



Implementing a Monitoring Program to Help Improve Integrity of Procurement and Delivery of Medicines in the Department of Health

CSO:	National Citizen’s Movement for Free Elections (NAMFREL)
Years:	2008 - 2011
Country:	Philippines
Amount:	\$ 56,640 USD
Sector:	Health and Medicine Delivery

Corruption Problem:	Inefficient procurement processes, inaccurate deliveries, and poor distribution as well as inadequate warehousing and stocking of essential medicines.
Tools Employed:	Procurement checklists, training local CSOs, citizen monitors

The National Citizen’s Movement for Free Elections (NAMFREL), a local CSO in the Philippines, carried out the “Medicine Monitoring Project” (MMP) in partnership with the Department of Health (DOH). The project first started in 2004 and received funding from PTF in two phases during 2008/2009 and 2010/2011. The first phase served to test the feasibility of the approach, which was then – after successful completion – scaled up in a second phase. The program was completed in 2012.

Corruption Problem Addressed and Project Objectives

Many poor households in the Philippines have been prevented and in several instances are commonly barred from access to low cost and yet high quality medicines although the DOH medicine procurement and distribution program was meant to benefit them. *Causes* were identified in inefficient procurement processes, inaccurate deliveries and poor distribution as well as inadequate warehousing and stocking of essential medicines. Corrupt behaviour was one of the root causes for the distortions observed in the service delivery.

Consequences of these governance weaknesses were higher drug prices and scarcity of drugs reaching hospitals and only the well-to-do people in a community could afford them. Impact on people was that those in need of drugs were staying sick longer and even lives were being lost.

Approaches, Methods and Tools Used to Address the Problem

NAMFREL used its existent network of over 100 NAMFREL chapters nationwide to mobilize volunteers and CSOs from within the communities. NAMFREL team leaders and volunteers were given two-day orientation training (a tool) on the provisions of the Government Procurement Reform Act 9184 (GPRA) and its Revised Implementing Rules and Regulations (RIRR). The volunteers checked various reports used by hospitals, suppliers, and the procurement secretariat to verify and monitor:

- Procurement activities in every hospital and regional health offices managed by DOH;
- Delivery of essential medicines in selected hospitals and regional health offices;



- Inventories, warehouses and medicine stocks as well as hospitals' and CHDs' internal systems for checking inventories;
- Distribution of essential pharmaceutical products to entitled hospital recipients; and,
- Prices to assess a reasonable budget for the purchase of drugs and medicines.

Volunteers used checklists to prepare ODR (tools). NAMFREL aggregated these checklists and then followed up on system results and improvements. To make sure the bidding price is fair, NAMFREL compares the market price to prices in different hospitals and to prices in black markets within a specific hospital's vicinity.

Results Achieved

NAMFREL successfully demonstrated how citizen monitoring improved transparency and competitiveness in procurement and distribution of drugs by the public health system to poor households. Prices were lowered; medicines were delivered on time in right quantity to 28 hospitals and clinics subject to monitoring. Department of Health (DOH) is placed in the top three institutions of government seen as least corrupt in a survey by the Social Weather Stations in the Philippines.

NAMFREL made the following recommendations for systemic improvement to the DOH, based on reports made by volunteer observers:

- Reiterate the need for the presence of observers in all stages of the procurement process, including the pre-procurement and post-qualification, apart from the pre-bid conference and opening of bids;
- Advise the Bids and Awards Committees (BAC) and the Supply/Pharmacy Officer to furnish

NAMFREL with copies of the same procurement-related documents that they forwarded to the COA;

- Advise the Procuring Entity of both RH and CHDs to publish their Annual Procurement Plan (APP) in their respective website for public reference and transparency;
- Advise the Supply Officer to provide NAMFREL with the schedule of delivery specifically for pharmaceutical products.

The MMP contributed to improving efficiency and integrity in medicines procurement and distribution services through a number of different means:

Transparent public bidding: DOH recognized NAMFREL volunteers as an "Official Observer" in all stages of the public bidding activities in all of its hospitals and regional health offices. Volunteers observed 143 procurement activities nationwide and produced Observer's Diagnostic Reports (ODR). According to the reports the process of public bidding became more competitive, transparent. NAMFREL was also included as member of the Integrity Development Committee (IDC) of DOH.

Completeness and efficient delivery: The deliveries of US\$7 Million worth of essential medicines to hospitals were monitored to check that these were done according to contract specifications and within the specified time frame.

Timely allocation and distribution: Over US\$ 4 Million worth of medicines were allocated to and received by the intended hospital beneficiaries.

Improvement and expansion of hospitals' warehouses and storages: The observation reports of NAMFREL volunteers were used in establishing DOH's Warehouse Improvement Program.



Competitive bid price: The comparative bid price list developed by the project guided the hospital and CHD BACS in their choice and decisions to determine the best bid price for pharmaceutical products, generating important savings (estimated at over \$750,000) for the DOH and taxpayers.

