Drug Policy

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1.0 INTRODUCTION

Sustained availability, affordability, appropriate pricing and rational use of drugs/medicines has remained a major challenge in public health institutions in Nigeria. This challenge the Federal Centre, Keffi has decided to tackle with setting up of drug and therapeutics committee and the formulation of its hospital drug policy which is a modification / an adaptation of the national drug policy.

Drug policies provide policy framework and guidelines towards sustainable financing of drug, procurements, continuous availability of safe and effective drugs and their rational use.

Formulation of the policy presents an excellent opportunity for the development of new strategies for consolidating achievements in areas where progress has been recorded and address those areas that call for some positive actions.

It is hoped that with judicious implementation of the policy, the patients will have sustainable access to safe, effective good quality drugs and their rational use.

2.0 DEFINITION

Drugs include any substance or mixture of substances manufactured , sold or advertised for use in the diagnosis , treatment, mitigation or prevention of any disease, disorder, abnormal physical state , or the symptoms thereof, in man or in animals, restoring, correcting or modifying organic functions in man or animals, disinfection, or the control of venoms, insects or pests or contraceptives.

3.0 GOALS OF THE HOSPITAL DRUG POLICY

The goals of the policy shall be to make available at all times to the patients adequate supplies of drugs that are effective, affordable, safe and of good quality to ensure the rational use of that drugs and also to ensure sustainable financing and reasonable profitability.

4.0 OBJECTIVES OF THE HOSPITAL DRUG POLICY

The objectives of drug policy are:

I. To ensure efficient drug management in the hospital

II. To ensure access to safe, effective, affordable and good quality drugs at all times.

III. To promote the rational use of drugs by prescribers, dispensers and consumers

IV. To promote local compounding of formulations and other profit generating ventures

V. To ensure that all drugs in the hospital's drug distribution system are safe, efficacious, effective and of good quality

VI. To promote drug utilization research and drug utilization review (based on the research findings)

VII. To strengthens administrative. Legislative and regulatory control of procurement, storage, distribution, prescription and use of drugs.

VIII. To enlist hospital management commitment towards the achievement of the goals and objectives of the Hospital Drug Policy

5.0 STRATEGIES FOR IMPLEMENTING THE HOSPITAL DRUG POLICY

The strategies to be used to implement the hospital drug policy shall focus on effective drug management process such as rational drug selection, proper quantification of drugs needs and effective procurement practices. Others shall include assurance of quality of drugs at all times, appropriate storage, proper costing and effective distribution, monitoring and evaluation. Furthermore, the strategies shall emphasize proper accountability, external controls and rational use of drugs by health workers and consumers

5.1SELECTION OF DRUGS

The objectives of the drugs selection process are to have a list of drugs rationally chosen to satisfy the health care needs of the majority of the population.

Such a list shall be released regularly and shall form the basis of drug procurement, prescription and dispensing.

The list shall constitute the hospital's drug formulary and shall include, majorly, drugs on the essential drug list and the standard treatment guidelines published by the Federal Ministry of Health. In this regards, the Hospital shall take the following steps:

I. A Hospital formulary shall be produced and made available to prescribers, dispensers and service outlets within the Hospital. The formulary shall be managed by the formulary subcommittee of the hospitals drug therapeutic committee

II. Drugs included in the formulary shall

- be listed using generic or international non-proprietary names (INN)
- be based on the health needs of the majority of the population
- have substantial safety and risk/benefits ratio with sufficient accumulated scientific data

iii. As much as possible, formulations containing more than one active ingredients shall be avoided, unless one or more of the following criteria are met:

- The clinical condition justifies the use of more than one drug in a fixed combinations
- Two or more pharmacologically active ingredients are synergically active in a product, or
- Patient compliance is enhanced by the combination

iv. When two or more drugs are therapeutically equivalent or several drugs are available for the same indication, preference shall be given to products with

