Executive Summary

This paper provides an overview of the value proposition of the health products and related services that the UNDP Regional Bureau for Europe and the Commonwealth of Independent States (RBEC) offers to governments and partners.

Globally, UNDP works in 170 countries and territories, primarily to support country-led efforts to achieve the 2030 Agenda for Sustainable Development. UNDP supports countries in their efforts to successfully address diverse development challenges: from eradicating poverty in all its forms and dimensions to accelerating structural transformations for sustainable development, and preventing and recovering from shocks, crises and conflicts.

Supporting achievement of the 2030 Agenda requires a range of resources, capacities and structures, including strategic policy orientation, as well as effective operational modalities. Achieving the SDGs also requires efficient operations and procurement processes.

At country level, UNDP plays a critical role as an integrator across policy, programme and organizational silos, and acts as an operational backbone for the United Nations and other partners. Many United Nations agencies use UNDP capacities, including its information technology, finance and human resources infrastructure, to enable them to operate effectively and cost-efficiently in difficult and sometimes risky operational contexts.

UNDP manages globally one of the largest procurement operations in the United Nations, procuring approximately USD 3 billion worth of goods, works and services each year to ensure that developing countries have access to life-saving medicines, emergency relief supplies and other needed items. UNDP sustains this service by developing lasting procurement capacities of national partners.

In Europe and the CIS, UNDP is providing valuable support to the governments with an overall programme portfolio exceeding USD 400 million per year. In 2017, UNDP Regional Bureau for Europe and the Commonwealth of Independent States (RBEC) supported health-related programmes of more than USD 200 million.

This paper offers a comprehensive RBEC value proposition, based on its health related procurement experience. It also presents UNDP achievements, good practices and lessons learnt from implementing health procurement programmes in Europe and CIS. The report consists of three parts, which examine the rationale for UNDP’s engagement in health procurement, the service line it offers, and case studies from RBEC countries.

Box 1 / Mr. Rastislav Vrbenský, Deputy Assistant Administrator/Deputy Regional Director for Europe and the CIS, UNDP

Our Regional Bureau takes a broader perspective on the health products procurement as a potential accelerator for SDGs achievement. UNDP was able to provide an integrated support to countries combining capacities, experience and expertise from various units within UNDP. UNDP has already helped a number of countries to address the risk of discontinuity in the drugs supply, reduce delivery time, improve quality of procured medicines, vaccines and medical products as well as achieved dramatic savings for state budgets. These savings represent additional domestic resources to fund sustainable solutions across the SDGs and national development agendas.
This knowledge product addresses the following Sustainable Development Goals:

<table>
<thead>
<tr>
<th>Goal</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>No Poverty</td>
</tr>
<tr>
<td>3.</td>
<td>Good Health and Well-being</td>
</tr>
<tr>
<td>12.</td>
<td>Responsible Consumption and Production</td>
</tr>
<tr>
<td>16.</td>
<td>Peace, Justice and Strong Institutions</td>
</tr>
</tbody>
</table>
Part one

Rationale: WHY does UNDP RBEC engage in health procurement?
The SDGs

1. THE SDGs AS AN OVERALL FRAMEWORK

The 17 Sustainable Development Goals (SDGs) will stimulate action over the next fifteen years in areas of critical importance for people, the planet, prosperity, peace, and partnerships. SDGs have 169 clearly defined targets and related measurable indicators (1).

Public procurement and health procurement in particular, are critical governance issues for all the SDGs, with specific relevance to SDG 3 on good health and well-being. The global public procurement market is estimated at USD 9.5 trillion each year, with USD 1.66 trillion spent on procuring medicines (2). At the same time, public procurement is vulnerable to illegal arrangements, such as corruption, influence peddling and favoritism between state agencies and private companies. UNODC estimates that corruption may reduce the value of a public contract by an average of 10–25% (3).

The cooperation between UNDP RBEC and Ministries of Health (MoH) during recent years have helped to address corruption risks associated with public health sector procurement. These efforts have targeted SDG 3 on good health and well-being, and SDG 16 on good governance. Results have included dramatic savings for state budgets.

These savings potentially finance the implementation of SDGs through increased domestic resources – a key dimension of SDG 17 on partnerships.

SDGs are interlinked, and by engaging in health procurement, addressed in SDG 3, UNDP RBEC is contributing to a range of SDGs (4):

SDG 1 & SDG 3 – SDG 1 aims to end poverty in all its forms everywhere. Good health is a strong enabling factor for effective poverty reduction, and improvement in such areas as nutrition, health care, health awareness, and shelter. It can contribute to rising incomes, and serve as an engine for economic growth.

SDG 3 & SDG 5 – SDG 5 on gender equality calls for empowering women, which can lead to health gains. Mothers make most health decisions for their families, and in turn, this improve the health of their children.

(1) https://sustainabledevelopment.un.org
(3) http://bit.ly/2nJaPn

UNDP Europe and the CIS
SDG 3 & SDG 8 – SDG 8 on decent work and economic growth can inadvertently contribute to new health issues and environmental challenges, like air pollution, which can stem from rapid economic growth. Therefore, it is crucial to procure goods sustainably.

SDG 3 & SDG 10 – SDG 10 on reduced inequalities seeks to address the lack of income, education, and access to health care services, which create adverse health behaviours, such as smoking, and poor physical environments that include air pollution. Reducing those inequalities can therefore contribute to the achievement of the SDGs related to health and well-being.

SDG 3 & SDG 11 – SDG 11 on sustainable cities and communities has a high impact on SDG 3. Well-designed cities promote health, physical activity, and do not expose people to hazards like dangerous traffic patterns.

SDG 3 & SDG 12 – SDG 12 on responsible consumption and production has long-term impact on health. Eating responsibly produced food, breathing clean air, and drinking safe water are key to ensuring healthy lives.

SDG 3 & SDG 16 – SDG 16 on peace, justice and strong institutions aims to prevent armed conflicts that devastate lives, create mass migrations, hamper sustainable development of cities and communities, and disrupt critical health services for millions of people.
Box 2 / The Sustainable Development Goals (SDGs).

Box 3 / The linkages between SDG 3 and other SDGs.
2. UNDP RESULTS

UNDP is currently providing global health procurement and capacity strengthening services in 30 countries, totaling USD 1.1 billion in signed agreements. In 2016, UNDP procured USD 224.3 million in health products for governments (5). A significant part of this procurement volume relates to the UNDP management of Global Fund grants in 19 countries and for three regional programmes.

UNDP’s health procurement function is a powerful contributor to SDG 3 on good health and well-being, and plays a key role in supporting countries facing challenging circumstances.

In Europe and Central Asia, UNDP has provided support for the procurement of HIV and TB products, diagnostics, vaccines, HIV testing kits and other health products for countries including Moldova, Ukraine, Tajikistan, Turkmenistan, Kazakhstan, the Kyrgyz Republic, and Uzbekistan.

Box 4 / Janthomas Hiemstra, UNDP Country Director in Ukraine

“As one of the organizations of the United Nations, UNDP is strongly committed to increasing the access to medicines around the globe. Such initiatives are supported through the High-Level Panel on Access to Medicines, established by the UN Secretary-General in November of 2015. No one should be in a situation where they cannot afford life-saving medicines because they are too expensive, or simply not available in the country. We will continue our work to help the people of Ukraine have access to more, high-quality and, at the same time, affordable medicines.”

3. HOW GOVERNMENTS BENEFIT FROM A PARTNERSHIP WITH UNDP

Procurement of affordable quality-assured health products is a key aspect of maximizing the quality and reach of essential health services, and improving lives. UNDP supports the procurement processes of public health institutions through reliable and timely delivery, quality-assured products, and excellent value for money.

Building on vast experience in delivering large health programmes, UNDP also helps governments strengthen their supply chain management of health products. This is carried out in close coordination with other UN agencies such as the World Health Organization (WHO), complementing existing mandates and leveraging expertise.

In 2016, UNDP procured medicines and other health related products, worth USD 224.3 million, for governments. With the mandate, expertise and aggregated volumes from other UN agencies, UNDP is in a unique position to realize important economies of scale with suppliers.

