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FINAL REPORT

United Nations Development Programme

Procurement Support Services
to the Ministry of Health, Labor and Social Protection
Project

March 2020



Reporting Period	January 2017 – January 2020
Donors	Ministry of Health, Labor and Social Protection National Administration of Penitentiaries of the Republic of Moldova (the former Department of Penitentiary Institutions) UNDP
Country	Republic of Moldova
Project Title	Procurement Support Services to the Ministry of Health, Labor and Social Protection
Project ID	00101965
Output	00104204
UNPF Outcome	Outcome 2.2 - People enjoy equitable access to quality public health and health care services and protection against financial risks
Implementing Partner(s)	Ministry of Health, Labor and Social Protection, UNDP
Project Start Date	January 2017
Project End Date	January 2020
Total resources required, USD	5,937,911.51
Revenue received	<ul style="list-style-type: none"> • MoH 5,883,032.02 USD • UNDP 19,479.67 USD • DPI 35,399.82 USD • Total 5,937,911.51 USD
Unfunded budget	N/A
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List of acronyms

CE – Conformité Européenne (European Conformity)
CSA – Cost-Sharing Agreement
DIP /NAP – Department of Penitentiary Institutions/ National Administration of Penitentiaries of the Republic of Moldova
EU – European Union
GDP – Good Distribution Practices
GHTF – Global Harmonization Task Force
GMP – Good Manufacturing Practice
HIV/AIDS – Human Immunodeficiency Virus infection / Acquired Immune Deficiency Syndrome
HQ – Headquarters
INN – International Non-proprietary Name
ISO – International Organization for Standardization Standard
MDL – Moldovan Leu
MHLSP – Ministry of Health, Labour and Social Protection of the Republic of Moldova
MoH – Ministry of Health of the Republic of Moldova
PIC/S – Pharmaceutical Inspection Convention Scheme
RBEC – UNDP Regional Bureau for Europe and the Commonwealth of Independent States
SM – Standard Moldovenesc (Moldovan standard)
SRA – Stringent National Medicines Regulatory Authority
STDs – Sexually Transmitted Diseases
TB – Tuberculosis
UN – United Nations
UNDP – United Nations Development Programme
USD – United States Dollar
WHO – World Health Organisation

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I. Executive summary

Access to the qualitative essential medicines/technologies, as part of the fulfilment of the right to health, is recognized in the international treaties Republic of Moldova is a part of, the Constitution and national legislation; however, it remains a challenge for the national system of health procurement. Prices of medicines and medical products are influenced by different factors such as wholesaler and pharmacy mark ups, in country medicine registration procedure, registration price calculation method, etc. Additionally, the country's public health system relies heavily on generic equivalents.

To respond to the challenges, the Ministry of Health (reformed in late 2017 into the Ministry of Health, Labour and Social Protection) and the United National Development Programme (UNDP) in Moldova have elaborated the *Procurement Support Services to the Ministry of Health* Project in order to facilitate and improve access to medicines and medical devices, specifically for those supplied under the national health programs.

The overall objective of the project was to strengthen the national health care procurement system and improve the effectiveness of the diagnosis and treatment of the patients of Moldova. The proposed overall objective had to be achieved by implementing the following project's specific objectives:

- 1) To procure medicines and other health products for the National and Special Public Health Programmes starting from 2017;
- 2) To help the MoH ensure transparency, accountability and effectiveness in the procurement of medicines and other health products;
- 3) To improve the storage facilities of Moldfarm in line with WHO and EU recommended GDP.

II. Background

Moldova is a lower-middle income country with a total per capita health expenditure of USD 229 in 2014.¹ According to the latest WHO estimates, public expenditures on health in the Republic of Moldova in 2014 constituted 10.4% of the Gross Domestic Product, in line with both EU and global averages. The Health sector financing in Moldova is based on national compulsory health insurance since January 2004. Total public health spending covers all health care institutions. Interventions at central and local levels are funded through the national insurance scheme and currently comprise 90% of the public budget on health. The MHLSP is administering about 10% of health expenditure, allocated for public health services, national programs and administration at central level. The official national medicines policy document was updated in 2002 and the associated implementation plan was updated in 2007. The implementation of the pharmaceutical policy is regularly monitored and assessed by the Medicines and Medical Devices Agency and the MHLSP. In 2006, hospital procurement of medicines and health products was centralized, and

¹ <http://data.worldbank.org/indicator/SH.XPD.PCAP> verified on 30 August 2016

responsibilities were transferred to the Medicines Agency, which conducts annual tenders. This approach is also used for the national programmes for the treatment of HIV/AIDS, TB, STDs, non-communicable diseases and the expanded programme on vaccines and immunization, as well as for special health programmes. In 2014-2015,² the Moldovan public health system faced a severe crisis in ensuring adequate supply of medicines and pharmaceutical products to public medical institutions. As a result, a need emerged to identify safe and reliable supply mechanism, including the procurement of quality assured medicines and health products at affordable prices.

