

CCM SITE VISIT TO SSDM

1 INTRODUCTION

On the 20th September 2018, members of both CCM Oversight Committees carried out a site visit to Supply, Stores and Drug Management (SSDM) Division as one of the critical divisions of Ghana Health Service that are critical for the smooth implementation of the disease grants. The objectives of the mission were to

- a) Get an overview on the functions and responsibilities of SSDM
- b) Understand procurement processes and related challenges
- c) Understand the roles of RMS versus programs in regional stock management
- d) Inquire about the status quo of some of the activities implemented under the RSSH grant and get first impressions on the grant management under PPME

2 PARTICIPANTS

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3 FINDINGS

3.1 Summary of findings and recommendations

Findings	Recommendations
Lack of vehicles for regular and effective monitoring and supportive supervision	GHS to make an appropriate vehicle available to SSDM whenever needed through comprehensive fleet management
Lack of funds for comprehensive monitoring and supportive supervision	GHS to review and adjust the SSDM budget
Inadequate knowledge in the programs on the Ghana Public Procurement Law and procurement processes resulting in avoidable procurement delays	GHS to identify funds for the development, printing and dissemination of GHS Procurement Procedures Handbook and for capacity building of PSCM staff and other program key staff members

Findings	Recommendations
Lack of PSCM staff at all levels	GHS to engage HR accordingly and to enhance the SSDM budget to provide adequate funds for regular monitoring and supportive supervision.
Provision of sub-standard products due to inadequate specifications	Programs/Divisions to ensure rigorous care in the development/approval of the specification and approval of samples
LMIS license is only paid by GF for three years	MoH/GHS to ensure that the fee is included in the budget thereafter.
Greater Accra RMS: current one is in a very bad state. The new construction in Pantang, which is not supported by GF, is about 65% complete but has halted for lack of funds.	MoH/GHS to mobilize funds to finalize construction within reasonable time as a means of risk mitigation against loss.

3.2 The SSDM Division

SSDM is mandated to develop comprehensive policies and plans to enhance the efficient and effective procurement and supply of goods and services for Ghana Health Service. SSDM has two departments:

1. Procurement
2. Logistics and Warehousing

and employs 16 staffs.

The Procurement Department is responsible for achieving value for money and ensuring competitive, fair, efficient and transparent procurement processes in accordance with established procurement strategies, procedures, rules and regulations. This Logistics and Warehousing Department ensures continuous availability of health products (contract management,) port clearance and central level delivery of products to regions and facilities. It has two main units: Logistics & Clearing and Warehousing & Distribution.

3.3 Procurement

3.3.1 SSDM procurement on behalf of programs and divisions

SSDM procures all commodities for GHS except medication and program commodities (procured through MoH) in accordance with the provisions of the Ghana Public Procurement Act, 663, 2003 as amended.

By November of each year, every program and division is required to develop a procurement plan for the following year. The procurement plan can be revised on quarterly intervals for omissions or unexpected procurement needs. SSDM will not initiate any procurement that is not in the

program's or division's procurement plan. Ideally the procurement request to SSDM is to be accompanied by a comprehensive specification. If the specification is to be developed by SSDM, additional time needs to be factored in.

Depending on the value and type of the items to be procured (goods, works, services), different procurement mechanisms with different requirements, procedures and timeframes apply:

THRESHOLDS FOR PROCUREMENT according to the Amendment Act,2016 (914)			
	Goods (GHC)	Works (GHC)	Services (GHC)
Price Quotation	Up to 100,000	Up to 200,000	Up to 50,000
National Competitive Tender	100,000 to 10,000,000	200,000 To 15,000,000	50,000 to 5,000,000
International Competitive Tender	Above 10,000,000	Above 15,000,000	Above 5,000,000
Restricted Tender	Subject to approval by the PPA Board		
Single Source Procurement	Subject to approval by the PPA Board		