The results achieved globally are transferable from one country to another. UNDP has developed unique know-how, and procurement processes that create a strong value proposition for governments.

Box 5 / Liliana Iasan, Deputy Minister of Health of the Republic of Moldova

“UNDP helps us to buy medicines in an efficient and transparent way that ensures patients with the necessary quality medicines, without interruption. Thanks to this partnership we have been able to save significant amounts of money, which will allow us to procure additional stocks of vital medicines for patients from Moldova and save more lives.”
Box 6 / The 7 benefits for Governments

1. Best value for money and savings due to experience, reputation and volume
2. Right quality at the right time through quality assurance, international standards and continuous pressure
3. Managed risks through Risks and Sector Integrity, Vulnerability assessments
4. Goods delivered continuously and in time thanks to LTAs
5. Local market development
6. Enhancing national capacity policy, strategy and capacity
7. Accountability and transparency
UNDP has a proven track record of procuring medicines and saving money for governments. For example, in 2016, UNDP saved USD 29.6 million globally for governments for the procurement of antiretroviral medicines (ARVs) (6). In Ukraine, in 2016, the UNDP Country Office saved USD 12 million for the Ministry of Health for the procurement of medicines. These savings were reinvested to support Ukraine’s increased health service coverage, and to strengthen the national supply chain systems.

More importantly, UNDP ensures that the best value for money is attained. This means that goods are bought at a low Total Cost of Ownership (TCO) that meet end users or patients’ requirements. TCO takes into consideration the purchase of goods, transport, maintenance and running costs, and cost of disposal, including recycling.

Box 7 / Ruxanda Glavan, Minister of Health of the Republic of Moldova

“The Ministry of Health, jointly with UNDP, are working to ensure the country’s population with high-quality medicines at a reasonable price. Thanks to this partnership, we are now enjoying the first successes: a batch of medicines for patients living with HIV/AIDS has already arrived in Moldova, and the estimates show that once all the medicines envisaged under this health program are delivered, we could save 37 percent of the allocated budget, which means about USD 300,000.”

(6) This has been calculated on the basis of initially approved budgets versus actual costs.
Quality is at the heart of all UNDP procurement. When procuring pharmaceuticals and health products, UNDP implements a Quality Management System (QMS) to ensure consistency in the procurement processes based on a Quality Assurance system (QA) to guarantee the quality of the products supplied.

UNDP’s Quality Assurance is a set of policies, procedures, and systems, ensuring that the quality of the goods is maintained all along the supply chain, and until they reach the patients for safe and effective treatment. This prevents sourcing substandard or falsified products. In this context, UNDP operates mostly in accordance with international quality standards and norms from the World Health Organization (WHO).

Through Quality Control, UNDP procurement and international quality assurance experts ensure that suppliers deliver consistently in accordance with the highest standards and norms. This is done through laboratory tests, controls on the production chain, and pre- and post-shipping inspections. Temperature of the goods and maintaining the cold chain are crucial aspects of all shipments. The use of data loggers, an electronic device that records data over time, is a UNDP standard practice for temperature control.

UNDP contributes to the development and enforcement of national quality assurance policies, and builds capacity at the national level to ensure governments are compliant with international quality standards.

Box 8 / Dr. Ulyana Suprun, Minister of Health of Ukraine

“Ukrainian children deserve only high-quality efficient medicines. Procurement through international organizations allowed us to ensure efficient supply of essential medicines and uninterrupted treatment of young Ukrainian patients.”
While each government project has its specific context, UNDP has accumulated years of experience in facing and mitigating risks in health procurement. Each UNDP project starts with a mapping exercise to identify the probability of risk and the potential consequences for the government or UNDP partners. Such mapping results in a risk matrix that supports UNDP operations. As the project unfolds, UNDP keeps a log of risks that occur and records the solutions used to mitigate the challenges.

Special attention is paid to the risk of corruption and limited competition. Managing integrity and preventing corruption within the public procurement processes is crucial. But this requires a favorable regulatory environment for UNDP to operate efficiently.

Each programme starts with conducting risk assessments like the Sector Integrity Vulnerability Assessments. SIVAs are specifically adapted to identify risks within public sector institutions. They are conducted to prevent corruption and identify bottlenecks in institutional and governance arrangements, such as financing, licensing, human resources, quality control, and transparency.

Over the years, UNDP has established a list of the most common risks faced in the health sector, and has extracted its best practices, which are now part of the UNDP Service Line. The key lessons learnt from managing these risks are outlined in Annex 1 – Risk Matrix.

Box 9 / Andra Brige, UNDP Deputy Country Director, UNDP Ukraine

“UNDP operates in a risky but very rewarding work environment. In that respect, UNDP Ukraine has established a solid risk mitigation hierarchy to escalate issues from the project level to Country Office management, and when necessary, to UNDP Headquarters.”
Goods delivered in the right quantity at the right time are paramount in health procurement. By establishing effective procurement and supply chain management systems, UNDP ensures the continuous, reliable and timely supply of quality-assured, effective products in the requested quantities.

UNDP provides a unique set-up for governments and partners:

- Long-Term Agreements (LTAs) with leading global manufacturing, suppliers, shipping, and insurance companies to shorten production, contracting and delivery time.
- Fast-track procedures are in place for contracting and delivering goods within very short timelines, in emergency situations.
- Where needed, UNDP will strive to secure the immediate availability of standard products from existing stocks.

Box 10 / Ruslan Poverga, General Director of the NGO “Positive Initiative”, Moldova

“UNDP has managed to purchase high-quality medicines necessary for people living with HIV/AIDS in limited time and at a favorable price, and we believe that this will have a lasting impact on the Moldovan health system.”
UNDP supports governments to build resilient and sustainable health systems, and national procurement and supply chain systems through policy, strategy and capacity development. UNDP support includes enabling national legal and regulatory frameworks, including the management of intellectual property rights (IPR), sustainable procurement, inventory management, warehousing, and distribution.

This helps to ensure universal and equitable access to essential health services and medicines at affordable prices for everyone.

In addition to the procurement of medicines in Ukraine, UNDP is assisting the Ministry of Health with the establishment of a Health Product Procurement Agency (HPPA), and training on anti-corruption sustainable health procurement, and human rights.

UNDP Country Office supports the Ministry of Health in Ukraine to build the health products distribution centre.
Building capacity of the national and local markets is an important component of UNDP projects.

UNDP helps to attract the best international manufacturers to supply the country and provide quality medicines in large volumes at discounted prices. For instance, in 2016 UNDP Ukraine obtained a 67% discount for the procurement of medicines to the Ministry of Health.

In addition, UNDP tenders make provision for international manufacturers to collaborate, train, and transfer knowledge to local partners. International contracts in UNDP always seek to build capacity in governments and boost the local economy.

UNDP has forged relationships with suppliers and manufacturers that are mutually supportive and are based on trust and transparency, which in turn provides opportunities for eliminating inefficiencies, introducing eco-innovations and developing synergies. UNDP is committed to working with suppliers and manufacturers to ensure sustainability in the health sector, and recognizes manufacturers as central to future competitiveness.

UNDP developed and supports the assessment of sustainability performance of its suppliers and manufacturers through the UNDP Environmental Questionnaire (7) and UNDP Conventions tool (8).

Delivery of local supplies purchased by the Dermatology and Communicable Diseases Hospital in Chisinau. A project supported by UNDP Moldova.

(7) https://issuu.com/informal_int_task_team_sphs/docs/undp_environmental_questionnaire_in
(8) https://issuu.com/informal_int_task_team_sphs/docs/compliance_with_int_conventions_on_
Accountability at UNDP is the obligation to demonstrate that its work has been conducted in accordance with a set of agreed rules and standards, and that reporting on performance was fair and accurate. UNDP is committed to independent and objective internal oversight to improve the effectiveness and efficiency of its operations.

In this regard, UNDP promotes open and transparent procurement processes on behalf of governments. All products are purchased in agreement with UNDP partnering ministries, and comply with recognized technical standards and UNDP’s well-established procurement procedures and processes. The selection of bidders, the tendering procedures, and the award of contracts are open to public examination and peer reviews.

