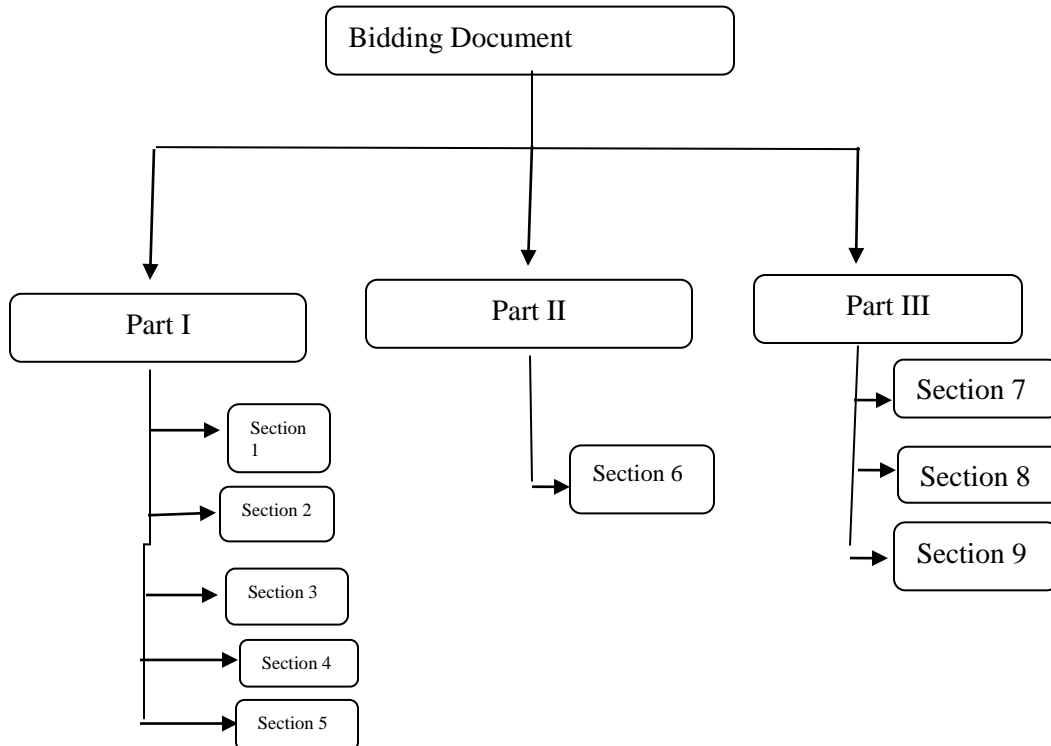


Figure 4: Contents of bidding document (source: SBD for health sector goods, 2011)

Part I: Bidding Procedures

Section 1- Instruction to bidders:

Under instruction to bidders, there are different subsections. The first sub-section states about the general overview of the bid. It includes introduction about the bid, source of funds, fraud, corruption, & complaints provisions. Illegible bidders and illegible pharmaceuticals are also stated under this sub-section.

The second sub-section of instruction to bidders is content of bidding document. It includes: bidding document, written questions/clarification of bidding document, modification to bidding document, and pre-bid conference. Preparation of bids is the third sub-section of instruction to bidder. Under this sub-section cost of bidding, language of bid, bid prices and discounts, currencies of bid and payment, professional qualifications and capability of the bidder, financial standing of the bidder, technical qualifications, competence and experience of the bidder, presentation of samples, period of validity of bids, bid security, documents comprising the bid, and formats and signing of the bid.

Submission and opening of bids is the fourth sub-section of instruction to bidders section. Sealing and marking of bids, bid submission deadline, late bids, withdrawal, substitution and modification of bids, and bid opening are described under this sub-section. The fifth sub-section is evaluation and comparison of bids. It describes confidentiality, clarification of bids, responsiveness of bids, nonconformities and omissions, dubious price quotations and errors in calculations, margin of preference, preliminary examination of bids, legal, professional, technical and financial admissibility of bids, evaluation and comparison of bids, post qualification evaluation, acceptance/rejection and re-advertising of bids. The last sub-section of instruction to bidders is award of contract. Under this sub-section, award criteria, right to vary quantities at time of award, announcing and awarding the successful bidder, signing of contract and performance security are described.

Section 2- Bid Data Sheet

This section highlights on the bidding documents, preparation of bids, submission and opening of bids, evaluation and comparison of bids, and award of contract. It starts with introducing about the buyer with its full address, the type of bid, the project name-e.g. RDF, the procurement reference number, the applicable law (the FDRE PPPA manual and guideline). Full address of the public body with assigned responsible person, in case clarification is required, is stated here.

Section 3- Evaluation Methodology and Criteria

Under this section, evaluation criteria are specified. The preliminary, technical and financial qualifications are stated here and a successful bid is determined. In case a local bidder

participates in International Competitive bidding, a domestic preference is set and evaluated accordingly.

Section 4- Bidding Forms

Bid forms include bid submission sheet, price schedule, bidder certification of compliance, bid security and manufacturer's authorization. Bidder certification of compliance comprises of general information about the bidder, financial standing, experience in the procurement object, professional qualifications, and bidders' audit agency.

Section 5- Eligible Countries

EPSA's standard bidding document states that all countries are eligible to participate on the bid except countries who, as a matter of law or official regulation, the government of FDRE prohibits commercial relation with the countries provided that such exclusion does not preclude effective competition for the provision of pharmaceuticals or related services required, or By an act of compliance with a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, the Government of the Federal Democratic Republic of Ethiopia prohibits any import of Pharmaceuticals from that country or any payments to persons or entities in that country.

PART II: STATEMENT OF REQUIREMENTS

Section 6: Statement of Requirements

This section describes about the technical specifications, delivery and completion schedule, sample technical specifications which includes product and package specification, labelling requirements, standards of quality control, and lot traceability.

PART III: CONTRACTS

Section 7- General Conditions of Contract

The general conditions of the contract describes the contracts under different subsections:

Subsection A is all about the general provisions which includes definition of terms, relationship of the parties, fraud, corruption and complaints provisions, and interpretation. Subsection B states about the contract documents, governing law, language, notices and written communications, authorized officers, modifications and contract amendments, force majeure, suspension of assignment, termination, settlement of disputes, and liquidated

damages. Obligations of the public body is described under sub-section C. Sub-section D is about payment terms and contract price. Obligations of the supplier and performance of the contract are described under section E and F respectively.

Section 8- Special Conditions of Contract

Special conditions of the contract are adopted from the general conditions of the contract specific to the object of procurement. In EPSA's contract agreement, the special conditions of the contract is adopted from the general conditions of the contract regarding the general provisions, the contract, obligations of the public body, payment, obligations of the supplier, and performance of the contract.

Section 9- Contract Forms

The last section of the Part III of the standard bidding document is section 9 which describes the contract forms. Included here are the forms for the agreement, effective date of contract agreement, performance security, and advance payment for National Competitive Bidding (NCB).