The United Nations has significant global experience in supporting governments with large-scale procurement. UNDP is one of the largest procurers in the UN system. Apart from capacities to undertake international and national procurement at the country level, the organization also has a specialized procurement support office and an office working exclusively on the implementation of large projects financed by the Global Fund to Fight AIDS, Tuberculosis and Malaria, which have significant procurement components. Building on the work of the UNDP-Global Fund partnership, an increasing number of governments and partners are requesting UNDP to help strengthen national capacities and systems specifically in the area of procurement and supply chain management of essential medicines and other health commodities. The Government of the Republic of Moldova has also requested UNDP to provide support to 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, as well as to upgrade Moldfarm public storage facilities in line with WHO and EU recommended GDP standards.

III. Results achieved

Component 1: Procurement medicines and other health products for the National and Special Public Health Programmes

The procurement of the medicines and medical supplies was based on the MoH's requests and lists of specific medicines and devices to be procured by the Project. The largest operation was implemented in 2017, when the list shared by the MoH included 84 common international names of medicines and 126 types of medical devices for the following 9 national health programs:

1. Control and Prophylaxis of TB;
2. Control and Prophylaxis of HIV/AIDS/STDs;
3. Diabetes Control Program;
4. Cancer Treatment Program;
5. Rare Diseases Treatment Program;
6. Immunoprophylaxis and Antiepidemics Program;
7. Mental Health Program;
8. Blood Transfusion Security Program;
9. Transplant Program.

² <http://particip.gov.md/proiectview.php?!=ro&idd=3454>

The Cost-Sharing Agreement (CSA) between the MoH and UNDP Moldova was signed in January 2017 with a total value of MDL 85,000,000 that corresponded to USD 4,255,319 according to the MDL-USD UN Operational Rates of Exchange at the date of the CSA signature (1 USD = 19.975 MDL).³ The procurement procedures were initiated in March 2017 and the majority of the contracts with the suppliers were signed by June 2017. The first deliveries were received in May 2017 with the supply of human analogue insulins. Most of the deliveries were completed till the end of the year, except the items that were cancelled by the MoH for various reasons. At the same time, the project made significant savings by obtaining competitive prices that made a positive budget balance of **USD 861,086**. These resources had been transferred to 2018 project budget.

The Cost-Sharing Agreement (CSA) for 2018 Project's operation was signed between the MHLSP and UNDP in December 2017 in the total value of **MDL 110,816,900 (USD 6,472,949)**,⁴ though the List of medicine and medical devices to be procured was not enclosed with the CSA. In April 2018 the MHLSP decided to amend the Agreement decreasing MHLSP's contribution to MDL 22,000,000 (**USD 1,299,852**).⁴ These funds had to be used for the procurement of 38 common international names of medicines, 81 types of medical devices and 2 types of the breast milk substituents under two National Health Programmes:

1. Control and Prophylaxis of TB; and
2. Control and Prophylaxis of HIV/AIDS/STDs.

The procurement procedures were initiated in June 2018, once the funds had been transferred to UNDP accounts and the list of items to be procured shared by the MHLSP with UNDP. The beneficiary's expectations to have the first deliveries already in July imposed a strong pressure on the Project, but the first deliveries of ARV medicines were performed in July 2018, while the majority of contracts with the suppliers were signed by the end of August 2018.

In August 2018 MHLSP addressed to UNDP a request for procurement of ARV medicines for the Transnistrian region and in November transferred to UNDP -MDL 547,672.82 (**USD 31,943.59**). Also, in November an additional amount of MDL 743,000.00 (**USD 43,336.25**) for 3 uncontracted medicines due to underestimated prices for ARV medicines was transferred to UNDP accounts. These additional requests had been accomplished in 2020 in tranches, as per the MHLSP's request.

