

**NACP IV**  
**Procurement Working Group**  
**23<sup>rd</sup> and 24<sup>th</sup> May 2011**

The working group met on 23<sup>rd</sup> and 24<sup>th</sup> May 2011. After introduction and going through the ToR of the Working Group, the Group elected Dr Sandhya Kabra as Chairperson and Dr Pradeep Kumar, Shri Satya Varma as rapporteurs.

Below is the list of Points discussed during the two day meeting. These will be further discussed during the next meeting.

**System of Procurement – Goods**

Levels of Procurement:

- NACO
- SACS
- District / Peripheral Units (ART Centers, Blood Banks, ICTCs, STD Clinics, TI NGOs)

Delegation of Authority for Procurement:

- NACO – all goods estimated to cost more than USD 100,000 through Procurement Agent.
- SACS – up to USD 50,000 for goods / works / services AND up to USD 100,000 per year for TI / CST Contracts issued to NGO/CBO and 2 years with the limit of USD 200,000
- Districts – On case to case basis delegated by SACS

**Goods commonly procured**

a. At NACO level:

- i. Testing kits (Rapid & Elisa kits for HIV, HBV and HCV) for ICTC and Blood Banks
- ii. ARV Drugs for ART centers
- iii. STI/ RTI drugs for Clinics, CCCs
- iv. Blood Bank Equipments, Blood Bags Blood Mobile Banks, Blood Transportation Vans for Blood Banks, BCSUs

b. At SACS level:

- i. Lab chemicals & consumables
- ii. Blood Bank equipments
- iii. Equipment and Furniture ICTCs and SACS.
- iv. Drugs for treatment of Opportunistic Infection
- v. IEC material and services

- vi. Blood Bags, Diagnostics Kits (only emergency requirement)

c. At District / Facility level:

- i. Lab chemicals & consumables
- ii. Minor Equipments, Laboratory Glassware, Blot Kits by Blood Bank
- iii. Equipment and Furniture ICTCs and SACS.
- iv. Drugs for treatment of Opportunistic Infection
- v. IEC material

**Items Procured at SACS**

Category of Goods / Services	Description of Goods and services
Office Equipments	Computers, Printers, UPS, Fax, Photocopiers
Emergency requirements of test kits	RPR Kits, HIV (Elisa) test Kits, HbSAg Kits
Consumables, lab supplies, Chemicals / reagents	Plastic carry bags, Blood Group stickers, plastic cloth, thermal paper, plastic test tubes, test tube racks, micro-tips, scissors, disposable gloves.
Repair / maintenance / AMCs of assets	AMC/CMC of office equipments, CD-4 machine, Elisa Reader and Washer, Blood Bank Refrigerators, and other Blood bank Equipments
Printing of stationary items	Printing of IEC material, office stationary
Works – modification/alteration / repair/ renovation / up-gradation of office / stores etc.	Building repair and painting, partition work
NGO Services	For implementing Targeted Interventions For CST Services

**Source of funds for procurement of goods & services**

Source	Procurement Guidelines followed	Goods & services covered
Pooled Fund (World Bank/ DFID)	World Bank	Kits, drugs , equipments & consumables for Blood Banks, IEC services, TI programme, STD clinics
GFATM	World Bank	Kits, drugs , equipments & consumables for ART centers, M&E and research

Source	Procurement Guidelines followed	Goods & services covered
Domestic Funds	GFR	Condoms (by Dept. of H&FW), condom social marketing (CSM) programme, Studies for condom promotion, mass media publicity

#### Roles of different Agencies in Procurement:

- RITES- Responsible for publication of tender notice, preparation and sale of bidding document, evaluation of bids, signing of contract with selected bidder, contract monitoring and release of payments to suppliers.
- Department of AIDS Control – Preparing Indents and Procurement Plan, seeking No-objection from World Bank on Procurement Plan, Acting as observer during pre-bid meeting, bid opening, and bid evaluation process, Examination of Bid Evaluation Report submitted by RITES and seeking financial concurrence of IFD and approval of CFA, release of funds to RITES, and regular review of indents placed on RITES and contract execution.
- SACS – to procure goods, minor works and services agreed in Annual Action Plan (AAP) approved by NACO. Prepare Annual Procurement. Submit list of contracts at awarded by SACS to NACO on half-yearly basis. Maintaining Procurement records for procurement audit and reviews by Donors and CA firms.
- Inspection and testing agency – Inspection and testing done by a third party appointed by RITES.
- World Bank – to approve Procurement Plan for Goods and Services, to provide No-objection at various stages (bidding document, amendments, if any, Bid Evaluation Report) in case contract value exceeds USD 1 million.
- GFATM – to review the progress of supplies, inspection and testing, expenditure in accordance with Grant Agreements. World Bank’s Procurement Guidelines being followed for procurement of goods and consulting Services. Wherever deviation from the WB’s Guidelines, concurrence is taken from GFATM.