Bids (Tenders) of 2011 and 2012 Ethiopian Budget Year were reviewed. List of tenders used for documentary review were annexed in Appendix IV.

4.2.2 Bid Document

Bid document (Offer) is the document that the bidders submit to the purchaser on/before closing date and time to participate on the announced tender/bid. By reviewing the bid document the following was identified:

- ✓ Name and address of the bidder
- ✓ Authorization letter (for foreign bidders to authorize the local agent)
- ✓ Bid guarantee
- ✓ Price schedule- includes the unit, quantity, unit price, currency, validity period, payment term, name of manufacturer, port of shipment, of the quoted item.
- ✓ Audited financial report

4.2.3 Evaluation Document

The evaluation document consists of a full evaluation report starting from opening of bid to a winner list. These include opening minute, preliminary evaluation, technical evaluation, offer analysis (financial evaluation), evaluation minute, and winner list. Together with these documents, the procurement requests, official letters that confirm to proceed the procurement process, clarification letters, official winner list, and signed contracts are bound in one folder.

4.3 Observation Results

The researcher used to collect data by observation that were encountered in the process of tendering and the results obtained were explained narratively. The actual tendering process that were taken place in the tender management directorate was observed. The following findings were identified:

- Overcrowded working environment- the tender management directorate office was full of staffs and cartons of documents, and this might affect, especially, the confidentiality of the tendering activities.
- Unsecured tender documents- bid documents and related official document were kept in open place where anybody can access, and this might result in loss of the documents and follows the issue of accountability.
- Work burden on tender closing and opening day as almost all of the bidders submit their offer on the last/closing day
- Tenders were closed at 2:00pm and opened at 2:30pm
- Tenders were opened publicly where the bidders or their representatives, and any other interested body is available
- During bid opening:-name and address of the bidder, item numbers that the bidder offered, total FOB value, and submitted bid guarantee were read out.
- During bid opening, the bidders were given the opportunity to express their ideas/ask questions regarding the opening process.
- Bid opening was led by a chair person of opening committee and the read outs, questions and any other comments from the bidders was recorded by secretary of the committee.

- Bidders submitted one original offer, one hard copy and one soft copy of their offer. At the time of opening, only the original one was read out.
- Bid evaluation was performed by one officer, checked by another officer, and then revised by the evaluation committee composed of at least three members of the tender management unit of which director of the tender management directorate was the chair person. And then the evaluation report was signed by the officer who prepares the report, the checker, and the evaluation committee and sent to Tender Endorsing Committee for final decision.

4.4 Result Obtained from Interview

Deputy Director General of inbound logistics, Director of Tender Management Directorate, and two senior procurement officers were interviewed to get a rich information on the overall tendering process of pharmaceuticals procurement. The results obtained were:

- EPSA do had annual procurement plan but lacks adherence to PPA's annual procurement plan format
- Both evaluation and endorsing committee were appointed by Director General of the Agency
- EPSA do have standard bidding document and bids were announced on newspapers only
- EPSA was providing both formal and informal trainings to capacitate the procurement staffs thereby improving the procurement performance.
- Bids submitted after deadline were completely rejected
- EPSA used a fixed bid security, bid security with less amount and expiry date than expected were rejected.
- During bid opening, total bid price, bid security, name of the bidder were read.
- Bids were evaluated by one responsible officer, checked by another officer, and then revised by the Tender Evaluation Committee and presented to Tender Endorsing Committee for final decision and award. Evaluation was carried out as per the evaluation criteria stated in the bidding document.
- Evaluation result was announced to all the bidders who participated on the bid, and also on the website of the agency.

4.5 DISCUSSION

Questionnaires were used to assess the respondents' reflections on tendering procedure at EPSA and to find out the associated challenges while performing their duties. This helped the researcher to address the first and third objectives of the project thereby paving the way to address the second objective too.

First, the researcher wanted to know if the officers working in the pharmaceuticals tender management had knowhow of the Federal Public Procurement Directive of Ethiopia. As indicated from the following table, the level of understanding of the officers ranges from medium to high, eight (47.1%) of them had high awareness and nine (52.9%) of them had medium awareness about the FPPDE. This might have its own impact on the tendering of pharmaceuticals at EPSA. Unless they have adequate knowledge about the directives, the quality of the process may be affected and they may be challenged in terms of, for instance, accountability.

Whether EPSA has competent tender management staffs was one of the variables the respondents were asked. As shown in the result section, the respondents had different opinions. Two (11.8%) do strongly agree, ten (58.8%) do agree, and one of the respondents (5.9%) disagree that EPSA has competent tender management staffs. This point was discussed with the researcher in what circumstances they see the competency of the staffs. The researcher clarified that as per the available guidelines whether they perform the tendering process independently. But the researcher, while discussing with the respondents, reached up on an agreement that there should be performance indicators to measure the competency. The result indicates that majority of the respondents agree that EPSA has competent pharmaceuticals tender management staff.

Staff training was another variable that the respondents were needed to reflect on. The findings of the data indicated that majority of the staff get training rarely (ten, 58.8%), five (29.4%) of them responded that they get training, one (5.9%) responded that training was available often, and one (5.9%) never trained at all. This shows that there was no regular training to update their knowledge to cop up with the growing pharmaceuticals business industry.

A study conducted in Tanzania by Athumani H.I., and Changuvu J.G (2018) indicated similar result in that procurement staffs attend training less frequently.

One should understand a processes and procedures of a particular task to perform and accomplish his/her duty. The same is true for pharmaceuticals tender management. The respondents were asked about their level of understanding of pharmaceuticals tendering processes and their response showed that some of the staffs perform their activity without having adequate understanding of the tendering process and may have a negative impact on the officer itself, the quality of work, and the overall performance of procurement of pharmaceuticals. As the result from respondents indicated, the degree of participation of procurement specialists in the pharmaceuticals tendering process ranges from low to high participation.

From this result, one can conclude that there is no regular participation of a procurement specialist in pharmaceuticals tendering process. But procurement specialists had better take part in the process because they are expertise in the area of procurement, and if they participate, the professionals working in the pharmaceuticals benefit as there could be experience sharing. And this could be an advantage for the agency to capacitate its staffs and improve its performance.