These are the reasons why UNDP was ranked #1 in the Aid Transparency Index among international donors, both in 2014 and 2016 (9).

Box 11 / Dafina Gercheva, UN Resident Coordinator and UNDP Resident Representative in the Republic of Moldova

“As a result of UNDP’s assistance, affordable, world standard medicines will reach the most vulnerable patients in time. In the process, we’ll work with Moldovan partners to improve procurement processes and to make institutions more transparent and accountable.”

(9) http://ati.publishwhatyoufund.org/
Three case studies from RBEC are showcased in the following section. They illustrate results achieved for the Governments in Ukraine, Moldova, and Turkmenistan. Further information and case studies are available for other countries including Bosnia and Herzegovina, Montenegro, Belarus, the Kyrgyz Republic, Uzbekistan, and Tajikistan.

Ukraine - Moldova - Turkmenistan
The challenges faced by the Ministry of Health in its public procurement and supply programmes resulted in a gap of available medicines in the country from 2013–2015. As a consequence, the Ministry of Health requested support from international organizations, including UNDP, for the procurement of medicines. Since 2015, UNDP in Ukraine has procured a range of medicines and related medical products for the state budget funds, as an emergency measure. The programme builds the capacity of government officials to support a transparent and cost-effective procurement system.

**Project Background**

Following the Revolution of Dignity from 2013–2014, the new Government of Ukraine made a breakthrough in anti-corruption policy, and legal and institutional reforms. It adopted an anti-corruption strategy and legislative package, which strived to make the country comply with international anti-corruption standards. True to this commitment, the Government of Ukraine, and the Ministry of Health in particular, initiated the reform of the state healthcare procurement.

This reform was given top priority in the government agenda, and involved the cooperation of civil society. Mindful of the long-lasting nature of such a reform process, and of the need to avoid further disruption in the provision of certain medicines to Ukrainian patients, the Parliament of Ukraine modified the national legislation in 2015 and temporarily transferred the procurement of the essential medicines and medical devices to international organizations and international companies. Based on its experience and reputation, and upon request of the Ministry of Health of Ukraine, UNDP was mandated to conduct the public procurement of medicines, vaccines and medical products. The first agreements were signed at the end of 2015. Continuous support will be provided by UNDP to the Ministry of Health until 2019.

To learn more about this project, please visit UNDP Ukraine’s website: [http://www.ua.undp.org/content/ukraine/en/home/operations/projects/democratic_governance/Medicine_procurement](http://www.ua.undp.org/content/ukraine/en/home/operations/projects/democratic_governance/Medicine_procurement).
Project Scope and Goals

The project is fully aligned with the national priorities for the reform of the Ukrainian healthcare system. It contributes to the achievement of the nationally defined Sustainable Development Goals, in particular Goal 3 on good health and well-being, and Goal 16 on peace, justice and strong institutions. The overall project objective is to increase efficiency, transparency, accountability and sustainability in the public procurement of medicines and medical products in the healthcare sector in Ukraine, thus improving access to diagnostics and treatment.

The project support includes:

- Direct support to the Government of Ukraine and the Ministry of Health in the cost-efficient, transparent and timely procurement of medicines and other medical products of selected state health programmes as an emergency matter. The drugs to be procured are for the diagnosis and treatment of tuberculosis, hepatitis, hemophilia, orphan diseases in children, and the diagnosis of HIV/AIDS.

- Provision of technical assistance to the Government of Ukraine and the Ministry of Health to reform the public procurement system. Support to the ministry to further reform the national procurement and quality assurance system and capacity development processes.

- Strengthening the institutional capacity of the Health Product Procurement Agency to increase efficiency, transparency, accountability, sustainability and patients’ orientation.

- Progressive handover of procurement activities, while supporting the procurement processes and procurement unit of the Ministry of Health (MOH). In cooperation with UNICEF and WHO, UNDP helps the Ministry of Health develop its own operational and professional capacity to efficiently perform medicine procurement based on international standards. UNDP supports strengthening the capacity of the Ministry of Health through training activities on anti-corruption, sustainable procurement and human rights. UNDP cooperates with patient organizations and civil society groups that have built a system of checks and balances, which ensures public oversight.

- Strengthening the country’s ability to provide its people, especially most vulnerable ones, with equal access to quality health care by enhancing inclusion, integrity and competitiveness of health procurement.
**Key Achievements**

As part of the support provided to the Government of Ukraine and the Ministry of Health, UNDP has delivered the following results:

**Under budget year 2015**

- Conducted procurement for eight programmes with a total budget of USD 39 million.
- Ukrainian citizens were supplied with quality-assured medicines through transparent procurement processes.
- Savings of USD 4 million allowed delivery of an extra 87% of medicines for orphan disease, and 22% for tuberculosis.

**Under budget year 2016**

- UNDP was assigned to procure medicines for the second year, increasing support to 23 programmes for a total budget of USD 78 million.
- More than USD 12 million was saved due to efficient procurement processes. The funds are currently used for procuring additional medicines for patients with cancer, tuberculosis, autism, and dwarfism, among others.
- For some of the programmes like adult oncology, savings reached up to 45% of the allocated budget, enabling the procurement of additional quantities to cover more patients with life-saving treatment.
- Over 70% of medicines were procured directly from manufacturers.
- Medicines and medical products worth USD 40 million (or 51% or the funds allocated to UNDP at the end of 2016) were already delivered to Ukraine.

- Key Ministry of Health procurement officers received training in sustainable procurement in the health sector, which introduced compliance with environmental conventions. At the policy level, UNDP supported the drafting of the legal framework of the health procurement reform.

**Under budget year 2017**

- Another Cost–Sharing Agreement was signed with the Ministry of Health of Ukraine for an additional USD 88 million. The amount increased by the end of 2017.
- The Ukraine Cabinet of Ministers adopted the new Health Product Procurement Agency concept.
- Continuous support to the ministry was provided to establish the agency, hire and train staff and accumulate best practices of international procurement.
- Support enabled the development of digital monitoring and stock management systems. For example, The E–Liky system provides information on free medicines available in more than 675 hospitals across the country, simultaneously.
- To reduce corruption risks at the local level, a Sector Integrity Vulnerability Assessment (SIVA) for the Ministry of Health and a Public Expenditure Tracking Survey (PETS) were undertaken to identify and highlight gaps in the healthcare system.

**Key Challenges and Lessons Learnt**

An excerpt of the key challenges and lessons learnt from the primary phases of the project implementation is outlined in Annex 1.
Box 12 / UNDP Ukraine’s results in 2016

MEDICINES PROCUREMENT FOR THE MINISTRY OF HEALTH OF UKRAINE BUDGET 2016

23 PROGRAMS
- Transplantation
- Adult oncology
- Child oncology
- Phenylketonuria and congenital hypothyroidism screening
- Cystic fibrosis
- Primary immunodeficiency
- Child cerebral palsy
- Autism
- Dwarfism
- Resistant juvenile rheumatoid arthritis
- Gaucher disease
- Mucopolysaccharidoses
- Epidermolysis bullosa
- Pulmonary arterial hypertension
- Anti-D immunoglobulin
- Female infertility
- Adult hemophilia
- Child hemophilia type A or B or von Willebrand disease
- Multiple sclerosis
- Orphan metabolic disease
- Diagnostics of tuberculosis
- Medicines against tuberculosis
- Child chronic viral hepatitis

2,034 bln UAH

2016 BUDGET ALLOCATED TO UNDP

PRICE EFFICIENCY

VS 2014 PRICES (MOH)
26% PRICE REDUCTION

VS 2015 PRICES
10% PRICE REDUCTION

SAVED 645 mln UAH
SAVED 210 mln UAH

71% FROM MANUFACTURERS
29% FROM DISTRIBUTORS

70% MEDICINES DELIVERED

COUNTRIES OF ORIGIN
- Germany
- Canada
- Ukraine
- Croatia
- France
- Italy
- Portugal
- Switzerland
- Netherlands
- Belgium
- Sweden
- United Kingdom
- Ireland
- USA
- Spain
- Romania
- Austria
- Poland
- Czech Republic
- Hungary
- Japan
- India
- Latvia
- Israel
- Cyprus
- Norway
- Greece
- Iceland
- Denmark
- Finland
- Slovenia
- Korea

UKRAINE
- Kyiv
- Kharkiv
- Cherkasy
- Bila Tserkva
- Svyatogir
- Uman

32 COUNTRIES OF ORIGIN

16% OF 2016 BUDGET FUNDS SAVED BY UNDP
The current legislation has temporarily transferred the procurement of the essential medicines and medical devices to international organisations and international companies until April 2019 when a national procurement authority is supposed to step fully in charge of medicines procurement. UNDP will progressively hand over the procurement of medicines to the Ministry of Health or the assigned state entity.
In 2015, the public health system of the Republic of Moldova faced a severe drug crisis. The Ministry of Health, Labor and Social Protection could not ensure the adequate supply of medicines and pharmaceutical products to its public medical institutions. As a result, an urgent need emerged to identify safe and reliable supply mechanisms, where quality assured medicines and health products could be procured at affordable prices for the people of Moldova. At the end of 2016, the Government requested UNDP to support emergency health procurement.