- Most scientist research and clinical data
- Most favorable pharmacokinetic properties
- Best cost advantage
- Best patient compliance
- Most stable pharmaceutical dosage form for which appropriate storage facilities exist

v. The hospital formulary shall be updated every two years

vi. Suggestions for amendment of the formulary shall be made in writing to the drug therapeutic committee, justifying each suggested amendments, new drugs shall only be added to the list of sufficient scientist and clinical data are available to that they offer distinct advantages over existing ones. Drugs on the list for which information becomes available that they no longer have favorable risk/benefit ratio shall be withdrawn and replaced with safer alternatives.

vii. The hospital formulary shall be used

- For prescribing drugs
- The procurement of drugs and their use
- Prescribing drugs
- Drug information to health care providers

viii. The formulary list shall accommodate all drug on the NHIS list and list for the emergency tray

5.2 PROCUREMENT OF DRUGS

The procurement process is a major determinant of the safety, quality, efficacy, affordability and availability of drugs, its objective is to provide drugs on the basis of relevant information, need and available resources. To address the situation, the following criteria shall be adhered to

I. the hospital shall be committed to Good Pharmaceutical Procurement Practices (see annex 1)

II. Procurement of drugs shall be restricted to drugs registered in Nigeria and on the National essential drug list and /or the Hospital formulary. Procurement for NHIS will be restricted to the approved NHIS drugs list.

III. Procurement shall be by the international non-proprietary Names (INN) or generic Names only. Brand or company /suppliers preference to be determined by price /cost, pharmaceutical and pharmacokinetic/bioavailability consideration

IV. Procurement shall be by open, competitive tender or restricted tender to prequalified suppliers and shall be conducted in a transparent manner with the advice of the Pharmacy Department. Emergency procurement can sometimes be allowed but this shall not be more once within a three month period.

V. All procurement processes (both emergency and regular) shall be regularly audited by the DTC

VI. Procurement shall be based on accurate quantification of drug requirement by the pharmacy department.

VII. Suppliers that offer discount pricing to the public sector shall be preferentially/specially considered

VIII. Procurement and receipt procedures shall ensure that drugs supplied are of good quality. Procurement from the open market shall be completely discouraged.

IX. Receipt procedure shall also be transparent and involve the hospital general stores and audit department

X. In order to keep prices low and undertake adequate quality assessment, drugs shall as much as possible be purchased in bulk. A system of yearly orders (based on quantification) and quarterly delivery shall be encouraged i.e. annual order but quarterly delivery

XI. Drugs procured at all levels shall be subjected to quality assessment before distribution to dispensing units.

The procurement process shall aim to

• Procure the right drugs in the right quantities

• Obtain the lowest possible purchase price

• Ensure that all drugs procured meet recognized standards of quality

• Arrange timely to avoid shortages and stock-out

• Ensure supplier reliability with respect to service and quality

• Set the purchasing schedule, formulas for order quantities and safety stock levels to achieve the lowest total cost at each level of the system

• Achieve these objectives in the most efficient manner possible

For the Hospital, the procurement cycle shall involve the following:

− Review of drug selections (based on consumption information)

− Determination of the quantities needed

− Reconciliation of needs and funds

− Choosing the procurement method

− Location and selection of suppliers

− Specification of contract terms

− Monitoring of order status

− Receipt and checking of Drugs

− Effecting payment

− Storage and distribution of drugs

− Collection of consumption information.

5.3 Drug Resolving Fund Scheme (DRF)

The DRF scheme is a very effective strategy for ensuring uninterrupted drug supply in the health care delivery system. It can raise substantial revenue; improve drug availability and quality of care if appropriately and effectively managed. The major objective of the scheme shall be to maximise access and encourage utilization of services and facilities at the Federal Medical Centre, Keffi.

The revolving Fund Scheme, shall be strengthened through

i. The reorganization of the DRF committee for an effective and transparent fund management

ii. Provision of adequate capital for the procurement of drugs.