Respondents were also asked whether they encounter obstacles during tendering process and 14(82.4%) of them replied that they do experience while performing their activities. These obstacles were summarized in the following table:

Table 4: Major obstacles in tendering process at EPSA

Organizational/EPSA A	Process related	Stakeholders related	Knowledge gap
<ul style="list-style-type: none"> • lack of clear and standard specifications, especially for medical supplies • workload • lack of prequalified list of suppliers 	<ul style="list-style-type: none"> • manual tendering system • delay in decision making • small/uneconomical quantity request • too much bureaucracy 	<ul style="list-style-type: none"> • communication gap • lack of timely response • unfriendly directive for pharmaceutical procurement 	<ul style="list-style-type: none"> • lack of adequate knowledge in surgical materials • lack of expertise in procurement

The respondents were also asked to reflect on what best ways do they recommend to make the pharmaceutical tendering procedures at EPSA more effective, and they responded that EPSA should work on removing/minimizing the obstacles that hinder the tendering process from being effective and efficient. Minimizing the bureaucracies in the process by removing the non-value adding steps was one of the corrective measures that the respondents proposed. Working together with PPA to adopt a directive that best suits pharmaceuticals procurement, automating the tendering process specifically and the procurement in general were also the proposed ideas as the respondents said. Regular meetings with stakeholders for a mutual benefit, regular training for staffs to update their skills and knowledge so that they improve their performance and work on staff motivation to retain experienced professionals were also another the way forward for the tendering process to be more effective and efficient.

Lack of conducive working environment was another identified risk that the agency should work on. The bid documents/offers were simply placed on where everybody can access which may affect the security of the documents. The office of the tender directorate was also overcrowded with staffs and cartons of documents which is not friendly for the workers. So, the working environment was identified as one of the identified bottlenecks that needs improvement. Experience sharing with other similar public procurement agencies both nationally and internationally is also needed as the respondents mentioned.

There was no supplier prequalification experience at the agency. This affects tender performance in that if there is no list of prequalified suppliers, it is challenging to source from all suppliers. This is because, non-qualified suppliers do also participate on a tender which may be time-consuming for the buyer as it is a must to evaluate every bidder who participated.

The first and second objectives of the research were to assess the process of pharmaceuticals tendering process and comparing with the available standards, respectively, at EPSA. In this regard, the researcher used the findings obtained from collected data for assessing the tendering process and the Federal Public Procurement Directive (FPPD), 2010, of Ethiopia was used for comparison.

4.5.1 Assessing EPSA's Tendering Process against FPPD

Annual Procurement Plan

FPPD of Ethiopia directs that the procurement plan shall be prepared in such a way as to enable the attainment of the following objectives:-

- a) To make sure compliance with principles of public procurement stated in article 5 of the Proclamation.
- b) To realize the work program of the Public Body.
- c) To ensure economy and efficiency in the operation of the Public Body by discouraging piecemeal purchase.
- d) Exercise prudence and make the mandatory preparation to overcome problems that might be encountered in the process of procurement.

The researcher found that, by interviewing the staffs of the Tender Management Unit and by reviewing the procurement plan of the agency, the plan is prepared by stating the above mentioned objectives and sent to Public Procurement and Property Administration Agency for approval. It was from this plan that the procurement requests were prepared. EPSA prepares its annual procurement plan based on its end users annual procurement needs. However, it is not as per the procurement plan format of the FPPD of Ethiopia. The FPPD of Ethiopia requires the public body to fulfil the annual procurement plan as per the following format:

Annual Public Procurement Plan Submission Form													
S / N	Goods, works, and services to be procured	Source of budget for procurement				Procurement Category	Estimated budget for procurement		Selected Procurement Method	Procurement type	Estimated time to procure		Remark
		Treasury	Internal Revenue	Loan	Aid		Recurrent	Capital			Estimated time of tender Announcement/Invitation to bid	Estimated time of receiving of goods, services or works	
1	2	3	4	5	6	7	8	9	10	11	12	13	

But, EPSA prepares its annual procurement plan by using the following format, which shows some deviations from that of FPPD requirement:

S/N	SHI code	Item description	Unit	Quantity	Estimated unit price	Estimated total price	Delivery schedule	Remark

Method of Procurement

As per the Federal Public Procurement Directive of Ethiopia (FPPDE), the approved methods of procurement are Open bidding, Restricted bidding, Request for quotation, Direct procurement, Request for proposal, and two stage bidding. For procurement of Pharmaceuticals, EPSA uses mainly Open bidding, and in rare cases, Request for quotation, Restricted bidding and Direct procurement. Under Open bidding, National Competitive Bidding (NCB) and International Competitive Bidding (ICB) are applied. Those pharmaceuticals that are manufactured locally are procured by NCB method of procurement, and ICB otherwise. FPPDE directs that in order to procure by NCB, the required objects of procurement can only be procured from local suppliers and the value of the procurement is below the threshold established for international competitive bidding in article 17/2 of the Directive, or the required object of procurement is available only locally notwithstanding that the cost of the procurement exceeds the threshold established in article 17/2 of this Directive. However, the findings obtained from interview and documentary review indicated that EPSA does not adhere to this pre-requisite, i.e. those pharmaceuticals procured by NCB are not available only locally, and the Agency does not consider the threshold. One of the respondents said that EPSA uses NCB method by considering the availability of enough local manufacturers for the required object of procurement, and other corresponding costs related to ICB. He also added that NCB is chosen to encourage the local manufacturers. This procedure waived the threshold with special circular and applied to motivate the local manufacturing in such a way as grants market and increase production capacity to achieve the target set in the growth and transformation plan of the country.

The Federal Public Procurement Directive of Ethiopia recommends the following thresholds for each of the procurement methods that EPSA is applying for procurement of pharmaceuticals.

Table 5: Tendering Methods and Corresponding Thresholds

METHOD	THRESHOLD
Open (for International Competitive Bidding)	≥ 50,000,000 Birr
Restricted	≤ 1,500,000 Birr
Direct	≤ 5,000 Birr at once, and a total of not greater than 75,000 Birr in one budget year.
Request for Quotation	≤ 200,000 Birr

The researcher observed that for Restricted, Direct, and Request for Quotation methods of procurement, EPSA is not adherent to the thresholds that the Ethiopian Public Procurement Directive implies.

Invitation For Bid (IFB)

EPSA advertises a bid on newspapers for NCB and ICB, and by letter if the method of procurement is either Direct or Restricted. NCB is advertised on Addis Zemen Gazetta, whereas Ethiopian Herald is the newspaper used for ICB advertisement. The information included in IFB are: Name and address of the purchaser, i.e. EPSA, IFB number, i.e. tender number, Object of procurement, Name and address from where the bidding document can be obtained, the time at which the interested bidders can purchase the bid document, the price of bidding document to be purchased, The place and deadline of submission of bids, and the place, date and hour of the bid opening, and A statement that the Public Body reserves the right to reject any or all bids. Except open bidding, the invitation is made by letter written to the suppliers for the other method. For ICB and Restricted methods, the bid remains on air for 35 consecutive days and closed and opened on 35th day of announcement. Restricted method of procurement is applied provided that the number of suppliers is not greater than 5. A similar study conducted by Grace B. Moronda, 2014, indicated that that information included in IFB is similar to that of EPSA's, but the media of invitation is more than one, in addition to newspaper, ministry web page and approved blogs are also used.