The procurement modalities included: Request for Quotations (for the estimated amount of the procurement within one tender process between USD 10,000 – 150,000); Using Corporate Long-term

³ According to the MDL-USD UN Operational Rates of Exchange at the date of CSA signing (1 USD = 17.12 MDL). United Nations Treasury - UN Operational Rates of Exchange: <https://treasury.un.org/operationalrates/OperationalRates.php>

⁴ According to the MDL-USD UN Operational Rates of Exchange at the date of the funds transfer to UNDP accounts (1 USD = 16.925 MDL). United Nations Treasury - UN Operational Rates of Exchange: <https://treasury.un.org/operationalrates/OperationalRates.php>

agreements (LTA) held by UNDP global procurement centres; and Direct Procurement for the low-cost items and lots.

Using the robust international procurement mechanisms, UNDP managed to ensure throughout the Project **wider coverage with cheaper and higher quality** medicines for men and women in line with the EU and WHO standards:

- a) 16% increased coverage for HIV treatment (for approximately 700 patients more in 2017 compared to 2016);
- b) 50% increased coverage with human insulin analogues for diabetes treatment (for approximately 1,300 new patients of which about 300 children):

INN	Initial request (prefilled pens)	Final quantity procured (prefilled pens)	Increased quantity	Increased %%
Insulin aspart 100UI/3ml	19,400	29,100	9,700	50%
Insulin detemir 100UI/3ml	10,970	16,455	5,485	50%
Insulin glargine 100UI/3ml	25,200	37,800	12,600	50%
Insulin glulisine 100UI/3ml	10,900	16,350	5,450	50%

Out of the total budget of USD 1,139,612.77 allocated by the MoH for the Diabetes Control Program, savings of 46%, or USD 528,468.36 were obtained after the first round of procurement. Following the increase of the quantities by 50% for human insulin analogues requested by MoH, the savings from the allocated budget constituted 25%, or USD 287,364.25;

- c) Procurement of additional vital cancer medicines to benefit approximately 1,000 patients, including the increase in coverage with Procarbazine by 10%;
- d) Increased coverage for Antiepidemics (3 items, from 10% to 900% of quantity increase);
- e) Increased coverage for Mental Health Program (Haloperidol 0.2% 30ml – 200% increase).

In total, about 21.58% (or USD 846,764.54) of the approved by the MoH (2017) budget of USD 3,923,789 were saved in the 2017 procurement. These resources with the consent of the MoH endorsed by the project Steering Committee had been transferred to the 2018 Project budget.

Although the MHLSP has estimated the prices for 2018 procurement on the basis of the prices obtained by UNDP in 2017, the Project managed to bring further benefits to the MHLSP through the procurement in 2018:

- a) Decrease of the net unit price for 12 items (33.33% of total) compared to 2017 prices;

- b) Increase in the procured quantities of Tuberculin with 444%, when instead of 5 400 doses initially requested by the MHLSP had been procured 24 000 doses, which ensured a reliable vaccine's stock for the whole country;
- c) Procurement of 6 new INNs for HIV/AIDS programme and 4 new INNs for TB programme compared to 2017.

It shall be also mentioned that the prices for some medicines and devices obtained by UNDP in 2018 were higher than those in 2017, due to the urgency of the procurement in the context of the exhausting stocks, smaller quantities and longer shelf-life requested by the MHLSP for some medicines, as well as delivery in tranches for others. These circumstances also increased the transportation costs, as due to urgency the majority of shipments were accomplished by Air transportation, while the transportation costs for smaller quantities affected the unit price.

Maternal milk substitutes tranches: August 2018; November 2018; February 2019; March 2019

HIV tests tranches: August 2018; October 2018; March 2019

The beneficiary's request to deliver some of the medicines and medical supplies in tranches required the Project's operations in 2019, although the MHLSP did not engage with UNDP in the procurement under the National Health Programmes for 2019. In addition, in August 2018 the MHLSP requested UNDP to procure ARV medicines for patients in the Transnistrian region, and additional volumes of ARV for the Chisinau Dermatological Hospital. UNDP received the resources required for the additional procurement on November 23, 2018. The procurement process was completed by May 2019, with the exception of one medicine that was out of stock with all vendors and was delivered in September 2019.

Based on the effective partnership in TB medicines procurement by UNDP in 2017 – 2018 in the amount of USD 24,756.82, the National Administration of Penitentiaries requested the continuation of this support, contributing USD 10,643.00 to the Project budget in March 2019 for the delivery of TB medicines in line with the institutional needs to cover this category of patients. The delivery of requested medicines has been executed in conditions of manufacturers' stockout of requested medicines and completed by September 2019.