- Price Quotation / Shopping: request for a minimum of three quotations from GHS registered suppliers
- National competitive tendering, open to all suppliers, registered or not
- International competitive tendering, for high value or complex procurements, where the supply of goods is unlikely to attract adequate local competition
- Restricted tendering inviting only a shortlist of pre-qualified, pre-registered or known suppliers, subject to approval by the Public Procurement Board, appropriate in cases of public safety or security which make an open competitive tender inappropriate, when an open competitive tender is not practical, when the number of potential suppliers is limited or when an open competitive tender has failed to bring an award of contract.
- Single / sole source (direct procurement), subject to approval by the Public Procurement Board. May be appropriate in cases of urgency, if there is only one source for physical, technical or policy reasons, or when national security considerations are paramount.

Many Programmes' procurement processes fall within the restricted and sole sourcing methods due to their nature (e.g. standardization needs or can be sourced from only one or few manufacturers or dealers). However, requests for restricted tendering or sole sourcing need to be submitted to the PPA for every procurement process, there is no blanket approval even for different procurement processes for exactly the same commodities.

Tenders are advertised for a period of 2-4 weeks. Independently on the type of the procurement process, offers are opened in the presence of the bidders. Suppliers need to provide a number of documents, e.g. Business Registration Documents, VAT, Valid Tax Clearance Certificate, SSNIT Certificate, and others to be eligible. Each offer is first evaluated for completeness of the documents. Only complete offers will be considered in the next evaluation round in which compliance with the requested specification is reviewed. Only if this is established, the financial offer is reviewed and the standard practice is then to select the cheapest offer. A recommendation to the entity tender committee (ECT) will be made to issue the contract for the selected bidder. The ECT meets on a quarterly basis, tender documents submitted late might be referred to the subsequent meeting. When the cost of the items to be procured is more than GHS 800,000 the tender process is referred to the central tender committee (CTC). In spite of the rigorous processes, it is possible that sub-standard offers may be selected if care was lacking in the determination of the specification.

While shopping may take as little as one month, other procurement processing may easily take six months or more. While the programs mentioned repeatedly during the CCM oversight meetings that procurement processes take too long, SSDM pointed out that some programs seem to lack the understanding of the SSDM procurement processes (thresholds, methods and lead time) in line with the requirements of the Ghana Public Procurement Law. This has resulted in some of the following challenges:

1. Late requisitioning, not taking into account the duration of necessary procedures in line with the relevant procurement method
2. Memo without detailed specifications. SSDM will then have to call on technical experts, who may not always be available, to develop the technical specification
3. Delayed program feedback / approval of samples provided

Hence programs have a role to play to ensure that procurement processed are finalized within a reasonable time frame. An example SSDM mentioned is one GF supported program that has not provided the approval for a sample for several months counting.

Because of these delays and the expected additional delay in payment, commodity prices tend to be much higher than expected to mitigate the impact of currency fall in the meantime.

Additional challenges arise on the side of the suppliers, such as meeting the SSDM requirements, in terms of documents submitted, timeliness of submission, quality of the offer as well as delivery challenges (timely, quality of products, quantity). On an annual basis, SSDM organizes capacity building sessions for suppliers for them to be aware of the SSDM requirements and procurement procedures.

SSDM also considers it as highly desirable to organize a similar capacity building session for GHS staff incl. the programs to avoid unrealistic expectations.

3.3.2 Port clearing processes and tax waivers

Under the previous government, MoH/GHS obtained a blanket waiver for essential items including medicines. However, when the new government took office in January 2017, all waivers were discontinued. Additionally, a new electronic system was introduced, which caused initial difficulties in the clearing of medicines and other commodities. MoH is currently working on a blanket waiver covering a year. In the meantime, waivers must be obtained for every single shipment.

For imported medical commodities, about 13 different taxes are to be paid at the harbor and the waiver must cover all of them. The process starts with a request to the Ministry of Finance. When granted, it is later sent to the Ghana Revenue Authority for clearance before it can be presented to the ports. The process of securing the waivers is very cumbersome and usually takes not less than a month to complete. To avoid demurrage charges and reduced shelf life, the supplier/procurement agent must send all relevant documents before shipment and is only allowed to ship once the waiver has been granted. However, this practice extends the lead time necessary.