Table 6: Tendering Methods, and the corresponding days to be open & maximum number of Suppliers for each method

Tendering Method	No. of days remain open	No. of suppliers
Open	35 days for ICB, and 15 days for NCB	Unlimited
Restricted	15 days	5
Request for Quotation	5 days	3
Direct	Maximum of 5 days	1

All the above mentioned criteria of IFB were in accordance with the Federal Public Procurement Directive of Ethiopia, indicating that EPSA adheres to the directive with regard to IFB.

Bid Receipt, Closing and Opening

The Federal Public Procurement Directive of Ethiopia directs that all tenders submitted before the deadline shall be opened in public, in the presence of the tenders or their representatives and other parties with a legitimate interest in the tender proceedings. The directive also directs that the procurement unit of the Public Body shall record the minutes of the bid opening. Such minutes shall contain the names of the bidders, their bid price and any other salient points raised in the bid opening proceeding. The minutes and the original bid documents shall be signed by employees conducting the bid proceeding. Bidders present during the bid opening shall sign the attendance sheet. Through interview and documentary reviews the researcher found that EPSA followed the same procedures as stipulated above in receipt, closing and opening of a bid. However, in case the number of items to be procured are too many, they do not read price of each item. They only read name of the bidder, total FOB price, item numbers the bidder has quoted, and the amount of bid security submitted. During interview, the researcher identified the reason why they do not read the price of each item, and one of the respondents said that it is not feasible in terms of time to read a bidder's quoted price of each item. A study conducted by Athumani, N. (2013), shows similar results regarding the receipt, closing and opening of bids.

Bid Evaluation

After bid opening, evaluation is followed by an officer from the tender management directorate. As observed from documentary reviews and interview, bid evaluation is performed by three steps: Preliminary evaluation, Technical evaluation, and Financial evaluation. Preliminary evaluation is a pre-requisite for Technical evaluation, and Technical evaluation is a pre-requisite for financial evaluation.

Preliminary Evaluation:

Under preliminary evaluation, total FOB value, the amount of bid security submitted, type of bid security (i.e. CPO, insurance, bank guarantee), bid security validity period, price validity period, authorization letter (in case the bidder is from abroad), originality of the quotation, and delivery schedule the bidder quoted are used for evaluation. The above mentioned criteria are clearly stated in the bidding document that the bidders are evaluated against. Accordingly, the amount of bid security that bidders shall submit was 500,000.00 ETB or equivalent convertible currency and it shall be a bank guaranteed. Foreign bidders shall also provide a counter guaranteed security in case it is a swift message from a foreign bank. Bid price validity is also another criteria in preliminary evaluation and it shall be not less than 120 days. The validity period of a bid security shall be not less than bid price validity plus 28 days, i.e. 148 days. Foreign bidders were expected to submit authorization letter for their local agents, and trade house bidders shall also submit an authorization letter from manufacturers of the product which confirms that the bidder is authorized to participate in a bid. The quoted price schedule shall be original, and delivery schedule for the quoted items shall be not later than 90 days after LC opening/CAD reservation for foreign bidders, and shall be within 90 days after 30% advance payment for local manufacturers. So, the preliminary evaluation is carried out as per the evaluation criteria stated in the bidding document, and those bidders who fulfill all the above criteria were accepted for technical evaluation.

Technical Evaluation:

Bidders who pass the preliminary evaluation are eligible for technical evaluation. EPSA uses the following criteria for technical evaluation:

- Description of the item to be procured shall be as per the description stated in the bidding document

- Unit and quantity shall comply with the purchaser's request, but in case the unit quoted by the bidder differs from the purchaser's request, quantity shall be adjusted accordingly. $\pm 20\%$ of the requested quantity is tolerated.
- Shelf life of the product shall be ≥ 2 years.
- Certificates: FMHACA registration certificate- 1st priority, SRA certificate- 2nd priority, GMP by FMHACA- 3rd priority. Other supportive certificates- COPP, FSC, GMP by country of origin, and Performance for local manufacturers.

Those bidders who fulfill the technical requirements, i.e., description, unit, quantity and shelf life, compete by the certificates. Bidders who are technically competent and have FMHACA certificate are given first priority. Technical competency is a prerequisite for the above mentioned certificates. If there is no bidder who has FMHACA certificate, SRA certificate is given a second priority, and GMP by FMHACA is given a third priority. Other supportive documents (COPP, FSC, and GMP by country of origin) are used in case additional information about the product is required, but they are supportive documents and not used as main evaluation criteria.

Financial Evaluation/Offer Analysis:

The third stage of bid evaluation at EPSA is financial evaluation, or sometimes they call it offer analysis. Those bidders who pass the technical evaluation were set for financial evaluation. At this stage, points taken into consideration were: FOB price, C+F sea price, C+F air price, Payment term, Name of manufacturer, and Port of shipment.

Here, bidders compete by the price they offer and the bidder with least price is awarded. Where the Ethiopian airline/shipping line can reach, it is the FOB price that is used for price comparison. C+F air is used in case the Ethiopian air/shipping lines cannot reach the port of shipment of the bidder. Here the officer states the reason why the bidder is selected as a winner, i.e., whether the bidder is least evaluated bidder, sole qualified bidder, or sole bidder. All the three stages of evaluation are performed by one officer from tender management directorate, checked by another officer from the same directorate. Then the evaluation report is presented to Tender Evaluation Committee. The Evaluation committee is composed of at least three personnel from tender management directorate staffs where

director of the tender management directorate is the chairperson of the committee. Then the committee go through the three stages of evaluation, and provide comments in case there are points to be corrected. Next, the officer make corrections as per the comments of the committee and prepares evaluation minute accordingly, and winner list was also prepared by the officer. In winner list information included were description, unit, and quantity of the item, winner, currency & unit price as per the winner, last winner price, i.e., the recent price of the item procured by EPSA and percentage of increment/decrement of the winner's price from last winner price.

The finalized evaluation report commented by tender evaluation committee, i.e., preliminary evaluation, technical evaluation, financial evaluation/offer analysis, the evaluation minute, opening minute, and the winner list, signed by the officers who performs the evaluation and the evaluation committee, is bound in one folder and sent to the Tender Endorsing Committee for final decision. The Tender Endorsing Committee is composed of staffs from different directorates of the agency, which includes Deputy Director General of Operations for Pharmaceuticals and Medical Supplies Storage & Distribution (Chairperson), Coordinator of Branch Coordinating Directorate (Secretary), Director of Forecasting and Market Shaping Directorate, Director of Pharmaceuticals and Medical Supplies Distribution and Fleet Management Directorate, and Director of Fund Directorate.