#### Applicable Methods of procurement for Goods

Method of procurement	Threshold
ICB (International Competitive bidding) and LIB (Limited International Bidding (LIB)	>Rs. 420 Lacs (USD 1 million)
NCB (National competitive bidding)	Rs. 21 to 420 Lacs (USD 50,000 to 1 million)

Shopping	Up to Rs.21 lacs- (USD 50,000) Up to Rs.42 lacs (for vehicles only) (USD 1,00,000)
Direct Contracting	Up to Rs.4.20 lacs (USD 10,000)

### Applicable Methods of Procurement – Consulting Services

Category	Method of procurement	Threshold for deciding procurement procedure
Consultant's services (except TI & CST Contracts issued to NGOs /CBOs & mass media & IEC services)	Single Source Selection (SSS)/Least Cost Selection (LCS)/ Consultant's Qualification based Selection (CQS)	Up to Rs. 21 Lacs (USD 50,000)
Consultant's services (only for TI & CST Contracts issued to NGOs /CBOs)	SSS/CQS	Up to Rs. 63 Lacs (USD 1,50,000)
Consultant's services (only for Mass Media and IEC services)	SSS/CQS	Up to Rs.42 Lacs (USD 1,00,000)
Consultant's services (all cases not covered above)	QCBS (Quality & Cost based selection) / QBS where WB agrees) / Fixed Budget Based Selection (FBS)	
	International short list	>Rs.210 Lacs (USD 5,00,000)
	National short list	Up to Rs.210 Lacs (USD 5,00,000)
Consultants' Services (Individual)	Individual Consultants selection procedure	Up to 21 Lacs (USD 50,000)
Two more methods have been added recently	<ul style="list-style-type: none"> <li>• Selection under Fixed Budget</li> <li>• Hiring of UN Agencies.</li> </ul>	

### Major Consultancy Contracts in NACO

Description of Services	Procurement Method
Media Planning, Buying & Monitoring Agency	QCBS
Production and Airing of Special Programmes on TV News Channels (Hindi & English) – ZEE News and NDTV News Channels	QBS
Production and Management of Radio Programme on AIR	QCBS
Procurement Agent Services	QCBS
Setting up of Technical Support Units in states	QCBS
Setting up of State Training and Resource Centers (STRCs) in States	QCBS
Internal Audit of SACS	LCS
Implementation of Multi-Media Campaign in Mizoram Targeting Youth	SSS
Post Audit of Procurement Under NACP-III	SSS
Impact Assessment of Targeted Interventions (TIs) in India	SSS

### Procurement Staffing at NACO

Name of Post	Type of Post	No. of Posts	Existing status
Additional Secretary	Regular	1	Filled
Director(Adm & Proc)	Regular	1	Filled
Under Secretary (Adm & Proc)	Regular	1	Filled
Procurement Specialist	Consultant	2	Filled
Technical Officer (Proc)	Contractual	1	Filled
Office Assistant	Contractual	2	Filled
Procurement & Logistics Coordinator	Consultant	1	Joining form 1/6/2011
Procurement Officer	Regular	1	Vacant
Asstt. Director (Supply Chain)	Regular	1	Vacant

Existing Status of Procurement Staffing at SACS was also discussed at the meeting.

### **Existing arrangement for training and capacity building**

- A one day Procurement workshop was conducted in New Delhi (in two batches) for all the procurement staff of SACS I the month of October, 2009
- Procurement training is being planned in the month of June, 2011 with the support of FHI.
- 6 Regional Procurement & Logistics Coordinators (PLCs) have been selected (4 have joined on 4/5/2011). These PLCs are to provide handholding support and training to SACS Procurement officials.
- A consultancy firm has been selected by DFID-TAST to develop SOPs / Guidance tools on procurement, logistics, quality control and warehousing and Training manual. This consultant will also conduct a training of SACS official and regional coordinators.
- The existing 'Procurement Manual of NACP-III' is being upgraded to detailed Procurement and Supply Chain Management Manual by the consultants appointed by DFID-TAST.
- The 2 Procurement Specialists have also visited 13 SACS to provide handholding support. SACS officials take procurement advise from the Procurement Specialists over e-mail and phone.