Start-up financing shall include a "seed-fund" or fund in the DRF account plus the stock value (based on unit cost of drugs) in the pharmacy minus the drug related debt profile.

iii. Maintenance of a separate account for the DRF Scheme which shall be used exclusively for drug procurement. Proceeds from all drug sales shall be paid into this account

iv. The cost-recovery objective of the DRF shall be full recovery of all drug costs (based on replacement cost of drugs) and local operating cost.

v. DRF committee to manage the account and recommend approval of all payments from the account

vi. Empowering the head of Pharmacy department of the hospital as the custodian of drugs to the institution and the Project Manager to be one of the signatories to the DRF account

vii. The membership of the DFR committee to include the head of the Pharmacy department, chairman of the DTC Committee, a senior account, a staff of internal audit and a senior administrative officer who is also expected to be a member of the procurement committee for the hospital. The Head of Clinical Service is expected to head the DFR committee

viii. Credit facilities shall only be extended to establishments and individuals that have established credit relationships with the Hospital. Drug related credits are to be monitored closely and reimbursements effected through the hospital accounts department.

ix. For NHIS drug related credits, complete reimbursement of balance of payment into the DFR account is to be ensured

x. Drug related expenses for indigent patients and exemption to be handled by the hospital management (i.e. full reimbursement into the DFR account)

5.4 Finance and Pricing Policy

Experience in recent years has shown that drugs are been procured at much higher prices in public institutions than in private retail Pharmacies. Therefore, to ensure affordability of drugs in

the hospital, management shall establish necessary mechanism to guarantee that drug supply to patients shall cost less than in the private sector.

To achieve the above objective:

I. The procurement processes shall ensure that drugs are obtained at lowest possible cost without compromising quality, safety and efficacy

II. Consideration shall be specifically given to supplier with discount policy for public health institutions.

III. A policy of differential mark up (range 10-30%) shall be adopted. factors to be considered includes whether the drug is considered vital, essential or Non-essential and the expenditure involved in their procurement.

IV. Cost to be built into unit cost of drugs for sale to patient include drug cost (replacement cost and local operating cost) and mark up. Cost component allocation shall be objective, transparent and subject to periodic review.

V. Cost allocation for every drug shall be based on replacement cost, operating cost and mark up. This allocation shall be objective, transparent and subject to periodic review and approval by the DTC

VI. A monthly stock taking exercise shall be undertaken to ascertain stock level and declare profit or loss. Periodic Spot checks is also encouraged.

5.5 Drug Storage and Inventory Management

The objectives of drug storage shall be to ensure stock security and maintenance of the quality of drugs throughout their shelf life.

Inventory management shall ensure adequate stock (safely, pipeline and in-use) at all times and as much as possible prevent stock outs and expiration of drugs.

− The hospital shall ensure that the main Pharmacy store is suitably located, of adequate size, well equipped and secured

− The Pharmacist who shall be charged shall have adequate training in logistic and inventory management.

− The ward/ emergency tray stocks shall be managed by pharmacist from the inpatient unit of the Pharmacy.

In addition, the following measures shall be implemented

I. A main storage site shall exist in the hospital. This shall ensure that drugs do not expire or deteriorated in the shelf. However, any stock of expired or deteriorated drugs shall be officially destroyed within six months

II. Regular checks on the quality of stored drugs shall undertake to ensure that they do not deteriorate under storage conditions

III. Adequate mechanism shall be put in place to ensure that the temperature in all drug storage facilities is maintained at not more than 200c for the entire shelf life of the drugs. Appropriate cold storage shall be provided for the maintenance of the shelf life of vaccines and biological products.

IV. Management shall ensure the establishment of computerized inventory control systems for effective drug management

V. The Pharmacy Department, along with the department of Finance (Account and Internal Audit) shall carry out an end of year stock taking exercise. This shall be part of a comprehensive audit process of stocks, ledgers, sales, account etc

VI. Adequate security shall be provided for the storage areas

5.6 Drug Distribution.

Rational drug distribution channels shall be promoted in this hospital.