Tender Endorsing Committee go through the presented evaluation report, give comments for amendments, if any, and returns the final decision to the Tender Management Directorate. Then, amendments are made as per the decision of the Tender Endorsing Committee and Official Winner List is Prepared. Then winners are awarded, and those unsuccessful bidders are also notified who is the winner and the reason why they are unsuccessful. After award, five working days are given for the bidders who are unsuccessful bidders or any other body who has complain regarding the award. If there is complain, it is entertained by the tender management directorate and proper response is provided for the compliant. If the compliant is not satisfied with the response of the directorate, it is possible to further proceed present their complain to whom they want. After five days of notification of award, a draft purchase order is prepared by an officer. Then it is cross-checked with the offer of the bidder and the award (official winner list). It is checked & verified by the tender management directorate,

and finally approved by Deputy Director General. Finally, the purchase order is prepared by an officer, checked by a pharmaceuticals tender management team coordinator, verified by Tender Management directorate Director, and approved by Deputy Director General of Operations, is sent to Ethiopian Food, Medicine, and Healthcare Administration and Control Authority (EFMHACA) for final approval. After EFMHACA approves and returns the purchase order to EPSA, the bidders are notified to collect their purchase order. Next, a draft contract is prepared. The contract has three sections: General conditions of contract, Special conditions of contract, and Contract forms. Information included in the contract were: Name of the purchaser, Name and address of the supplier, Purchase order number, Item number, description, unit, quantity, unit price of the object of procurement, Delivery date, and port of shipment, Obligations of the purchaser & the supplier, Other binding rules & legal issues.

Then the bidders are notified to collect the draft contract from Tender Management Directorate. The bidders sign the contract return with 10% performance guarantee and proforma invoice. The performance guarantee shall be 10% of the total contract value. After the contract is signed by the bidders, then it is signed by the Director General of EPSA. Each page of contract is signed by both the bidder's authorized person and Director General of EPSA and sealed by both parties. Finally, the signed contract, 10% performance guarantee, Performa invoice, and the original purchase order approved and sealed by EFMHACA, are sent to Contract Management Directorate for follow up. The Federal Public Procurement Directive of Ethiopia directs that bidders shall be evaluated as per the criteria stated in the bidding document. By reviewing the evaluation report of pharmaceuticals tender and the corresponding bidding documents, the researcher found that evaluations are made as per the evaluation criteria set in the bidding document, and this implies that EPSA adheres to the directives of FPPDE. As the response of the interviewee indicate, both the Tender Evaluation Committee and the Tender Endorsing Committee are assigned by the Director General of the agency. In case of Direct Tendering (Direct Procurement), there is another committee known as Negotiating Committee, which also is assigned by Director General of the Agency. This negotiating committee negotiates the bidder on prices of the items to be procured. The compliant handling procedure, the contents of the contract, the requirements that shall be fulfilled together with contract signing, i.e. performance guarantee and proforma invoice, are also found to satisfy the requirements of the FPPDE.

The researcher found that the delay in the tendering process occurred during evaluation when compared with the time set for evaluation. During interview, the respondents were asked the reason behind this delay and they responded that work overload, untimely response of the endorsing committee, and delayed response from suppliers when clarifications needed contributed to this overall delay in evaluation time. Delay in committee's response is a similar reason to a study conducted by Athumani (2013).

4.5.2 Factors Affecting Tendering Activities

Data obtained from documentary review and interview was used to assess what factors do affect tendering processes and how these affect. From the result, two major factors was identified: Human Factor and Technology Factor:-

Human factor includes the skills, knowledge, and experience of the professionals working in the tendering process. For instance, experienced officers do the activity effectively and efficiently and the skills and knowledge they get through experience has a great contribution for overall performance of tendering.

Technology factor is another important factor that affect tender performance at EPSA. "Technology plays a great role in tender performance. For example, formerly purchase order is prepared manually with the help of a type-writer, but now every information that should be fulfilled on PO is computerized. Item description, unit, supplier, address, incoterms, mode of shipment, and the terms and conditions are systematized and it is very simple to prepare a purchase order. This saves time and improves the quality of PO prepared", one of the respondents stated during interview. During documentary reviews, the researcher also confirmed that every detail of a purchase order is automated in a database known as HCMIS (Health Commodities Management Information System).

4.5.3 Challenges Associated with Pharmaceuticals Tendering Processes

The researcher identified the challenges encountered in the pharmaceuticals tendering process at EPSA by using the data obtained through interview, questionnaire, observation, and documentary review. The identified challenges were:

Specification problem- some of the specifications stated by the purchaser do not coincide with the internationally available specifications. Due to this reason, those items whose

specification are incorrect end up with no bidder at the end of evaluation, and then their procurement is cancelled after such a cumbersome and lengthy process. This results in inefficient utilization of resources (time, human power, and associated costs) and finally the required product may be stock out at health facilities.

Inability to stick to the plan- this results from different reasons. One main reason is that the process itself is bureaucratic in the official letters need to be written from one directorate to another, from directorate to deputy director general, from deputy director general to director general, and vice-versa. This bureaucratic process consumes a lot of time. Another reason is that clarifications are required in most of the process, either from the bidders to EPSA and vice-versa, or within the agency between the directorates. The third reason is associated with the committees. Members of both evaluation and endorsing committee have their regular work assigned at different positions, evaluation and endorsing is additional activity. So, when they are busy at their regular duty, they may not meet to evaluate and endorse the evaluation. Due to this reason, lead time between evaluation and endorsing might be too long, resulting in late award notification and long procurement lead time in general.

Lack of communication/collaboration with suppliers-there is no meeting with suppliers to discuss on the challenges from either side. Meeting and communicating with suppliers is mandatory to build a mutual trust and work for mutual benefit.

Lack of timely response from stakeholders- FMHACA is one of the stakeholders that play a role in tendering procedure in that it is only after FMHACA approves the purchase order EPSA sign a contract with suppliers. In case when there is information gap between a supplier and FMHACA, the purchase order may not be approved timely. This may result in delay of contract signing and the following procurement procedures. Another stakeholder is suppliers. When clarifications are required they may not respond timely. They may also not sign the contract timely, and may not accompany the required documents with the contract to proceed the procurement process. This has a negative impact on the proceeding procurement process.

Procurement directive-EPSA uses the FPPDE for pharmaceuticals tendering process. But, FPPDE is the directive that guides the public procurement of any good, and it may not be convenient for pharmaceuticals procurement in some circumstances. For instance, the

threshold set by FPPDE to apply a direct and restricted procurement methods was inconvenient for pharmaceuticals in that, as pharmaceuticals are costly, the amount of money set for the specific threshold was too small and procures insignificant quantity of the required product.

Lack of conducive working environment-as observed by the researcher and information obtained from the respondents, the working environment of Tender Management Directorate of EPSA was not conducive. It was overcrowded by staffs, files, cartoons of bid documents and samples.

Security problem- the tender documents shall be kept secure but as observed during data collection, there was no lockable shelves so as to keep the bid documents and associated files which may be vulnerable to loses.

Old process/paper-based- most of the tendering procedures were paper-based and it was time consuming.