**Project Background**

The Ministry of Health, Labor and Social Protection addressed international organizations, including UNDP, to provide procurement support services. This initiative aims to avoid the fraud related to public procurement, the risk of discontinuity in the drugs supply, reduce the time and cost of delivery, and improve the quality of procured medicines.

As a result of UNDP’s assistance, the most vulnerable people from the Republic of Moldova will have ongoing access to quality medicines at a reasonable price and in required quantities.

**Project Scope & Goals**

The cost–sharing agreement was signed with the Government of Moldova in January 2017.

The project is fully aligned with the national priorities for the reform of the Moldovan healthcare system. It contributes to the achievement of the nationally defined Sustainable Development Goals, in particular Goal 3 on good health and well-being, and Goal 16 on peace, justice and strong institutions.

The overall project objective is to provide procurement support services for medicines and other health products, so as to treat and diagnose diseases included in the national and special health programmes.
The technical assistance and support provided by UNDP is delivered in accordance with Moldova’s corporate standards, using modern tools and transparent procurement procedures.

The Government has also requested the UN to provide support to the ongoing reform processes and to the establishment of a transparent, accountable, cost-efficient, equitable and sustainable national health procurement and quality assurance system in the next few years. UNDP will also help to upgrade Moldfarm public storage facilities in line with WHO and EU recommended good distribution practice standards.

The project support includes:

- Procurement of medicines and health products included in the list of the national and special health programmes: National Tuberculosis, National HIV/AIDS and STI control and prevention, Anti-epidemics Control, Cancer Control, Diabetes Control, Rare Diseases Control, Mental Health, Blood Transfusion Security, Transplant.
- Strengthening the capacity of the Ministry of Health, Labor and Social Protection to ensure transparency, accountability and effectiveness of the public procurement of medicines and to create a coherent pharmaceutical policy.
- Modernizing public facilities for the storage of medicinal products in accordance with international standards of good distribution practices.

UNDP supports the procurement of medicines and health products in Moldova.
Key Achievements

As part of the support provided to the Government of Moldova and the Ministry of Health, Labour and Social Protection, UNDP has delivered the following results:

Under budget year 2017

- USD 13.5 million was allocated for National Health Programs (NHPs). UNDP was responsible for the implementation of USD 4.3 million, or nine out of 16 NHPs. By September 2017, all the goods were delivered in a record eight months.
- Increased efficiency of the procurement of critical medicines. By October 2017, UNDP had delivered for the Ministry of Health, Labor and Social Protection 95% of the total volume of medicines contracted under this project. These efforts brought over 550,000 USD in savings to the state budget, which represents 13% of the allocated budget.
- Better access for the most vulnerable people to affordable and quality assured medicines. 127 types of medicines and 217 types of medical products procured correspond to the highest quality standards, respecting EU and WHO quality requirements.
- Strengthened capacity of the national health care procurement system.
- Modernized medicinal storage infrastructure in line with GDP standards.
- Increased transparency and accountability of the medicines procurement.

- Increased the coverage of human insulin analogues by 50%. These health products were procured under the National Diabetes Control Program, with 1300 beneficiaries, including 300 children.
- Increased transparency in the procurement of medicines. The results of tenders, expenditure reports and list of procured medicines are now publicly available and regularly updated.

Key Challenges and Lessons Learnt

An excerpt of the key challenges and lessons learnt from the primary phases of the project implementation is outlined in Annex 1.

Project Timelines

The project to procure medicines on behalf of the Ministry of Health, Labor and Social Protection began in February 2017. By July 2017 most of the procurement processes were finalized, for a total of USD 3.4 million in acquisitions.

By November 2017, all the planned acquisitions and deliveries of medicines were completed, with an average lead-time for deliveries of five weeks. As a result of the significant savings obtained by UNDP, additional quantities of diabetes medicines were procured in September 2017.

UNDP will support the Government of Moldova and the Ministry of Health, Labor and Social Protection for this project until 2019.
Box 14 / Ruxanda Glavan, Minister of Health of the Republic of Moldova

“The Ministry of Health has made significant efforts to improve pharmaceutical activity and ensure access of the most vulnerable persons to medical products of maximum importance. Through this memorandum, we aim to bring efficiency in the healthcare system, optimize and enhance transparency of procurement of medicines through international mechanisms that allow us on one hand to get reasonable prices and on the other, to ensure universal coverage with qualitative treatment to those who need it.”

Box 15 / Stefan Liller, UNDP Deputy Resident Representative in the Republic of Moldova

“This strategic partnership with the Ministry of Health ensures that patients get equal and uninterrupted access to quality medicines, in necessary quantities. It also contributes to the optimization of the public procurement system in the health sector, and the development of a coherent policy in the pharmaceutical sector.”
With a Gross Domestic Product (GDP) of USD 36.18 billion (10), the World Bank classifies Turkmenistan as an upper-middle income country. Due to the income level and the low burden of Tuberculosis (TB), Turkmenistan is not eligible for further TB funding after 2021. This means that in the interim period from 2018 – 2021, the country must move gradually to full domestic funding of these activities. The Government started its transition to domestic financing in 2016, by signing a cost-sharing agreement with UNDP for the procurement of TB drugs and reagents. The main purpose of outsourcing the procurement to UNDP is to ensure the quality of the TB drugs and reagents, and to maintain the same level of services.

Project Background

UNDP, as Principal Recipient of the Global Fund TB grant for Turkmenistan, has been procuring TB drugs, reagents, and laboratory equipment for the government since 2010. Starting from 2015 the Global Fund grant gradually focused its support towards drug-resistant tuberculosis. To anticipate the exit of the Global Fund in this area, the MoH started arrangements in parallel for the state procurement of first line TB drugs and reagents. To maintain the same level of services, the government requested UNDP to procure TB drugs and reagents.

An agreement was signed between UNDP and the Government in 2016 to fully cover the procurement of first line TB drugs and reagents, and 50% of the estimated needs in the second line TB drugs. In addition, UNDP continued the procurement of HIV test kits from government funding.

Following successful implementation from those collaborations, the range of health products for the 2018 agreement was expanded beyond TB and HIV to cover reproductive health and safe blood transfusion services.

Project Scope & Goals

The project contributes to the achievement of the State Health Programme (“Saglyk”) (11), which aims to improve public health and well-being, increase average life expectancy, provide equal opportunities and health protection to its citizens, and create an improved and efficient healthcare system. The “Saglyk” Programme was developed in line with the Health 2020 policy, a framework for the policies and practices in the countries of the WHO European Region.

The aim of the collaboration between UNDP and the Government, through the Ministry of Health and Medical Industry, is to support the provision of quality health care services to the population of Turkmenistan. This is specifically targeted to the procurement of reagents and medicines for TB, HIV, reproductive health, and safe blood transfusion.

The rationale for procuring goods through UNDP is the following:

- Quality of products
- Cost-effectiveness
- Transparent procurement processes, risk management, financial management and legal support.
- Support to quantify TB drugs and reagents, prepare distribution lists, and manage stocks.
- Registration of the procured drugs by the National Centre for Registration and State Quality Control of Drugs.