In this regards, the following measures shall be enforced by the hospital management

I. Drug distribution, inventory control in outlets, sale and dispensing shall be under the control and supervision of Pharmacists

II. Drugs shall be distributed to dispensing outlets on a rational basis: considerations shall include storage facilities at the outlets ,type of patient and proximity to points of use

III. Dispensing outlets shall include

(a) Outpatient outlet

− Shall operate form 800am-400pm on week days

− Handle outpatients especially GOPD and specialist clinic patients

(b) Inpatient dispensing outlets

− Mainly for inpatients

− To be operational for 24 hours

(c) Accident and Emergency dispensing outlet

− Shall be operational for 24 hours

− Handles patient in the casualty and others (during call periods)

(d) Other outlets (Obstetrics and Gynecology, Pediatrics, Theatre, Intensive Care Unit)

- Operational for 24 hours

IV. Emergency Tray (ET)

− Emergency trays to be set up in all the wards, lying and delivery room and Intensive care unit

− List of drug on the ET to be produced by the DTC as part of the formulary

− Drug stock on the ET is to be managed by the pharmacist in conjunction with the Nursing Staff in charge of the units

− Efforts shall be made to prevent stock out, deterioration in quality and expiration of drugs on the ET and all the dispensing outlets

V. For patients, individuals drug order or in some cases, unit dose distribution system as opposed to the bulk ward replenishment. This is to reduce risk of deterioration in quality and scattered stock and losses

5.7 Rational Drug Use (RDU)

The requirements for rational drug use are that the right drugs shall be used for the right indications in the right dose and dosage form for the right duration. RDU seeks to avoid the all-too-frequent problems of under-and over-prescription, inappropriate prescription (especially of antibiotics and injections) and the use of new, expensive, well expensive drugs when equally effective, well-tried, safe and cheaper alternative are available. Concerted efforts shall be made to promote rational drug use through:

5.7.1 Educational and Training

The objective is to ensure that all health personnel involved in the diagnosis, prescription and dispensing of drugs, as well as consumers, receive adequate theoretical and practical training in rational drug use. The following would be necessary:

i. Periodic seminar on promoting rational Drug use-in conjunction with Food and Drugs division of FMOH, NAFDAC and WHO Country Office

ii. Monthly Hospital Drug use and Therapeutic seminar

iii. The continuing medical Education Committee and clinical departments in the hospital to be encouraged to come up and sustain education and training materials.

iv. Stakeholder involved in drug use to be encouraged to go for appropriate trainings to enhance their efficiency

5.7.2 Rational Prescribing

The objective is to ensure that drugs are prescribed rationally. Consequently,

i. Up-to- date standard Treatment Guideline and the Hospital Formulary shall be made available to all prescribers in the hospital

ii. Prescribing shall be by International Non-proprietary Names (INN) or generic names.

iii. Only duly qualified and licensed medical practitioners shall have authority to prescribe drugs. each prescriber in the hospital shall have an assigned code which along with the prescriber's name and sample signature shall with the pharmacy and the office if the head of clinical services

iv. Prescriptions sheets. For outpatients, the sheet shall be in triplicate (a copy each for the pharmacy, accounts and records with DTC/HCS) and for inpatients , the inpatients treatment /prescription sheet which shall be kept with the bed head ticket and the patients case note

v. Minimum items on the prescription sheet to include patients and prescriber details. Generic name of drugs, formulation, route of administration strength, dose and duration of use, prescribers name to include full names code number and signature

vi. Discharge (for inpatients) To-Take-Home(TTH) drugs should be prescribed and dispensed as inpatient, then handed over to the patient/relations, with appropriate drug information, before patient leaves for home

vii. Effort shall be made to provide appropriate drug information at prescription point

viii. Feedback on effect (both benefit and adverse) of drug shall be encouraged

ix. Electronic Prescription System shall be adopted and Perfected in all units of the Hospital. When perfected, this shall replace items iv – vi above.