Once all deliveries had been finalised, UNDP financial system produced the Project Financial Report that came with a positive balance of USD 63,348.50 accumulated over the Project's timeline due to the savings made and the exchange rate fluctuation. The MHLSP requested UNDP to use the balance for the procurement of insulin pumps for children. By 15th of January 2020, 13 units of pumps and 14 units of consumables had been procured, and thus the resources were fully absorbed, and the Project was closed in January 2020.

Quality requirements

All medical products procured by the Project met the required set of criteria, ensuring the highest quality of health products (for both medicines and medical devices):

For medicines:

- Prequalified by World Health Organization (WHO), or approved by a SRA of countries with a Pharmaceutical Inspection Convention Scheme (PIC/S);
- Recommended by the Expert Review Panel for The Global Fund, or Registered in Moldova and at least one successfully completed supply of this product in the similar volume in/to Moldova within the past two years (since February 2015);
- All products must be manufactured at sites with a GMP certificate provided by the WHO or PIC/S authorities;
- The remaining shelf life of products procured must be at least 80% of the total product shelf life or should have 18 months' shelf life remaining at the time of delivery.

In addition to the criteria listed above other requirements were imposed on the suppliers with regards to covers, packaging, labelling and delivery.

For medical devices

Medical products should have been produced and controlled in accordance with product standards and quality system standards recommended by the World Health Organization (WHO) and the GHTF.

Pre-market approval registrations:

- CE mark (EU), CE 93/42 or CE 98/79 (EU), or
- Registration No. issued by the Medicines and Medical Devices Agency;
- Declaration of Conformity (SM mark) issued by a recognized conformity assessment body in Moldova;
- Certificate of conformity with the following Quality Management System standards: ISO 13485, or ISO 9001.

Countries of origin and vendors

The Project managed to significantly diversify the vendors also ensuring the quality of goods. Medicines and medical devices were supplied from manufacturers from EU (Germany, Austria, Estonia, Czech Republic, Denmark, France, Belgium, Italy, UK, Cyprus, Netherlands, Greece, Sweden, Italy), and non-EU countries (China, Japan, India, Moldova, USA, Thailand, Ukraine, Vietnam, Korea).

The goods had been supplied by the following vendors:

Medicines:

- Manufacturers – AbbVie, Aurobindo, Macleods, Mylan, Novonordisk, Reig Jofre, Strides Shasun, Yuria Pharm, Cipla, Hetero, Riemser Pharma GmbH, Cadila;
- International Distributors – AMEX, IDA, IMRES;
- Local Distributors – Dita Estfarm S.R.L., Esculap Farm S.R.L., Tetis International S.R.L.;

Medical devices:

- Manufacturers - BD, Cepheid, Hain;
- International Distributors – VWR, MEG;
- Local Distributors – Dita Estfarm S.R.L., Ecochimie S.R.L., Epsilon S.R.L., GBG S.R.L., Imunotehnomed S.R.L., Tetis International S.R.L.

The results of tenders, expenditure reports and the lists of procured medicines are made publicly available on UNDP Moldova's dedicated webpage.⁵ The information is regularly updated, increasing the **transparency** of the medicines procurement.

UNDP has also engaged with two NGOs representing people leaving with HIV/AIDS, TB and other transmittable diseases, in order to strengthen the civil society's capacities for monitoring of the health procurement and of the distribution of medicines and medical devices to ensure better access to medicines by men and women in need. Increased capacities of NGOs in monitoring of health procurement and distribution of medicines and medical devices is important for transparency and accountability and also for ensuring the sustainability of the results achieved (in terms of coverage, price and quality) and for the continuous access of patients to the quality medicines and medical devices.

Component 2: Supporting the Ministry of Health in ensuring transparency, accountability and effectiveness in the procurement of medicines and other health products

UNDP has suggested four different options for the implementation of the Component 2 and presented them at the Project's Board meeting in July 2017:

1. To develop and implement stock management software in order to have precise and real-time procurement data about the stocks, shelf life, deliveries and distribution, needs estimation and procurement planning;
2. To use UNDP networking capacity for trainings on quality standards for medicines and medical devices, procurement procedures, twinning projects, development of standard operating procedures in order to strengthen institutional memory and decrease the negative impact of staff turnover;

⁵ http://www.md.undp.org/content/moldova/en/home/projects/servicii-de-sus_inere-a-achiziilor-pentru-ministerul-sntii-/transparency-of-procurement.html

3. To implement e-Procurement tools for ensuring transparency, accountability and efficiency for the health procurement processes;
4. To provide technical assistance on marketing research of pharmaceuticals and medical commodities: open data, analyses of the reference prices, registration requirements, etc.