Key Achievements

As part of the support provided to the Government of Turkmenistan and the Ministry of Health, UNDP has delivered the following results:

Under budget year 2016

- Supported the National AIDS Prevention Programme through procurement of HIV tests for USD 551,627.
- Supported the National TB Programme through procurement of TB medicines and reagents for a total budget of USD 801,990.

(11) Decree of the President of Turkmenistan №14336 on July 17, 2015 on endorsement by the State Presidential Programme “Saglyk”.
Under budget year 2017

- Managed the 2016 deliveries on behalf of the government for HIV tests, TB reagents and drugs.
- Procured TB drugs and reagents for a total budget of USD 802,953.
- Saved USD 55,685 against the original Government estimates. The savings ensured the delivery of extra goods and services for the MoH.
- As of July 2017 all deliveries were on time.
- In October 2017, UNDP signed a new agreement with the Ministry of Health and Medical Industry for USD 3.3 million for the 2018 procurement of TB, HIV, reproductive health and safe blood transfusion services. The expected amount of contracts to be signed is USD 687,000.
- The national regulator registered all the TB drugs procured by UNDP and funded by the Government.

Key Challenges and Lessons Learnt

An excerpt of the key challenges and lessons learnt during the primary phases of the project implementation is outlined in Annex 1.

Project Timelines

The project to provide procurement services to the Ministry of Health and Medical Industry of Turkmenistan started in Nov 2016. By July 2017, most of the procurement processes were finalized, for a total amount delivered of USD 1.6 million.

UNDP will continue support to the Government of Turkmenistan and the Ministry of Health and Medical Industry in 2018.

Box 16 / Vitalie Vremis, UNDP Deputy Resident Representative in Turkmenistan

“UNDP in Turkmenistan is proud to assist the Ministry of Health and Medical Industry of Turkmenistan in their efforts to deliver high-quality services through access to the essential diagnostics and medicines. Currently we are implementing a number of projects with a total budget of USD 4.9 million to cover the needs in HIV prevention, Tuberculosis control, reproductive health and blood safety for the years 2017 and 2018. This is a recognition of the UNDP’s core values: a transparent and cost-efficient procurement process, management of various risks, and high quality technical support throughout the process.”
Part two

Service Line: WHAT do we offer?
The UNDP service line is a unique model of health procurement support services that delivers results and achieves important savings for state budgets, as well as develops supplementary components related to capacity building, anti-corruption oversight and sustainability. UNDP’s proven procurement processes consistently deliver the right medicines and health products, in the right quality, at the best price, and within very short lead-times. The service line model is not solely developed for the health sector, but is also a replicable model for other areas like energy efficiency, waste management, agriculture, and regional development.

The service line is based on a pragmatic performance based approach that provides quality services that are determined at the start of the programme. UNDP RBEC builds capacity of national structures and human resources in parallel with programme implementation. The aim is to strengthen national ownership by using national structures, and gradually transfer responsibilities to them.

UNDP collaborates and coordinates with national and international partners in health to increase efficiency, and link a government health sector reform and capacity development efforts with broader reforms and the global sustainable development agenda.

Each programmatic intervention in a country is backed by an operational intervention, also known as the service line.

Box 17 / Janthomas Hiemstra, UNDP Country Director in Ukraine

“Reducing premature mortality from non-communicable diseases through prevention and treatment is one of the targets for the SDG global goals, to which all the countries in the world have committed. Having access to quality medicines is key in this process and UNDP is helping Ukraine in getting high quality products for the best price, in a timely manner and through transparent procurement procedures.”
UNDP RBEC has a longstanding partnership in the health sector with governments, developing capacities of national entities by delivering services in such areas as technical assistance, procurement support, partnerships and coalitions, transparency, financial rules and regulations, infrastructure, risk management, and communications.

Technical Assistance

UNDP in Europe and Central Asia has extensive experience providing technical assistance to governments to help advance their reform and development agenda.

- **Legislation and regulation development:** UNDP provides support to countries to promote enabling national legal and regulatory frameworks, including the management of intellectual property rights to facilitate equitable access to affordable and essential medicines.

- **Anti-corruption reforms:** UNDP provides valuable support to governments in the region and globally, to fight corruption and improve delivery of public services. The goal is to help countries localize SDG 16 and implement the United Nations Convention Against Corruption (UNCAC) principles to deter corruption and make public services more transparent and accessible. Assistance packages include: support for transparent medical procurement and asset disclosure systems in Ukraine; support in launching modernized customs and border crossing checkpoints in Armenia; citizen reporting mechanisms in Kosovo (UNSCR 1244) and Montenegro; capacity-building of corruption-prevention agencies in Serbia, Moldova, Ukraine, the former Yugoslav Republic of Macedonia; launching one-stop-shop public service delivery offices in Donetsk Oblast, Ukraine; and providing anti-corruption training for central and local government officials. UNDP involvement with the Open Contracting Partnership examines the applicability of the open contracting standard in the Western Balkans. UNDP will also work in Albania to improve transparency and trust in the procurement complaint process, and help generate savings for the government and the business sector. UNDP has previously supported municipalities in making their procurement data available, resulting in improved competitiveness of the local private sector.

- **Building independent governance institutions:** UNDP supports governments to build resilient health systems and improve the national procurement and supply chain systems. UNDP provides technical expertise to strengthen policy and regulatory frameworks, manage intellectual property rights, improve procurement strategies and regulations, promote pharmacovigilance, and remove potential barriers to equitable access to affordable medicines. In Ukraine, UNDP helped the government strengthen the institutional capacity of the Health Product Procurement Agency (HPPA). The Agency is expected to be an independent state entity with its structure, staff, board, operating procedures and funding.

- **Enhancing capacity of government officials:** UNDP directly supports government officials through day-to-day operational advice, training programmes, workshops, and other national and international capacity building activities.
• **Reviewing and updating clinical protocols:** Clinical protocols and clinical practice guidelines are systematically developed to help physicians, other practitioners, case managers, and clients make decisions about appropriate treatment for specific clinical circumstances. Protocols and guidelines have a sound scientific basis in clinical literature or through expert consensus, such as the recommendations from the WHO Expert Committee on selection and rational use of essential medicines. Since a clinical protocol or clinical practice guideline is based on scientific data and expert opinions available at the time the guideline is adopted, the guideline must be reevaluated and updated when more data and information on the guideline become available. In addition to pharmacologists, relevant participating practitioners are involved in the adoption of the clinical practice guidelines so that they understand, accept and use them.

**Procurement Support**

• **Public procurement reforms:** UNDP policy expertise and support for the reform of public procurement in the health sector includes: introduction of sustainable procurement practices; development of digital monitoring and stock management systems; modernizing public facilities for the storage of medical products in accordance with international standards of good distribution practices; conducting sector Integrity Vulnerability Assessments and public expenditure tracking surveys, and providing expert support in establishing the independent Agency for Health Products Procurement.

• **Health procurement:** When procuring on behalf of partners, UNDP delivers economies of scale and best value for money to government projects. UNDP has long-standing experience and an operational set-up to efficiently manage freight and logistics through Long Term Agreements (LTAs) with specialized freight forwarders for air, sea and in-country transport. This includes warehousing, pre-shipment inspections, and distribution to logistics centers to ensure timely deliveries.

• **Procurement strategy for logistics services:** UNDP deploys a fully integrated logistics chain, tailored to the government and its beneficiaries. Its strategy builds on close collaboration at the local level with manufacturers and freight forwarders in the country of origin of the goods, linked to a global freight solution that integrates modes of transport to reach a specific country. The logistics chain then involves local transport companies to deliver medicines to government warehouses. UNDP, in collaboration with other UN agencies, has established Long Term Agreements globally with leading freight forwarders and shipping companies to ensure efficient deliveries at the lowest cost. Delivering medicines and health products requires specific knowledge and competencies. Furthermore, UNDP ensures that goods are maintained at the right temperature along the supply chain, and deliveries comply with national and international regulations. It also ensures that laboratory and pre-shipping tests are performed accurately, and dangerous goods and chemicals are handled safely during transportation and delivery to the end-users.
• **Long Term Agreements (LTAs):** UNDP LTAs are the most productive way of planning and procuring goods and services for governments and beneficiaries. LTAs are long-term contracts, generally for duration of two to three years, where UNDP agrees to procure a specific list of goods and services from a restricted number of suppliers -- usually three to five suppliers -- and with pre-determined commercial conditions, like an agreed minimum delivery lead-time with a defined price ceiling. UNDP has LTAs in place with leading global manufacturers, suppliers, shipping, and insurance companies. This unique set-up ensures fast-tracked contracting, timely deliveries from reliable sources, and coverage of a wide range of products and services.