Lack of flexibility of requirements-due to the rigidity of the requirements, some items may be rejected from a bid, and retendered after going through a long process. For instance, if the requested shelf life is 24 months, and suppliers provide, for example, 22 months, the item is cancelled from the bid and retendered. This results in inefficient utilization of resources and at the end of the day supply shortage may occur.

4.5.4 Limitations of the Study

As tendering process involves a lot of stakeholders, it was unmanageable to conduct the study by including all the stakeholders within the available time and budget. The staffs were too busy to have enough time during interview, and also during documentary review to consult for further information. Most of the works done in the Tender Management Directorate were paper-based, and this was another challenge for the researcher during data collection. Documents were not kept in an organized manner and this made the documentary review a little bit difficult.

CHAPTER-5

CONCLUSION

In view of the findings of this study the following conclusions are deduced:

The main objective of the agency is to make sure that public funds are utilized effectively and efficiently to serve public needs. Though to the large extent the tendering process at EPSA adheres to the FPPD, 2010, of Ethiopia, there are some shortcomings that need to be addressed in order to improve the effectiveness of the tendering process.

Several factors were revealed to hamper the tendering process. First, lack of prequalified bidders: Most of the bidders fail to fulfil the requirements specified in the bidding document because they may lack experience which makes them to be unsuccessful at the end of evaluation. The evaluator's decisions were to re-tender the item to be procured after going through a lot of procedures resulting in inefficient utilization of resources, and finally may result in stock outs.

Second, Lack of training: One of the evaluator argued that, most of the evaluators lack skills of using the Microsoft excel package which is the mostly used tools in financial evaluation. The threshold that the FPPDE directs for these procurement methods are too small for pharmaceuticals.

It is therefore concluded that, pharmaceuticals tendering process at EPSA is lengthy and cumbersome. This is due to the fact that for the sake of ensuring transparency, they follow such a process. But this may affect the procurement lead times thereby resulting supply shortages at end users. However, as one of the respondents stated, they are working on minimizing unnecessary steps/removing the non-value adding steps from the procedure. To do so, they are undertaking Enterprise Resource Planning (ERP) which will be present to the concerned bodies for approval soon.

RECOMMENDATION

Recommendations include that as the tendering procedures at EPSA are lengthy and cumbersome, they have to reconsider the processes so as to remove the non-value adding steps. Some of the rigid rules and requirements also need due consideration and have a certain range of tolerance by considering the cost-benefit analysis of the item to be procured. There should be discussions with the other stakeholders, especially the Federal Public Procurement Agency to adopt the directives that suits the procurement of pharmaceuticals.

The agency is initializing the framework contracting method of procurement which is assumed to be helpful in minimizing the processes of tendering in other methods of procurement, especially in terms of time. This is due to the fact that, in framework agreement, there is no need to go through the tendering activities like advertisement, tendering opening and closing, and evaluation. The purchaser only need to renew the contractual agreement based on the previous award. So, it is recommended that EPSA should give due attention to this method of contracting rather than the other methods by analyzing its advantages and disadvantages.

Supplier pre-qualification is another important concept that EPSA should work on. This is because it is better to procure from suppliers that are prequalified. This is due to the fact that pre-qualification is required to identify suppliers that meet criteria established for a particular bidding exercise. It will also result in an actual bidding exercise and solicitation documents are extend only to qualified suppliers thereby minimizing the elapsed time. So EPSA should work in collaboration with FMHACA to have a prequalified list of suppliers.

It is also a must to hold discussions with the other stakeholders such as FMHACA and the suppliers so as to facilitate and improve the tender performance by minimizing the time spent at these stakeholders. The agency should also work to make a conducive work environment for the staffs, and keep the security of all the necessary documents that are used in the tendering procedures. Staff motivation should also be improved by providing different incentives so as to keep the experienced staffs and attract the new one. EPSA should work with Public Procurement Agency (PPA) to adopt a directive that best suits the procurement of pharmaceuticals.

CHAPTER-6

SUGGESTIONS FOR FUTURE RESEARCHES

Such similar studies should be conducted in other public procurement agencies so as to compare the results and take corrective measures where applicable. On the other hand, EPSA is currently using two INCOTERMS in the procurement of pharmaceuticals. Wherever the Ethiopian air/shipping line reaches, FOB is being used, and FCA is used otherwise. This should be supported by proper studies if it ensures value for money and its effectiveness needs to be investigated. The other INCOTERMS should also be put into consideration and the cost-benefit analysis of each should be done to come up with the best one for effective and efficient procurement of the pharmaceuticals.

EPSA is introducing a new approach for procurement of pharmaceuticals, a framework agreement. This method of procurement is assumed to overcome the problem of lengthy and cumbersome processes in the tendering activities because, once evaluations are completed, the agency enter into a contract agreement with the successful bidder for three years with possibilities of extensions. So this new approach should be studied and compared with the individual tendering methods so as to prove the advantage of the new approach over the old one.

In order to minimize the time elapsed in the process of procurement, a cross-regional procurement could be applied. It is a system in which one procuring entity enter into a contract with a bidder who participated in a bid in another country. That is, for instance, if a procuring entity in Kenya executed a procurement activities and award and enter in to a contract with a bidder, then EPSA could also go and negotiate with the bidder to enter into a contract with the same bidder. So, this approach also needs to be investigated and could be a suggestion for future studies.

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APPENDICES

Appendix I: Questionnaires

ADDIS ABABA UNIVERSITY COLLEGE OF HEALTH SCIENCES SCHOOL OF PHARMACY QUESTIONNAIRES FOR ASSESSMENT OF PHARMACEUTICALS TENDER MANAGEMENT:

Dear respondents,

My name is Diriba Yadesa, and I am a Health Supply Chain Management MSc student at Addis Ababa University, College of Health Science, School of Pharmacy. This questionnaire is part of a project work required by Addis Ababa University School of Pharmacy as a partial requirement for the award of a Masters of degree in Health Supply Chain Management. The questionnaire is designed to solicit your independent views on “Tender Management Processes at Ethiopian Pharmaceuticals Supply Agency, Addis Ababa, Ethiopia”. All information provided shall be treated as confidential and used strictly for academic purpose only. Please answer the following questions freely without indicating your name. If you have any question regarding the questionnaire, please contact me by: Phone- +251910125158, or e-mail- diribayk89@gmail.com. Thank you in advance for your kind cooperation!

Part I: Personal Information

1. Gender: Male Female
2. What is your age?
Less than 20 years 21 -30 years 31-40 years 41-50 years
51years& above
3. What is your level of education? Certificate Diploma 1st Degree
Master’s degree Other, please specify.....
4. Profession:
Pharmacy Laboratory Nurse /Health officer
Other.....
5. Position of staff: Management Senior staff Junior staff
6. How long have you worked for EPSA as tender management staff? Less than 1 year
1 – 3 years 4 – 6 years 7 – 9 years

Part II: Information on Tender Management

1. What is your level of awareness of the Ethiopian public procurement directives?

- (i.) Very high () (iii.) Medium () (v.) Very low ()
(ii.) High () (iv.) Low

2. The PPPA directive, among other things, directs that members of the tender management unit shall be appointed with regards to their technical competence and skills required for the discharge of their duties. What is your position to say that EPSA has competent tender management members?