5.7.3 Rational Dispensing

The objective of rational dispensing shall be to ensure that an effective form of the correct drug is delivered to the right patient, in the prescribed dosage and quantity with clear instruction and in a package that maintains the potency of the drug. In this regard:

i. Dispensing shall only be carried out within the identified outlets

ii. The minimum information requirement on the label of a dispensed medicine shall be the following: Name of patient, Generic Name of dispensed drug, strength of the drug, dosage instruction in symbols or words as may be appropriate, duration of treatment, date of dispensing and the name of the hospital

iii. The patient shall be counselled on the use of dispensed drugs, in conducive environment suitable for effective communication

iv. Dispensing shall be carried out in a sustainable container that will be child-proof and ensure the stability of the drug dispensed

v. Generic substitution: different brands of the same drug when brand name is used for prescription can be substituted. Substitution of different drugs within the same class shall not be encouraged. Suggestions can however be made to the prescriber about reviewing his prescriptions

vi. For inpatients : a pharmacist desk shall be set up in each ward to collate inpatient prescription forward for collection, review collected drugs and handle the distribution of the drugs to the patients drug cupboards. Designated Clinician assistants/pharmacy technician shall be involved in drug collection for inpatients.

vii. Adequate record of dispensed drugs shall be encourage

viii. The dispensing process shall include the following:

a) Receipt and validation of prescription

b) Understanding and interpretation of the prescription

c) Preparation of items for issue

d) Recording of the action taken

e) Issuance of medicine to patient/ clinical assistant/ pharmacist technician with clear instruction and advice

5.7.4 Medication Administration

Inpatients are usually more sick (compared to outpatients) require more medications (most to be administered parentally) and are more prone adverse effects. Appropriate and complete medication administration is therefore very essential. The objective of medication administration shall be to ensure complete compliance, avoidance of medication error, appropriate review of inpatient prescription and monitoring the effect (both beneficial and harmful) of prescription medications.

To ensure the above:

I. Medication administration shall generally be the responsibility of the nursing staff. In some cases, clinicians may administer drugs as intravenous, intrathecal, anesthetic drugs.

II. Medications administered shall be chartered /recorded appropriately on prescribed medication Administration Recording (MAR) sheet

III. The MAR sheet shall among other things contain details of prescriber, medication, prescribed write, dosage and duration, timing of administration and the detail (Name and Signature) of the person and time of medicine administration

IV. Monitoring the effect of the drugs on the patient and ordering appropriate changes in the therapy shall primarily be the responsibility of the clinician. However, Observation and reporting shall be required for the person administering the medication. The input of a clinical pharmacist shall be considered important

V. Inpatients prescription shall not be for more than 72hours (3-days) at the first instance then subsequently 5-days interval. This is to allow for review of medications and avoid continuous unintended administration of medicines. This policy shall not apply to medicines with defined duration of therapy (e.g. antituberculous and antiretroviral drugs)

5.7.5 Drug and therapeutic Committee

Drugs and therapeutic committees are institutional mechanism for promoting, implementing and monitoring the concept of rational drug use in health care institutions. Therefore the following measures shall be taken:

i. The drug and therapeutics committee (DTC) shall be established as an institutional standing committee of the hospital

ii. Membership of the committee shall comprise of representatives of the pharmaceutical, nursing, medical and administrative services of the hospital

iii. The DTC shall, among other duties be responsible for:

• The selection of drugs for use in the institution, based on the National Essential Drug list

• The accurate of estimation of pharmaceutical requirements for the hospital

• Monitoring the use of therapeutic guidelines and over all drug utilization, and

• Monitoring of the rational use drugs in the hospital.