How UNDP LTAs benefit Governments:

- Lock-in the price of procurable materials from a supplier.
- Ensure that quality goods are delivered within short lead-times. This can be lifesaving when delivering medicines in emergency situations.
- Eliminate unpleasant surprises of price increases. Ceiling prices are fixed for two to three years where suppliers are at risk if their cost increased, or if other suppliers further decreased their prices. For instance, this prevents UNDP from having to buy medicines at a higher price, based on a limited supply, particularly in an emergency situation.
- Secure both UNDP and suppliers. Suppliers have guaranteed business for a certain period of time, and UNDP ensures continuous deliveries to its beneficiaries. This creates a constructive and long-term collaboration, as opposed to one-off purchases.
- Eliminate the administrative costs of re-tendering, sourcing and re-negotiating whenever a need to procure goods occurs.
- Reduce buyers' burden such as administrative and logistics processes.
- Buyer gains time to concentrate on the improvement of suppliers' performance, quality of goods, and timely deliveries.
- Allow both parties to look for areas of consolidation across existing products and services, and to add new product and services to governments.
- Save buyers' cost of storage and handling of materials when pre-positioning stocks at suppliers' premises.
• **Sustainable procurement:** UNDP has fully integrated sustainability criteria into its health procurement processes to reduce the environmental and social impact of procuring goods. UNDP promotes environmentally sound management of medical waste and use of renewable energy such as solar power in the supply chain to reduce greenhouse gases. UNDP works closely with suppliers to promote environmentally friendly production and biodegradable packaging.

In addition, as host agency to the Secretariat of the informal Interagency Task Team on Sustainable Procurement in the Health Sector (SPHS), UNDP leads international development towards a sustainable global health sector. The SPHS brings together ten United Nations agencies and global health financing institutions, to introduce sustainable procurement processes in the global health sector. The aim of SPHS is to leverage the UN’s cumulative procurement volume of approximately USD 5 billion annually to act as a driver for transformational change towards greener health systems and inclusive green economies.

In collaboration with a global network of technical experts, UNDP aims to leverage vast knowledge and good practices on sustainable health procurement and manufacturing, to reduce environmental and social impact of procurement, and improve human health and well-being.

• **eTendering:** eTendering is an online tendering tool fully integrated in UNDP’s ERP system that allows procurement practitioners to manage complete tender processes and communications with bidders online. This allows for a smooth transfer of information, a streamlined workflow, and audit trail. UNDP supports the implementation of eTendering in UNDP Country Offices through online or on-site training, webinars, development of training material for bidders and UNDP users, and ad-hoc support to countries using the system. More than 25 UNDP Country Offices are using eTendering. A global launch for all UNDP offices is in the planning stages.

The eTendering system targets fundamental procurement values like fairness, integrity, transparency and accountability.

Some of the benefits of the eTendering system:

- Offers efficiency and cost savings by automating several of the procurement steps, including: email alerts to bidders, approval of solicitation documents, automated creation of vendor profiles and Purchase Orders, and Public Bid Openings.
- Increases confidence in the transparency and accountability of UNDP procurement.
- Eliminates the need to receive physical bids, which reduces workload, increases workspace, and supports UNDP efforts towards green procurement.
- Prohibits late bid submissions. The system automatically disallows bids not submitted on deadline, increasing fairness of bidders.
- Electronically seals bids. The eTendering system encrypts the bids submitted in the system and does not allow anyone to view any information before the bidding deadline.
- Electronically stamps bid. The system stamps all information submitted by bidders, which prevents anyone to alter, delete, or add to the bid after the submission deadline.
- Streamlines the bidding process and gathers all relevant information on one place. Bidders can retrieve all information and solicitation documents through the system, and can be notified directly in case any changes are made to the solicitation documents prior to the bidding deadline. Bidders may also submit their bid online, edit it directly in the system, and receive automatic notifications once the evaluation is completed and the contract awarded.
- Streamlines the evaluations. The system generates evaluation tables for all bids received. Evaluation team members can access the bids online.
- Provides an audit trail. As the eTendering system records all activity in the system, it keeps an audit trail for increased accountability and transparency.
- Keeps records of all bids and bidding activity. The system provides important data on the number of tenders, the amount of bids received and the level of bidder participation. It also keeps track of the bids that were awarded.

Partnerships and Coalitions

UNDP is the global convening platform for other UN agencies in a country through the UNDP Resident Coordinator (RC) system, which encompasses all organizations of the United Nations system dealing with operational activities for development, regardless of their formal presence in the country. The RC system aims to bring together the different UN agencies to improve the efficiency and effectiveness of operational activities at the country level. Resident Coordinators, who are funded and managed by UNDP, lead UN country teams in more than 130 countries and are the designated representatives of the Secretary-General for development operations. Working closely with national governments, Resident Coordinators and country teams advocate for the interests and mandates of the UN system while drawing on the support and guidance of the entire UN family. UNDP also coordinates global initiatives with health manufacturers, civil society, and academia in order to bring the best solutions to address development challenges.

Transparency

In 2014 and 2016, UNDP was ranked consecutively #1 in the Aid Transparency Index among international donors (12). The Aid Transparency Index today recognizes UNDP as the leading aid organisation among 46 international agencies, representing 98 per cent of Official Development Flows. Publish What You Fund, a non-profit organisation that advocates for and measures transparency, produces the index. UNDP employs open and transparent procurement processes when procuring on behalf of governments. All products are purchased in agreement with partnering ministries and comply with recognized technical standards and UNDP’s established procurement procedures.
UNDP’s Financial Rules & Regulations

UNDP’s Financial Rules and Regulations are the broad legislative and financial directives governing the financial management of the organisation. They formulate and promulgate the rules within which staff and the administration must exercise their responsibilities. They are composed of programmes, and operations policies and procedures, which ensure that UNDP delivers an efficient service to beneficiaries. They aim to ensure that the organization and its partners are protected from all types of risks at all time, and that potential consequences are mitigated. This safeguarding framework is key to eradicating poverty, and reducing inequalities and exclusion in countries, including those with unstable political contexts.

UNDP’s Financial Rules and Regulations have been key to its successful support to governments and ministries in the 170 countries and territories where it operates.

Infrastructure

UNDP has extensive experience building warehousing facilities to store and distribute medicines on behalf of governments. UNDP also provides the following services:

- Assesses existing capacity of state warehouses at the national and sub-national levels.
- Identifies the main needs for improving logistics, storing, management and distribution of the procured medicines and medical products, including vaccines.
- Facilitates discussions among key stakeholders and reviews national policies and regulations.
- Provides training on good warehousing practices, cold chain management, process improvements and system monitoring to boost the staff capacity and performance.
- Supports the selected warehouses to improve storage practices to ensure effective supply chain management, including warehousing, inventory management and distribution.
- Builds and rolls out an electronic stock management system.
- Strengthens mechanisms for continuous monitoring of national supply levels. This includes monitoring of effective vaccine management and storage practices, and reporting on cold chain status and needs.

Risk Management

While each government project has its specific context, UNDP has accumulated years of experience in facing and mitigating risks in health projects. Each UNDP project starts with a risk mapping exercise to identify the probability of a risky event for the government or UNDP partners, and the potential consequences. Such mapping of probability and consequence of risks results in a risk matrix that will support UNDP operations. As the project unfolds, UNDP keeps a log of risks that occur and records the solution used to mitigate the challenges. Over the years, UNDP has established a list of the most common risks faced in the health sector, and has extracted its best practices, which are now part of the UNDP Service Line.

The most common risks in health projects fall into six categories: political, reputational, legal, operational, financial, and communications.