### **Supply Chain Management – Drugs, Kits, Blood Bags**

- The deliveries from Suppliers are either taken at SACS level or user level (only in case of ARV Drugs).
- All SAS have walk-in-coolers to store Diagnostics Kits and have storage rooms for other items such as blood bags, condoms, etc.
- The Stores Officer supported by stores Asstt. Look after storage and Lab Technicians of respective ICTCs / Blood bags lift the required quantity of kits from the stores / cold room facility at SACS.
- Some SACS have hired transportation / courier agency for making deliveries to ICTCs / blood banks.
- Equipments are directly delivered and installed at Blood Banks by supplier.
- ARV Drugs are directly supplied at ART Centers located at Medical Colleges / District Hospitals. The Pharmacist manages the storage and issuance of drugs to the patients as per prescription by medical Officer of ART Center. The ART Management Software is used at ART Centers to track issuance and forecasting. Relocations of drugs are managed at NACO level through a national level courier agency

## **Audit Requirements and its functioning**

- The World Bank appoints Consultants for conducting Procurement Post Review (PPR) at SACS and NACO level.
- Till date 4 rounds of PPRs have been conducted covering contracts awarded from year 2007-08 till June, 2010.
- Additionally, in the scope of CA firms for audit at SACS, the procurement audit has been added.
- At NACO level, one post audit of procurement central level was conducted by IPAI in 2010. Next similar audit is anticipated by the year end.

## **Procurement issues in North East**

- Less number of local competent bidders to participate in the tendering process.
- Not much option (brands) available in the peripheral areas. For e.g, the peripheral units needs to buy GMP certified drugs, but due to non availability of vendors, lot of time is wasted in searching for the certified vendors, which have an effect in the service delivery.
- NACO approved rates are always not feasible in the NE states (The market price here is much higher)
- Lengthy administrative process (from sanction to approval to fund release)
- Clarity required in procurement of important consumables like HIV test kits. Direction to procure kits in bits and pieces result in delay in procurement, and thereby lower performance. Need clear cut instruction from NACO
- NACO need to send consumables as per requirement of the state. Sometimes the most consumed materials is in short supply and sometimes, the state get materials (eg. Triple blood bags) in more quantities than required.
- Lack of availability of better storage facilities (lack of space, infrastructure)
- Lack of logistics management skills, leading to non-usage and expiry

## **Issues came out during the discussion are as under:**

### **Goods:**

#### HIV test kits

- Test Kit 1
  - Volume of kits => difficulty in forecasting demand
  - Structured(fixed) lot delivery
  - Lack of multiple batch availability
  - Shortage / Expiry / Stock out

- Supply chain management
- Conditions of transport & storage
- Stores at delivery points open for limited hours – not matching timings of city entry limits
- Inadequate field level supervision
- No accountability of distributor
- Quality leading to batch failure
- Non - adherence to technical specifications (in case of local procurement to meet contingency)
- Test Kit 2 &3
  - Ensuring technical specifications w.r.t test kit 1
- ART Drugs
  - Forecasting in light of different regimens
- CD 4
  - Limited monitoring of CD 4 machines by SACS
- BB equipment
- BB consumables/ STI
  - Correct forecasting
- OST
  - Limited experience
  - Manufacturer needs exact quantities as excess cannot be used elsewhere
- Condoms
  - Identify “who should procure ?”
  - If DAC procures – which division owns the procurement ?
  - Delay in procurement
  - Lack of buffer stock
  - Lack of storage centers in states
  - How to ensure quality (frequency and method) ?

#### **Services at NACO level**

- Procurement Agent for NACO
  - Lack of alignment of Procurement agent contract with the project period
  - Relevant capacity (NACP) of Agent not a selection pre requisite
  - Required project procurement management structure not in place
  - Lack of accountability to timelines
  - Significant NACO time utilized inspite of procurement agent
  - Payments not linked to performance
  - No Penalty on Procurement Agent for defaulting



- State Training and Resource Centre (STRC) and TSU
  - Delays due to procedures
- IEC related Services
  - Media buying Agency
  - Current QBS (Quality Based Selection) method gives limited option of media plans
  - Centrally developed plan does not cater to state context (language)
- Consultants (Individuals/Agencies for assignments), e.g Audit, operational research, mapping, Social Marketing, SIMS, Smart Card etc

### **Services at State level**

- TI NGO/CBO contracting
  - Lead time for NGO identification.
  - Re-contracting
- CCC NGO
- Consultants at SACS
  - Nature of staff as Contract staff / consultants to be clarified.

### **Other issues:**

- Structures and Processes for procurement

### **Next Steps before Round II**

- Gujarat SACS and AP SACS to
  - Send format of monthly review agenda
  - Provide directory of technical specifications in respective states (e.g blood bank equipments)
  - Records and Registers currently being maintained and suggestions for modifications (Explore feasibility of software for store MIS)
  - Document FAQs from respective facilities and divisions on procurement/supply chain management
- Feasibility of applying e-procurement in states (visit states where e-procurement is practiced)