The other results reported by the volunteer observers and NAMFREL were:

- Hospital BACs are now more open and receptive to the participation of NAMFREL observers in all of the public bidding activities conducted by the hospitals; Prices offered by the bidders/suppliers during the bidding are actually competitive;
- Pharmaceutical products are more accessible now at the hospital level as compared to the past;
- Pharmaceutical products were actually delivered and received on time by the hospitals in accordance to the awards and specifications.
- Under the watch of observers during post-delivery monitoring, pharmaceutical products were delivered promptly to hospitals as stipulated in the contracts awarded to the suppliers

Value for money: In this project, about \$58,000 was spent by NAMFREL on monitoring the procurement of over [\$7 million-TBC] of drugs and hospital materials. While no specific data was available on the level of corruption, typically drug procurement has a significant level of corruption; other research on corruption in the Philippines indicates a level of corruption on public procurement of between 5% and 10% of the total value of purchases, which in this case would amount to between US\$350,000-750,000.00.

Impact on human lives: The provision of drugs for sick people is critical to their long-term welfare. The success of this project in improving the transparency and accountability of drug procurement has the potential to have had a dramatically positive impact on people's lives.

What worked well and what did not?

Contextual Factors: Aware of the wide spread corruption in public procurement, the Philippine government had introduced legislation to allow for independent citizen monitoring of procurement. Section 13 of the Philippines' Government Procurement Reform Act (GPRA) –mandated, that accredited CSOs be invited as observers to meetings of the Bids and Awards Committee of every government institution undertaking procurement of goods and services. The CSO participation is intended to enhance the two principles underpinning the GPRA - transparency and accountability - that make it more difficult for corruption in government procurement to thrive. NAMFREL was accredited to monitor DOH procurement and a member of the Integrity Development Committee at DOH since 2005. This long-standing relationship created the trust and confidence that helped the project to be implemented successfully.

Volunteer Management: The level and quality of volunteer mobilization and deployment was an outstanding feature of the program. NAMFREL has an existing and longstanding network of volunteers in connection with its fundamental role in monitoring elections. Volunteers had day jobs and not paid to volunteers. How replicable and sustainable is it?

This aspect of the program deserves research to draw lessons.



Constructive Engagement: An important factor in the success of this initiative has been NAMFREL's ability to forge a close relationship with the Department of Health. What were the success factors? Is this replicable? NAMFREL has brand recognition as an institution of highest integrity. DOH benefitted from the collaboration as evident from the improved public perception of integrity of procurement at DOH. The close relationship with DOH leadership assured the support of the DOH officials as well as the head of individual hospitals, which in turn ensured success in the effort to follow through with the various monitoring exercises initiated. This highlights the importance of finding and engaging with reform champions within the government.

Monitoring Process: While in general the monitoring was satisfactory, the process was not without challenges. NAMFREL volunteers reported that often they were not able to attend all the stages of the bidding process. Most of the hospitals and CHDs invited observers only for the pre-bid conference and the opening of bids and the invitations were not timely. The project also faced the challenge of erratic schedules of suppliers in delivering the priority medicines, and of no standard inventory report format used by the hospital and CHDs for tracking the drugs and medicines.

Results Framework: In absence of a control group there is a way to compare what it would be like without NAMFREL. More thought could have been given to results measurement through baseline and results indicators.

Lessons Learned

The project has underscored the importance of a constructive relationship between a CSO and its government authorities. A memorandum of understanding specifying mutual obligations and

expectations helps the authorities move beyond a passive tolerance of the project activities and become a partner who shares the objective of eliminating corruption in the target area.

The task of motivating volunteers to take on the time-consuming, tedious and sometimes dangerous task of monitoring public sector activities is extremely challenging. Sustaining this motivation is even harder and the project suggests that nothing motivates more than seeing the results from one's work. Volunteers are greatly encouraged if their findings are taken note of and acted upon.

It is important to try and assess the impact of projects such as this on corruption in empirical terms. Specification of 3-4 key results indicators to monitor and assess success must be done as part of project proposal.

Sustainability

Sustaining civil society led monitoring initiatives such as this program requires sustained funding. Experience shows that independent third party monitoring such as this project should be seen as a permanent complement to transparency and accountability initiatives of the executive branch of the government and accountability institutions specified in country's law and constitutions. To be sustained such funding needs to come from eventually from domestic sources. Foreign funding is usually necessary in most developing countries.

Documenting and sharing the details of such projects with worldwide audiences is an important contribution that should be planned and funded in social accountability initiatives. When the experience with the project was presented by NAMFREL in Hong Kong during the OPENDOORS 2009, A Regional Forum on Procurement Monitoring as several participants showed



interest in replicating the concept and methodology of the project in their own countries.

For More Information.

Project completion reports (PCRs) and Project completion assessments (PCAs) can be accessed at <http://ptfund.org/where-we-work/east-asia/east-asia-project-reports/>

Medicine Monitoring Project at The NAMFREL website can be accessed at <http://www.namfrel.com.ph/v2/activities/mmp.php>

Case study on “Monitoring Procurement, Delivery, and Dispatch of Medicines in the Philippines”
<http://ptfund.org/2012/04/monitoring-medicines-procurement-philippines/>