The key lessons learnt from managing these risks are outlined in Annex 1 – Risk Matrix.

(12) http://ati.publishwhatyoufund.org/
Communication

Communications in the service line has three strategic objectives:

- Optimize opportunities for partner visibility and communications for resource mobilisation.
- Further the government agenda and its vision in line with the SDGs and UNDP’s Strategic Plan.
- Encourage and support engagement with strategically targeted media.

UNDP directly supports governments with the following communication tools:

- Internal communications: UNDP helps to establish a communications plan between a ministry and UNDP, in consultation with other UN agencies.
- Communications that is linked to public tenders.
- External communications. A cohesive approach includes coming together in press conferences when milestones have been achieved, and joint messaging that focuses on results, delivery, efficiency, savings, and human impact.
- Outreach to stakeholders. Clear lines of communication are established with patients associations, pharmaceutical industry, and civil society.

UNDP RBEC supports governments to communicate effectively their impacting results.
03
Part three
Process: HOW do we do it?
UNDP RBEC
Delivering based on proven best practices

The UNDP RBEC service line helps to seamlessly deploy successful projects with governments. It provides a clear step-by-step process and includes all the necessary technical support from UNDP and its partners.

The Aid Transparency Index has recognized UNDP as the most transparent development agency in the world, while AidData named UNDP, in 2015, among the development partners that communicate most frequently with host government counterparts.

UNDP has high standards for programme planning, quality assurance, and appraisal.

UNDP RBEC deploys projects in line with programmatic excellence, and its results are delivered to governments with the overarching objective of reaching their development goals.

To deliver results, UNDP RBEC follows an eight–step project cycle, described in the following section.
The Step-by-step process of starting a project with UNDP in Europe and Central Asia

To deploy successful projects, UNDP RBEC guides and supports governments through the following steps. Some may not be applicable to all countries:

1. **Preliminary Steps:** UNDP supports governments to identify supplementary funding from UNDP headquarters, regional offices, or other external sources. At this stage, case studies and successful projects are presented to governments and partners, capturing best practices from other countries.

2. **Pre-launch Assessments:** Situation analysis and evidence about a country’s economic determinants, political environment and motivation are researched. The analysis informs the health procurement and supply chain management structure, health sector patterns, joint UN exploratory missions, and stakeholder mapping.

3. **Assessment outcome:** UNDP identifies the gaps and areas for cooperation with the government.

4. **Building cooperation:** UNDP approaches the relevant ministry and other public institutions or partners to advocate for the project.

5. **Establishment of donor–recipient relations:** A public sector or civil society organization officially requests UNDP RBEC support for a project. Legal and policy aspects are put in place if needed, and negotiations on issues like timeline, currency, taxation, customs, and logistics take place. This is followed by the preparation of corporate agreements and documents to complete and formalize the relationship.

6. **Post-launch activities:** UNDP develops the project document, maps risks in a risk matrix, establishes the communications strategy, builds a recruitment plan, and defines the positioning of the UNDP project, in collaboration with stakeholders. It establishes the development of quality criteria and requirements for medicines, in conjunction with WHO and with support of international experts. These actions result in the establishment of a clear and mutually agreed reporting framework between UNDP and the government, which is a standard of UNDP project arrangements.

7. **Implementation:** During implementation of the project, UNDP RBEC communicates proactively with all key stakeholders on progress, and mobilizes internal resources at the regional office and in other country offices. UNDP constantly aligns the structure of the project and allocates resources accordingly, ensuring that projects are delivered cohesively.

8. **Exit strategy:** UNDP establishes long-term relationships and agreements with vendors, and builds the capacity of the state Health Procurement Agency, with a strong focus on government commitment and ownership of the project and its results.
Box 18 / The UNDP RBEC Project Cycle

- Preliminary Steps
- Pre-Launch Assessment
- Post-Launch Activities
- Implementation
- Establishment of donor-recipient relations
- Building Cooperation
- Assessment Outcome
- Exit Strategy
Annexes
This table is an excerpt of the key challenges and lessons learnt by UNDP during the implementation of health projects in Europe and Central Asia.