However, in 2017, as part of the central public administration reform, the Ministry of Health and the Ministry of Labour, Social Protection and Family were merged into one Ministry, while staff was significantly reduced. The restructuring caused the departure of the Project National Coordinator and of the focal points at the technical level. In addition, a new Minister was appointed. These changes have slowed down the decision-making on the implementation of the Component 2. After the Project's Board meeting from March 2018 two scenarios were proposed for the implementation of the Components 2 and 3, but neither was possible to implement due to the absence of the necessary pre-conditions.

However, UNDP even in the absence of resources specifically allocated for the implementation of this Component, pro-actively embraced on various opportunities to develop capacities of representatives of the MHLSP, of the Center for Centralized Public Procurement in Healthcare and of the beneficiary medical institutions for strengthening the transparency, accountability and efficiency of health procurement through a series of capacity development events, the costs being fully covered by UNDP:

UNDP Global Workshop on Health Procurement and Supply Management, 12 – 16 June 2017, Bangkok, Thailand

The workshop was built around the topics of UNDP Health Procurement rules and regulations, Intellectual Property Rights, Quality Assurance, Shelf Life Monitoring and LMIS for Supply Chain Management Strengthening. 2 representatives of the MoH and the Centre for Centralized Public Procurement in Healthcare and UNDP Project Manager participated in the workshop.

UNDP Regional Workshop on Health Procurement, 21 - 22 September 2017, Kiev, Ukraine

The workshop was built around the topics of the integrated approach for the development of the sustainable healthcare procurement, served as a platform for the exchange of experiences and knowledge in the area of medicine and broader health area procurement and for the discussion about risks and opportunities. 1 representative of the MHLSP participated in the Workshop along with 3 UNDP Moldova representatives.

UNDP Global Programme Sustainable Health in Procurement Workshop, 15-16 of November 2018, Kiev, Ukraine

The Workshop focused on the methods for ensuring a sustainable and environment-friendly supply chain in the health procurement, from the production to transportation and distribution and medical waste management. 7 representatives of the MHLSP, subordinated agencies and hospitals participated in the Workshop.

UNDP Regional Workshop on Anticorruption and Intellectual Property Rights in the Health Sector, 20 – 21 November 2018, Istanbul, Turkey

The Workshop served as a platform for the exchange of the information between the practitioners from the countries of the region on the legal frameworks regulating the Intellectual Property Rights in the Health Sector, issues of the patents and generic medicines, of the costs, accessibility of the medicines, as well as on the instruments for preventing and combatting corruption in health procurement. 1 representative of the MHLSP participated in the Workshop along with a representative of the National Anti-Corruption Center and a UNDP representative.

Consultations on Establishing a Global Network on Anti-corruption, Transparency and Accountability in Health Systems, February 26 – 28 2019, Geneva, Switzerland

The Consultations were structured around the vision on corruption risk management in public and foreign funding flows to national health systems, the vision and objectives of the Global Network, its Action Plan and instruments for knowledge management and sharing. 1 MHLSP representative participated in the Consultation along with a UNDP representative.

Component 3: To improve the storage facilities of Moldfarm in line with WHO and EU recommended good distribution practices (GDP)

The Moldfarm S.A. was established in December 2016. During 2017 no storage facilities were allocated to the Moldfarm for the initiation of the activities planned under the Component 3 on the improvement of its storage facilities in line with WHO and EU recommended GDP. UNDP has committed to allocate USD 200,000 for the implementation of Component 3 of the Project.

Within the reform of the central public administration implemented in 2017, all public agencies including the newly established Moldfarm S.A. (100% State owned stock shares) and the existing distributor SanfarmPrim S.A. (99,12% State owned stock shares), were planned to be transferred under the administration of the Public Property Agency. Therefore, it was necessary to review and adjust the Component 3 to these developments.