- (i.) Strongly agree () (ii.) Agree () (iii.) Neutral () (iv.) Disagree
(v.) Strongly disagree

Please give reasons for your choice

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.....
.....
.....

3. How often have you had the opportunity to attend a procurement training programme?

- (i.) Frequently () (ii.) Often (iii.) Sometimes (iv.) Rarely (v.)
Never

4. How many procurement professionals are working in the tender management unit?

- (i.) 0 (ii.) 1-5 (iii.) 5-10 (iv.) 10-15 (v.) >15

5. How do you describe your level of understanding of the tendering procedure at EPSA?

- i) Excellent
- ii) Very good
- iii) Good
- iv) Fair
- v) Poor

Please give reasons for your choice

.....
.....

6. Who prepares Bid document?

- (i.) A group of expertise
- (ii.) The Agency’s top management
- (iii.) Tender Management Unit
- (iv.) Tender Committee
- (v.) An Officer from Tender Management Unit

7. What is the degree of participation of procurement specialist in the tendering process at EPSA?

- (i.) High participation ()
- (ii.) Medium participation ()
- (iii.) Minimal participation ()
- (iv.) Poor participation ()
- (v.) No participation ()

8. Do you foresee any obstacles in the attempt to make the tendering procedure more effective?

- (i.) Yes ()
- (ii.) No ()

If your answer is “yes” please give reasons for your choice/list the obstacles you may encounter

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.....

.....

9. What are the best ways of making the tendering procedures at EPSA more effective?

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THANK YOU FOR YOUR KIND COOPERATION!!!!!!

Appendix II: Interview Questions

Basing on your knowledge and experience at EPSA, kindly tell me the procedure involved in the tendering process.

The Tendering Process

1. Do you have annual procurement plan?
2. Can you describe a general tendering process? From the announcement of the tender until the award of contract?
3. A tender evaluation is one of the important steps in the tendering process, how the tendering team is assembled? Who appoints the evaluation committee and why?
4. Would you be in position to state that you have enough and skilled staff to carry out tendering process as per requirement of the public procurement directive?
5. The public procurement regulation authority among other requires every procurement entity to use standard tender documents and publish bid opportunities in its journal and web site. Do you adhere to this?
6. By nature of its core functions, EPSA commits a big proportion of its funds in procurement functions. What are major problems encountered in execution of tendering processes?
7. What efforts have the management taken to make sure that tendering is conducted in accordance with the directives of the public procurement and process more effective?
8. What are the factors that affect tender performance at EPSA?
9. How do these factors affect the tender performance?
10. Do you have any comments regarding tendering procedures at EPSA?

Invitation for Bid

1. How is the publication of Advert done for invitation of tenders?
2. How many publication medium is used for this advertisement?
3. Are bidders given opportunity to assess tender document before they purchased it?

Bid Submission

1. What is the minimum time allowed for the submission of tender with respect to the different types of bidding methods that EPSA uses?
2. Prior to the deadline for the submission of tenders, are deadline extended sometimes?
3. What happens to tender submitted after deadlines?

Bid security

1. How is the specified amount of the tender security calculated?
 - i) fixed bid security for the total value
 - ii) percentage of the total value
2. Have there been instances that the bid security has been rejected before?
 - i) Yes
 - ii) No
3. Does EPSA sign contract with bidders whose bid security has expired?
 - i) Yes
 - ii) No

Bid Opening

1. Are tenders opened by the time mentioned on bidding document?
2. When is the bid price recorded and announced?
 - a. By the time of bid opening
 - b. During evaluation
 - c. Not recorded and announced
3. When is the name and address of bidders whose bid is opened be announced?
 - i) By the time of bid opening
 - ii) During evaluation
 - iii) Not announced

Bid Evaluations

1. How is tender evaluated? Does expertise participate in the Evaluation of tender?
2. Is tender evaluated by one officer, or by an evaluation team? If there is evaluation team, do they sit together while evaluating? And how is the final winner is concluded?
3. Which criteria are used in tender evaluation?
4. How long does it take for tenders to be evaluated, for each type?

Contract Awards

1. Do you publish names of successful bidders?
2. Do you give notice to unsuccessful bidders in written?
3. Do you have complaint handling procedure for unsuccessful bidders?
4. 2. How long does it take to sign a procurement contract?

THANK YOU FOR YOUR KIND COOPERATION!!!

Appendix III: Sample IFB Format

Invitation for Bids (IFB)
Federal Democratic Republic of Ethiopia
Pharmaceuticals Supply Agency (PSA)
Procurement of Pharmaceuticals

IFB Number: _____

1. The *Federal Democratic Republic of Ethiopia Pharmaceuticals supply agency (PSA)* invite all interested bidders to submit their bids for the Pharmaceuticals indicated in the bid document.
2. Qualification requirement:

Refer:- Section3: Evaluation Methodology and Criteria

3. Interested eligible bidders may obtain further information from Pharmaceuticals Supply Agency, Telephone: +251-11-275 1770 / 27763270/ 2763266 Fax:+251-11-2752555, E-mail: pfsa@ethionet.et, Addis Ababa, Ethiopia and inspect the Bidding document at the address given below from 8:30AM -12:30PM and 1:30 PM - 5:30PM from Monday to Friday, except on public holidays.
4. A complete set of Bidding Document in *English language* may be purchased by interested bidders on the submission of a written application to the address below and upon payment of a non refundable fee, *Ethiopian Birr 300.00* (Three Hundred Birr) or equivalent in a freely convertible currency. Those who want the bid document to be sent by a Courier Service shall pay an additional amount of *ETB 2000.00* or equivalent in a freely convertible currency for a Courier Service charge or send a pre-paid Courier Service Coupon.
5. Bids must be delivered to the address below **on or before opening date and time (after 35 days from the date of floating on magazine, opening date shall be on working day)**.*The exact closing, opening date and time are clearly stated in the bid document. Late bids will be rejected. Bids will be opened in the presence of bidders or their representatives, who choose to attend in person at the Conference Hall of Pharmaceuticals Supply Agency, Addis Ababa, Ethiopia.*
6. Bid must be accompanied by a **fixed Bid Security** of *ETB 500,000 or equivalent convertible currency as indicated in the bidding document*. The bid security from insurance company will not be accepted.
7. The Agency reserves the right to accept or reject any bid, and to annul the bidding process and reject all bids, at any time prior to award of contract without there by incurring any liability to the affected bidder or bidders or any obligation to inform the affected bidder or bidders on the ground for the company's action.
8. The address referred to above is:

Pharmaceuticals Supply Agency (PSA)

The Office of Tender Management Directorate

P.O. Box: 21904

In front of St. Paul Hospital Addis Ketema K/K, Kebele 19/20

Telephone: +251-11-275 1770 / 2763270/2763271/ 2763266

Fax number: +251-11-2752555

Electronic mail address E-mail: pfsa@ethionet.et.