<table>
<thead>
<tr>
<th>Type of Challenges</th>
<th>Description</th>
<th>What Factors Supported Success</th>
<th>Lessons Learnt</th>
</tr>
</thead>
</table>
| Political & Reputational    | • Political instability, with possible changes in Government.  
• Sabotage of the progress of procurement reforms and of the establishment of an independent procurement agency.  
• Periodic lack of government support to reform and capacity building.  
• Differing stakeholder expectations and misaligned interests between civil society, Ministry of Health, and pharmaceutical companies.  
• Resistance from various levels of public institutions that have direct influence over the supply chain. During the tender preparation and evaluation processes, some modifications of the list of medicines to be procured were made and a parallel procurement process was conducted. This led to some confusion on the market. It did not allow the government to realize | • Experienced UNDP management and staff.  
• Sector Integrity Vulnerability Assessments (SIVAs).  
• Public Expenditure Tracking Survey (PETS).  
• Presentation of successful case stories from other countries where UNDP achieved savings in procurement exercises.  
• Close communication with the Ministry.  
• Stakeholder mapping.  
• The risk of fraud is managed in accordance with the Enterprise Risk Management framework. The Project Manager identifies and assesses the risk of fraud in the project areas and provides the necessary training.  
• Companies are duly assessed via special software programmes during solicitation processes, and all irregularities are discussed and measures taken. | • Break fraudulent networks and practices with increased request for transparency while supporting the establishment of an independent central procurement agency. Invite international companies to participate to the tenders in order to ensure transparency and knowledge transfer to smaller national companies.  
• UNDP has the processes in place to ensure the government keeps an institutional memory. Remain in constant contact with focal points in the government to collect information and maintain the achieved level of cooperation.  
• Collaborate with stakeholders and other UN agencies, promoting and demonstrating the needs of such sustainable, transparent and efficient efforts. In particular, keep close communications with the national health and anti-corruption committees to keep them informed about the progress and challenges faced by UNDP.  
• Attract wider support with relevant stakeholders in government to provide them with evidence of international and national best practices that were proven to be efficient. Maintain constant |
| Legal | • Delays in registration of non-registered products with authorities due to newly introduced legislation.  
  • Amended laws and bylaws.  
  • Resistance to health and procurement reforms to preserve status quo. Legislative initiatives that can impede the smooth implementation of planned activities.  
  • Intellectual property rights infringement. | • Engaged with the Ministry of Health to lift legal constraints.  
  • Legal expertise provided to ministries of health upon request.  
  • Engaged UNDP Legal Support Office at headquarters.  
  • Engaged and supported Civil Society to lift legal constraints and political manoeuvres. | • Attract the available in-house and external expertise to ensure best solutions.  
  • Empower and involve civil society in the process.  
  • Involve the international community to promote best practices and international rule of law. Involve and support civil society to promote transparency to citizens and advocate for legal reform.  
  • Constantly monitor newly drafted legislation.  
  • Maintain working relationship with Ministries of Health and other partners.  
  • Closely collaborate with Parliament.  
  • Analyse and discuss IP related issues with relevant UNDP Headquarter functional departments (e.g. Legal, Contracting, Global Fund etc.) to determine corporate decisions.  
  • Obtain professional legal opinion from local and international sources (legal companies, patent institutes), as applicable. |
| Operations & Procurement | • Extreme stock out situation of medicines and medical products due to inefficiencies in stock management and planning system. | • UNDP’s expertise and reputation in procuring health products.  
  • UNDP’s procurement setup with Long Term Agreements and Logistics expertise to reduce | • Build the service line according to the expectations of available resources.  
  • Attract the available in-house and external expertise to ensure the best solutions. |
| Requests for short contracting and delivery timelines, not taking manufacturing time of medicines into consideration. | Requests for short contracting and delivery timelines, not taking manufacturing time of medicines into consideration. |
| Bidders’ complaints that hamper the procurement processes. | Bidders’ complaints that hamper the procurement processes. |
| Unclear requirements and technical specifications for the medicines and medical products to be procured, causing delays in the procurement process. | Unclear requirements and technical specifications for the medicines and medical products to be procured, causing delays in the procurement process. |
| Modification of the list of medicines to be procured due to insufficient data on available stock in the beneficiary warehouses. | Modification of the list of medicines to be procured due to insufficient data on available stock in the beneficiary warehouses. |
| Lack of staff or expertise in-house to efficiently implement projects. | Lack of staff or expertise in-house to efficiently implement projects. |
| Improper storage and distribution conditions for temperature sensitive cargo. | Improper storage and distribution conditions for temperature sensitive cargo. |
| Delayed deliveries due to logistical issues. | Delayed deliveries due to logistical issues. |
| Inability to deliver select items to beneficiaries due to the small quantity requirements and outdated protocols. | Inability to deliver select items to beneficiaries due to the small quantity requirements and outdated protocols. |
| Severe adverse medical reactions. | Severe adverse medical reactions. |
| UNDP mobilized in-house and international expertise to address challenges. | UNDP mobilized in-house and international expertise to address challenges. |
| Utilized international experts and health manufacturers. | Utilized international experts and health manufacturers. |
| Building capacity of the local market. | Building capacity of the local market. |
| UNDP has a structured procedure to address bidders’ complaints and risk management procedures to map and mitigate risks, and avoid hampering the procurement processes. | UNDP has a structured procedure to address bidders’ complaints and risk management procedures to map and mitigate risks, and avoid hampering the procurement processes. |
| Bidders complaints are addressed according to the procedures described in the relevant chapters of the UNDP Procurement Manual (POPP). | Bidders complaints are addressed according to the procedures described in the relevant chapters of the UNDP Procurement Manual (POPP). |
| Allow for slowing of operations due to external factors, which may require anticipating and finding alternative solutions. | Allow for slowing of operations due to external factors, which may require anticipating and finding alternative solutions. |
| Establish a log of challenges faced and amend tenders and contracts accordingly for future procurement processes. | Establish a log of challenges faced and amend tenders and contracts accordingly for future procurement processes. |
| Re-enforce national institutional capacity to avoid delivery delays. | Re-enforce national institutional capacity to avoid delivery delays. |
| Ensure timely and regular monitoring of all contractual dates and deadlines. | Ensure timely and regular monitoring of all contractual dates and deadlines. |
| Make thorough background checks of companies at various stages of the procurement process. Make performance checks with other buyers, verifying supplier registration, history of corruption, fraud, or litigation. Check if they are on a banned list of suppliers, including UN lists or those from other international organisations. Make on-site inspections. | Make thorough background checks of companies at various stages of the procurement process. Make performance checks with other buyers, verifying supplier registration, history of corruption, fraud, or litigation. Check if they are on a banned list of suppliers, including UN lists or those from other international organisations. Make on-site inspections. |
| Use liquidated damages and performance security tools on suppliers. | Use liquidated damages and performance security tools on suppliers. |
| Ensure alternative suppliers are ready to be contracted. | Ensure alternative suppliers are ready to be contracted. |
| Enhance stock management and information flow for better operations and project implementation. | Enhance stock management and information flow for better operations and project implementation. |
| Ensure procurement of medicines from the manufacturers with guaranteed pharmacovigilance. | Ensure procurement of medicines from the manufacturers with guaranteed pharmacovigilance. |
| Ensure the recommended temperature regiments for products, along with quality of the products. | Ensure the recommended temperature regiments for products, along with quality of the products. |
| Develop a crisis communications plan (SOP) and draft sample press releases. | Develop a crisis communications plan (SOP) and draft sample press releases. |
| Mobilise UNDP experts and staff from headquarters and other country offices for detailed assignments to assist in building capacity and transferring knowledge. | Mobilise UNDP experts and staff from headquarters and other country offices for detailed assignments to assist in building capacity and transferring knowledge. |
| Communication plan between ministry and UNDP in consultation with other UN agencies. | Communication plan between ministry and UNDP in consultation with other UN agencies. |
| Communication that goes with public tenders. | Communication that goes with public tenders. |
| Established external communication that | Established external communication that |
| Maintain constant communications with stakeholders to adjust and react to the changing environment. | Maintain constant communications with stakeholders to adjust and react to the changing environment. |
| Ensure clear technical specifications, and | Ensure clear technical specifications, and |

**Communication**

- Anti-reform media campaigns backed by parties vested economically and politically.
- Established pharmaceutical

- Communication plan between ministry and UNDP in consultation with other UN agencies.
- Communication that goes with public tenders.
- Established external communication that

- Maintain constant communications with stakeholders to adjust and react to the changing environment.
- Ensure clear technical specifications, and
<table>
<thead>
<tr>
<th>Companies</th>
<th>UNDP Europe and the CIS</th>
<th>Companies</th>
</tr>
</thead>
</table>
| Companies deployed aggressive communication campaigns to protect political forces.  
  • Delayed clarifications and approval during consultations.  
  • A parallel procurement process causing confusion in the marketplace.  
  • Continuous modifications in the list of medicines to be procured. | Demonstrated a cohesive approach like appearing together in press conferences when milestone were achieved; joint messaging on results, delivery, efficiency, savings provided to government. Successes were publically showcased via infographics.  
  • Established clear lines of communication with patients associations, and the pharmaceutical industry. | Involvement and consultations with patient organizations and NGOs prior to launching a procurement process. This will help avoid changes to the lists and out-dated treatment protocols. |

<table>
<thead>
<tr>
<th>Finance</th>
<th>Quality</th>
</tr>
</thead>
</table>
| • Issues with exemption from VAT for local distributors requiring clarifications on local legislation.  
  • Government lack of budget. | • Local manufacturers and pharmaceutical companies lacked capacity in key areas. |
| • Involved UNDP finance experts in-house and at corporate level.  
  • Involved international donors with whom UNDP has a partnership to find funds for governments and specific projects. | • Following a crisis and outage in medicines delivery, attracted international leading manufacturers to supply products that local companies could not deliver.  
  • Built capacity of the local market via training and workshops.  
  • Requested collaboration between a local partner and foreign manufacturers whenever possible to transfer technology and increase the local market capability and capacity. |
| • Maintain civil society as a strong partner to pressure and push for a reform of the constitution.  
  • Support governments to attract financing from international donors and other UNDP partners. | • Communicate clearly with all stakeholders on the importance of quality drugs.  
  • Attract available in-house and external expertise to ensure the best solutions. |
Contact Us

Contact us directly for further information about our services, or to start a project. We look forward to working with you on any health procurement challenges you are facing.

UNDP BUREAU FOR POLICY AND PROGRAMME SUPPORT (BPPS)

Håkan Björkman
Executive Coordinator
Global Fund Partnership & Health Programme Implementation Support Health and Development Group, BPPS
hakan.bjorkman@undp.org

UNDP UKRAINE

Janthomas Hiemstra
Country Director
janthomas.hiemstra@undp.org

Andra Brige
Deputy Country Director
andra.brige@undp.org

Zafar Yuldoshev
Programme Manager
zafar.yuldoshev@undp.org

UNDP REGIONAL BUREAU FOR EUROPE AND THE CIS (ISTANBUL REGIONAL HUB)

Andrey Pogrebnyak
Operations Advisor
andrey.pogrebnyak@undp.org

UNDP MOLDOVA

Stefan Liller
Deputy Resident Representative
stefan.liller@undp.org

Ira Cebotari
Assistant Resident Representative Operations
ira.cebotari@undp.org

Dorin Rotaru
Project Manager
dorin.rotaru@undp.org

Appreciation is extended to all colleagues who contributed to this thematic paper development, in particular: Håkan Björkman (Health and Development Group, BPPS); Cecile Mace (GF HIST); Shelley Inglis and IRH Governance and Peacebuilding Team (BPPS, Istanbul Regional Hub); Rosemary Kumwenda and IRH HIV, Health and Development Team (BPPS, Istanbul Regional Hub), Andra Brige, Zafar Yuldoshev and Anastas Boiko (UNDP Ukraine); Stefan Liller and Dorin Rotaru (UNDP Moldova); Andrey Pogrebnyak and Yuliya Shcherbinina (RBEC, Istanbul Regional Hub); Mathieu Carlier (Everimpact).