To start with the implementation, UNDP has carried out 4 visits to different storage facilities, including local distributors that have implemented the GDP according to the WHO and EU recommendations. During the visits the information about the requirements of GDP standards and algorithms for storage and distribution of medicines, as well as about preliminary prices required for a GDP eligible green-field construction or renovation of an existing facility was collected. In addition to this, a visit to the SanfarmPrim S.A. storage was carried out to assess capacities and conditions of the storage and potential storage spaces for medicines and medical devices supplied under the Project was identified there.

The Project has elaborated and presented at the Project's Board meeting on 04 July 2017, options for the implementation of Component 3:

1. To conduct a feasibility study on the renovation of an existing warehouse to be identified by the MoH;
2. To elaborate and implement a GDP standard operating procedures and technical recommendations for the renovation of an existing warehouse to be identified by the MoH;
3. To initiate the renovation of a storage facility identified by the MoH according to GDP standards within the available budget.

However, the restructuring of the MHLSP and the changes in its leadership and staff did not allow to achieve any progress in the implementation of the Component.

Visibility

A dedicated page was set for the Project on UNDP Moldova website thus contributing to the transparency of the Project's implementation.⁶ The Project's activities were reflected in **129 publications** (based on qualitative and quantitative analysis report of UNDP Moldova, elaborated by Media Image monitoring company):

- [“UNDP to procure broad range of life-saving medicines in Moldova”](#) was published in 43 media sources;
- [“Life-saving medicines to reach 3,800 people living with HIV/AIDS”](#) was published in 34 media sources;
- [“UNDP has delivered more than half of medicines necessary for nine national and special health programmes in the Republic of Moldova”](#) was published in 38 media sources;
- [“Time to say goodbye to the drug crisis in Moldova”](#) was published in 3 media sources;
- [“A Pill for Life”](#) was published in 11 media sources.

On Facebook pages [UNDP Moldova](#) and [UNDP Moldova Jobs & Tenders](#) were published 15 posts about Project's activities with the total reach of 8,147 persons, 49 likes and 22 shares. Project's activities were also posted on [UNDP Moldova Twitter account](#).

Project Management

In line with the Memorandum of Understanding and the Financing Agreement signed between the MoH and UNDP Moldova the latter was responsible for the Project's daily implementation in line with UNDP's rules and regulations. A team consisting of a Project Manager, Project Assistant and Pharmacist was established in 2017 to ensure the implementation of the Project. UNDP Moldova Country Office Programme and Procurement Units staff provided Project guidance, including on proper project management, supported the procurement processes and financial transactions, as well as provided quality assurance for the implementation procedures and the Project's visibility.

⁶ http://www.md.undp.org/content/moldova/en/home/projects/servicii-de-sus_inere-a-achiziilor-pentru-ministerul-sntii-.html

In 2018 at the request of the MHLSP and also due to the Amended Financing Agreement and the reduction of the project budget, the structure of the Project team and the time-share of the Project's staff was reduced. UNDP has significantly subsidised the operations of the Project by covering the Project office's rent costs for almost entire duration of the project, provided the project team with the office equipment and supplies and covered the Project's communication costs, the Project Manager's salary for January – June 2019, a part of the Project's staff and a big share of services provided to the Project by the Procurement, Finance, and Administrative Units of UNDP, as well as the travel costs for the participation of partners in capacity development activities, as described under Component 2. In addition to in-kind contributions to the Project budget, UNDP contributed also USD 19, 479.67 in cash. As a result, UNDP managed to significantly reduce the estimated administrative costs for the beneficiary. Also, the IT equipment procured from the Project funds for the Project Team in the amount of USD 5,454.59 (3 Notebooks, 3 docking stations, 4 monitors, 3 UPS and 3 office chargs) was transferred to the Ministry.

IV. Project Risks and Issues

a. Project risks and actions

<u>Project Risk 1:</u> Delays in the communication with the MHLSP, slow approval and formal submission of medicines to be procured by UNDP
<i>Actions taken:</i> UNDP representatives have been performing regular visits to MHLSP for consultations on the technical specifications of the goods, detailed explanation of the tender results, endorsement of the changes in quantities and on emerging needs.
<u>Project Risk 2:</u> Delays in delivery for the goods procured through corporate Long-Term Agreements of UNDP HQ
<i>Actions taken:</i> Continuous monitoring and communication with UNDP HQ regarding the delivery was performed. In case of severely delayed procedures, after the coordination with the beneficiary, local suppliers were inquired and contracted to supply the delayed goods, if they provided better delivery terms.
<u>Project Risk 3:</u> Low quality of supplied products
<i>Actions taken:</i> The quality criteria for the supplied medicines were elaborated and coordinated with the MHLSP and UNDP HQ. After their approval the quality requirements were included in the tender technical specifications.
<u>Project Risk 4:</u> Delays in the renovation of Moldfarm premises
<i>Actions taken:</i> Several meetings with the MHLSP and SanfarmPrim S.A. representatives were organized, regarding the status of Moldfarm. UNDP has informed the beneficiary regarding the options identified for strengthening the capacities of MoldFarm.