Website:-www.pfsa.gov.et. Addis Ababa, Ethiopia

Appendix IV: Tender Numbers Used for Documentary Review

S.no.	Tender no.	Budget	Remark
	OPEN BIDDING		
1	ICB/PFSA6/MOH-FH/SDG-PF/PH/46-4/17	USD 4,003,428.12	2011 EBY
2	ICB/PFSA6/FMOH/SDG/MH46-1/17	USD 5,011,197,.83	2011 EBY
3	ICB/PFSA6/R4D-SDG-MOH-other health/PH/46-5/17	USD 2,451,315.83	2011 EBY
4	ICB/PFSA6/RDF-R/PH/50/17	USD 1,292,094.88	2011 EBY
5	ICB/PFSA6/MOH-SDG-CHEMO/PH/51/17	USD 3446801.5956	2011 EBY
6	ICB/PFSA6/RDF-R/PH/10/17	USD 25,407,385.01	2011 EBY
7	ICB/ PFSA6/ GF-NFM/YR2&3/ARV/34-1/17	<i>USD 14,345,678.16</i>	2011 EBY
8	ICB/ PFSA6/ GF-NFM/YR2&3/ARV/34-1/17	USD 16,588,188.65	2011 EBY
9	ICB/ PFSA6/ GF-NFM/YR2 & YR3/ARV/28/17	USD 30,392,906.56	2011 EBY
10	ICB/PFSA6/GF-antimal/PH/01/18	USD 1,231,794.30	2011 EBY
11	ICB/PFSA6/RDF-R/PH/02/18	USD 5,235,299.72	2011 EBY
12	ICB/PFSA6/FMOH/SDG-PF/MH/PH/06/18	USD 6,552,402.71	2011 EBY
13	ICB/PFSA6/RDF-R/PH/08/18	USD 22,334,823.76	2011 EBY
14	ICB/PFSA6/RDF-R/chemo/PH/13/18	USD 9,144,802.65	2011 EBY
15	ICB/PFSA6/MOH-SDG-PF/PH/14/18	USD 5,235,299.75	2011 EBY
16	ICB/FW/PFSA6/GF-HAPCO/NFMII/ARV/15/18	USD 102,618,290.90	2011 EBY
17	ICB/PFSA6/GF-ETHAPCO NFMII/PH/16/18	USD 1,339,191.05005	2011 EBY

18	ICB/PFSA6/RDF-R/PH/23/18	USD 14,694,771.08	2011 EBY
19	ICB/PFSA6/MOH-FH-SDG-PF/PH/26/18	21,454,645.01USD	2011 EBY
20	ICB/PFSA6/GF-MALARIA/PH/27/18	776,188.42 USD	2011 EBY
21	ICB/PFSA6/SDG-PF-MNCH/PH/28/18	USD 8,460,668.95	2011 EBY
22	NCB/PFSA6/RDF-2011/LOCAL/PH/02/18	ETB 1,237,422,680.18	2011 EBY
23	NCB/PFSA6/RDF-SDG/LOCAL/PH/03/18	ETB 384,029,422.84	2011 EBY
24	NCB/PFSA6/SDG-PF/LOCAL/PH/05/18	ETB 32,092,960.70	2011 EBY
25	ICB/FW/PFSA6/RDF-R/PH/01/19	USD 287,428,604.40	2012 EBY
26	ICB/FW/PFSA6/MOH-FH & SDG-PF/PH/07/19	USD 132,215,597.73	2012 EBY
27	ICB/PFSA6/RDF-R/PH/08/19	USD 4,793,834.05	2012 EBY
28	ICB/PFSA6/GF-antimal/PF/PH/17/19	6,819,160.71USD	2012 EBY
29	NCB/PFSA6/RDF-R/PH/01/19	ETB 1,572,255,071.58	2012 EBY
	RESTRICTED		
1	PFSA6/RT2/RDF-R/PH/06/18	ETB 2,795,918.40	2011 EBY
2	PFSA6/RT2/LOCAL/RDF-R/PH/09/18	USD 25,028,224.49	2011 EBY
3	PFSA6/RT2/LOCAL/MOH-SDG-MAL/PH/10/18	ETB 3,834,826.80	2011 EBY
4	PFSA6/RT2/LOCAL/RDF-R/PH/06/18	ETB 2,795,918.40	2011 EBY
	DIRECT		2011 EBY
1	PFSA6/DT/GF-FM/YR2&3/LOP-RIT-SOLUTION/37/17	USD 148,252.10	2011 EBY
2	PFSA6/DT/RDF-R/PH/01/18	USD 189,021.23	2011 EBY
3	PFSA6/DT/RDF-R/MS/02/18	ETB 24,458,645.00	2011 EBY
4	PFSA6/DT/LOCAL/RDF-R/PH/07/18	ETB 1,711,050.00	2011 EBY
5	PFSA6/DT-LOCAL/RDF-	ETB 1,906,672.39	2011 EBY

	2011/COTT/10/18		
6	PFSA6/DT/RDF-2011/DS/12/18	ETB 7,986,499.77	2011 EBY
7	PCO. New funding model II/PH/21/18	USD 23,652,722.062	2011 EBY
8	PFSA6/DT-Foreign/GF-ET HAPCO NFMII/PH22/18	USD 264,867.84	2011 EBY
9	PFSA6/DT-Foreign/GF-ETH HAPCO NFMII/23/18	USD 104,548.5518	2012 EBY
10	PFSA6/DT-Foreign/GF-ETH HAPCO NFMII/PH/26/18	USD 75,226.95	2012 EBY
11	PFSA6/DT-LOCAL/MOH- NI&SDG/PH/32/18	ETB 56,784,000	2012 EBY
12	PFSA6/DT/RDF-R/PH/44/18	USD 73,539.12	2012 EBY
13	PFSA6/DT-LOCAL/RDF-R/PH/45/18	ETB 706,625.00	2012 EBY
14	PFSA6/DT/MOH-SDG/PH/56/18	4,669,557.19 USD	2012 EBY
15	PFSA6/DT/RDF-R/PH/01/19	USD 189,021.23	2012 EBY
16	PFSA6/DT/RDF/MS/05/19	USD 258,331,788.88	2012 EBY
17	PFSA6/DT/MOH-SDG/FH/PH/06/19	3,187,500.00 USD	2012 EBY
	RFQ		
1	PFSA6/RFQ/MOH-STI/GF/PH/02/17	USD 3,992.74	2011 EBY
2	PFSA6/RFQ/KIDNEY/PH/02/19	USD 47,398.68	2012 EBY