3.3.3 Essential medicines

With the support of the Global Fund, the MoH / GHS has institutionalized a Framework Contracting Agreement with local suppliers for a focus list of essential health products containing 54 different medicines.

Prices have been centrally determined, are the same across suppliers and fix for an entire year. While it was desirable to have several suppliers for each of the commodities, this has not been possible for all commodities as potentially interested suppliers were not able to meet the agreed price. The delayed NHIA reimbursement to facilities is however seen as a potential threat to the success of this intervention as it results into higher prices to protect the supplier against the inflation until payment is made.

Whenever an RMS needs a selection of these essential medicines, they have to contact one or more of the preselected suppliers directly and engage in a separate contract. The commodities are delivered directly to the RMS as a means of risk reduction against incidents like the CMS fire. Considering that the RMS receives exactly the quantity needed, it is hoped that this also protects against expiries.

3.3.4 Logistics Management Information System (LMIS)

A Logistics Management Information Systems (LMIS) is currently being configured to enhance the management of requisitions and procurements. The LMIS software is being developed by Resolve Solutions, a South African based company, and is being customized to meet the unique specifications made by the MoH / GHS. In October 2018, its functionality will be reviewed. The Global Fund is supporting this project and is believed that they would pay for the license of the software for the first three years. Thereafter the Government of Ghana is expected to take up the cost.

The LMIS is expected to go live by March 2019. Initially, it will be deployed in the ten RMS, the teaching hospitals and regional hospitals, while lower level facilities, including larger CHPS with reliable electricity supply and internet access, will be added later. Those CHPS not included in LMIS will have their data and requisitions captured through a nearby health facility with LMIS. The LMIS will not only be installed in public facilities but also in private and CHAG facilities. The RHD are responsible to ensure that the health facilities have everything in place for the deployment of the LMIS. To mitigate the challenges of bad internet connectivity in some areas, the LMIS will have both online and offline functionality.

3.4 Distribution

3.4.1 Requisitions and central level distribution to the 10 Regional Medical Stores

SSDM collates the requisitions from Regional Medical Stores and forwards them to the central level team who also receives the requirements from the Teaching Hospitals. This team works with the programs in the revision of the requisition and allocations of the commodities after which the list is forwarded to Imperial Health Sciences for bi-monthly scheduled deliveries from the central level to the RMS. SSDM also collates the stock status report from regions and shares them with relevant stakeholders.

3.4.2 Refurbishment of the RMS

Currently, nine out of the ten RMS are being refurbished using Global Fund support. The refurbishments are expected to be completed by the end of this year. Any maintenance and repairs thereafter shall be financed using the internally generated funds of the respective RMS.

The Greater Accra RMS was in a very deplorable state, so a decision was made to construct a new one at Pantang. However, since the GF supports only refurbishments and not new construction, the GHS needs to mobilize the necessary funds elsewhere to complete the Pantang construction, which currently stands about 65% complete.

3.4.3 Last Mile Delivery (LMD)

SSDM supports the setup of LMD. LMD is now functional in all ten regions in Ghana. Eight regions (all except BAR and WR) have implemented LMD with GF or USAID support.

3.5 M&E

The SSDM reported insufficient funds, including the lack of a vehicle, and insufficient staff strength to carry out effective monitoring and supportive supervision activities. In 2017 four regions (AR, CR, UWR, VR) could not be visited. A request to the GF for the acquisition of vehicles was not considered and requesting a vehicle on a temporary basis from the programs has proven difficult in the past.

Presently, they do integrated monitoring with other units but these are infrequent and do not allow enough time. The M&E is even more important considering that since 2008 GoG has not recruited staff with PSM expertise. Particularly at facility level, PSM expertise among the nurses in charge of requisition varies to a great extent. The situation will be even more aggravated when some of the previously recruited PSM professionals retire. A more thorough monitoring of the skills of those trained on the job is certainly desirable.

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