b. Project issues and actions

Unrealistic budget: the budget allocated per some national programmes or per particular medicines/ supplies did not correspond to the cost estimations for the required volumes/quantities based on the market research. Therefore, some procurement decisions were delayed, as the MHLSP had to decide on the changes in the quantities or on the cancellation of the procurement of some items.

Unclear technical specifications for items to be procured. Due to the insufficient details or too narrow initial requirements, there was a need for additional clarifications between UNDP and the MHLSP and coordination with the beneficiary institutions, which caused delays in launching the procurement processes.

Sequence of procurement: the MHLSP has established the sequence of procurements, which was helpful for addressing urgent needs under some National Health Programmes (for example, procurement of antiretroviral medicines was prioritised to ensure un-interrupted supply to the people living with HIV, while also generated issues with regards to other Programmes (for example, procurements for the Blood Transfusion Programme were scheduled for the second part of 2017 which caused shortage of medical products).

Schedule of funds transfers according to the CSA: the transfers were evenly distributed during the year, however UNDP, in line with the corporate procurement rules, could launch the procurement processes and sign contracts for the delivery of goods only having sufficient funds on its accounts. These situations caused delays in launching tenders and signing some of the contracts, and therefore, a delayed delivery of goods.

Continuous changes in the list of items (quantities and items) to be procured: the changes were requested by the MHLSP and beneficiary institutions on various stages of procurement processes (during the tender preparations, evaluation processes and at the contract signature stage). It was explained by lack of data on the stocks in the beneficiaries' warehouses and by the additional procurement done in parallel by the ministry. These changes caused delays in processes, additional administrative costs and complicated the monitoring and reporting of results.

Parallel national tenders: during 2017, several national tenders were organised by MoH for the same products that UNDP was requested to procure. In addition, the parallel tenders increased the administrative costs for both Government and UNDP and created some confusion on the market among pharmaceutical companies questioning credibility and transparency of the processes organized.

Price comparison: The price difference for particular items fluctuated from one process to another over years, both as a decrease and as an increase. Similar differences in prices might be observed when comparing the prices obtained by UNDP and by the MHLSP. It shall be noted that any comparison of prices would be accurate only if all aspects, such as quality standards, quality assurance, delivery terms, delivery time, volumes, tranches, type of medicines (patent or generic), etc. are taken into consideration.

Urgency of procurement: In both 2017 and 2018 the resources were transferred to UNDP and the lists of goods had been shared later in the year, which imposed the urgent procurement to avoid lack of stocks of medicines. The unrealistic expectations on the speed of UNDP procurement processes provided grounds for complaints from the beneficiary institutions, but also generated additional costs of the medicines and of the transportation.

For some items the quantities requested were small, while for others were based on outdated protocols: for such items it was not possible to receive the offers, hence not possible to procure and deliver to beneficiaries. It is necessary to find alternative solutions for the procurement of the items needed only in small quantities and to adjust the treatment protocols.

Additional time up to several weeks was needed in some cases for consultations on tender results, on the final list of items and volumes, on small deviations from technical specifications, on preferred delivery terms, etc. before contracting. In many cases the MHLSP had to additionally consult the beneficiary institution, which delayed the decision making or required changes to the process. It is suggested that beneficiary institutions are engaged in the process from the early stage.

Registration issue: as a temporary arrangement, and in cases of an urgent need it was agreed with the MHLSP to waive the registration requirements for medicines and medical products procured by the Project. However, a long-term solution should be explored.

Lack of an agreed logistics procedure at beneficiary institutions: the project staff had to deal with logistics when products were delivered to the beneficiary institutions, as almost no staff from the part of the beneficiary was available to organize the receipt of goods, unloading, inventory etc.

Improper storage and distribution conditions at the beneficiary institutions, including for temperature control of the sensitive cargo, which could lead to loss of quality or damage of procured products.

Communication with civil society on the list of needs: several patient organizations reached out to discuss quantities and types of medicines they would like to see procured in the future. Therefore, it is proposed to consult the lists of needs between the MHLSP and relevant NGOs before their submission to the UNDP.

Damage of medicines due to improper delivery conditions: due to deficiencies in transportation of medicines some of the goods were damaged thus leading to delay in supply of the corresponding medicines. UNDP has contacted the suppliers of medicines coordinating the exchange of goods and set special agreements regarding the payment of safe disposal of supplied medicines.

Due to the continuous restructuring of the MoH, frequent changes of the leadership and staff a ministry-appointed focal point for the everyday consultations and interaction with the Project was absent for longer periods of time. Also, during these periods it was difficult to find staff in the MHLSP that was responsible for a particular issue and was willing to make decisions or to get the decisions from the senior management, which significantly delayed the processes.

V. Lessons Learned

International procurement processes have a strong potential to decrease/optimize the costs of medicines and medical devices, to ensure procurement of higher quality goods, and to increase the number patients covered, in particular when the procurement is initiated in due time.

Adequate planning of needs, realistic and timely budgeting and prioritization represent the key factors that influence the adequate and timely supply of medicines and medical devices to the beneficiaries.

Tripartite consultations of the lists of needs between the MHLSP, beneficiary institutions and relevant civil society organizations are necessary in advance of the procurement processes. UNDP can play the role of convener where necessary.

Technical specifications/requirements need to be consulted and agreed between the MHLSP, beneficiary institutions and UNDP before the procurement processes are started. Joint visits to the beneficiary institutions are also helpful for these purposes.

Some national clinical protocols require medicines that are not manufactured according to the tender quality requirements, thus making impossible procurement of these goods, and therefore the revision of the protocols is necessary.

Small quantity items are very difficult to identify; therefore, the item cost is significantly increased by the delivery cost that might be even higher than the price of the medicine. Alternative solutions for the procurement of such items or adjustment of treatment protocols is necessary.

Medicines and medical device instruction manual language requirements are necessary to be revised, including for Romanian/Russian language, especially for ambulatory released items.

An information session on UNDP procurement, budgeting and reporting, as well as on the role of the Project Annual Work Plan and Budget (AWP), Budget Revisions, Combined Delivery Reports (CDRs), project management, etc. shall be provided to the relevant ministry and beneficiary institutions staff, including Finance Department, before entering into the formal relations (signing of MoU, Project Document, and Financial Agreement) to avoid misunderstandings and eventual tensions raised by the different understanding of certain processes at the implementation stage.

The price estimation for each year shall not be based on the prices obtained in the previous procurement round if the quantities, tranches, manufacturers, means of transportation, shelf life, and delivery time differ. Mistaken price estimation led to delays in the procurement or the cancellation of some items.

Strong partnership between all project actors and stakeholders – UNDP, the MHLSP, beneficiary institutions, hospitals, and the civil society organizations are critically important for the successful Project implementation, achievement of Project targets and of the sustainability of the Project investment.

Developing and implementing e-stock management solutions have a significant impact on how procurement and distribution of medicines are organized, contributing to ensuring a universal healthcare coverage. The e-stock tools offer precise and real-time procurement data about the available stocks, shelf life, deliveries and distribution, needs estimation and procurement planning, helping to address a number of risks and issues described above.

VI. Financial Status⁷

MoHLSP				
	Year	Received, MDL	Received, USD	Expenditure, USD
	2017	85,000,000	4,507,899.89	3,446,695.94
	2018	23,290,673	1,375,132.13	2,043,494.13
	2019		0.00	392,841.95
	TOTAL:	108,290,673	5,883,032.02	5,883,032.02
NAP				
	Year	Received, MDL	Received, USD	Expenditure, USD
	2017	406,899.53	21,156.87	21,156.87
	2018	60,000.00	3,599.71	3,599.71
	2019	182,638.00	10,643.24	10,643.24
	TOTAL:	649,537.53	35,399.82	35,399.82
UNDP				
	Year	Received, MDL	Received, USD	Expenditure
	2017		6,441.52	6,441.52
	2018			
	2019		13,038.15	13,038.15
	TOTAL:		19,479.67	19,479.67
	GRAND TOTAL		5,937,911.51	5,937,911.51

⁷ Disclaimer: Data contained in this financial report section is an extract of UNDP financial records. All financial provided above is final.