5.7.6 Drug Information Services

Drug information is intended to provide unbiased, scientifically validated drug information to promote rational prescribing, dispensing and use. In this respect, therefore, the following measures shall be taken:

I. A drug information unit shall be established in the hospital

II. The drug information unit shall , at all times, be suitably equipped and provided with up-to-date reference materials and equipment, including computer hard and soft wares and internet access, to guarantee the acquisition and dissemination of current and accurate drug information

III. The drug information shall be manned by pharmacist who shall be available at the desk during working period. Provision shall be made for drug information services to be provided during call periods

IV. A register shall be kept of all requests (both written and oral, by phone) and the response given. This shall be audited, reviewed and updated periodically.

5.8 Pharmacovigilance

Since no active drug is entirely free from adverse reactions, an adverse drug reaction reporting system shall be seen as an essential component of the health care delivery system

I. A Pharmacovigilance unit/center shall be established to collect, evaluate and disseminate relevant information on adverse drug reactions (ADR) and poisoning. This center shall co-exist with the drug information unit as the drug information and pharmacovigilance center.

II. All drugs used in the hospital shall be regularly monitored with respect to their efficacy, safety, quality as well as adverse reactions of their use and their inclusion in the hospital formulary

III. The unit shall relate closely with the pharmacovigilance unit of NAFDAC to ensure that all ADR Alert are appropriately and promptly communicated to the prescribers and dispensers and also to ensure that drugs to be withdrawn are promptly delisted from the formulary

IV. An institutional focal person on pharmacovigilance shall be appointed by the DTC, who shall co-ordinate all matters related to pharmacovigilance (including the pharmacovigilance committee)

V. A system of spontaneous reporting using the prescribed form shall be encouraged. Special cohorts can be periodically studies to determine prevalence of ADRs. ADR desk shall also exist in the GOPD, Specialist Clinics, dispensing outlets and the wards for people to lodge ADR related complaints

VI. The hospital shall keep its own registry of ADR, which shall also be considered in the management of the hospital formulary.

VII. Reported forms, Reports of cohort studies and details in ADR registry shall be forwarded to NAFDAC to update their profile and casualty evaluations.

5.9 Drug Promotion

Information about drugs is usually provided by manufacturers who are often out to promote their brands. Since the HDP does not promote brands, the activity of marketing details manufacturers and suppliers shall be regulated.

To this end-

I. Drug Promotional activities shall be regulated by the DTC

II. No marketing detail shall organize Drug promotional activities without the knowledge and approval of the DTC.

III. Promotional activities that could be seen as biasing the prescriber shall be discouraged

IV. Pasting of promotional posters in prescribing outlets by detailers of manufacturers/Suppliers shall be discouraged

V. Promotional activities should emphasise the generic names of the product. Brand Names should only be as a means of relating a product to a particular Manufacturer/ Supplier.

VI. The process of selection of the brand of a particular product to stock shall be transparent and based only on scientific and cost effectiveness considerations.

5.10 Control Measure

To promote accountability and transparency, minimize loss and enhance profitability, control measures shall be put in place, monitored and enforced.

a) Procurement and Sales

I. Drug procurement shall be handled by the hospital central procurement committee in conjunction with the revolving fund committee and the pharmacy Department.

II. List and quantity of drugs to be procured shall be approved by the DTC before forwarding to the DRF and the procurement committee

III. Suppliers shall be prequalified and registered with the hospital. The tender process shall be transparent and follow due process

IV. Emergency procurement of drugs shall be discouraged / minimized only when presented as being absolutely necessary by the DTC

V. Receipt of procured drugs in conjunction with the security, stores, account and internal audit departments

VI. There shall be daily reconciliation of sales (pharmacy and accounts copy of receipt s, record of dispensed drugs and actual cash lodgement.

VII. There hall an end of the year summary of sales, stock balance and declaration of profit or loss

b) Stores and inventory Management

I. Security department shall ensure adequate watch over items in the pharmacy department to avoid loss

II. The pharmacy shall ensure strict inventory control and management to avoid deterioration and expiration of drugs.

III. Periodic checks by the internal Audit department on actual stocks, bin cards, ledgers and documentation of drug movement and dispensing

c) Drug Utilization- these measure shall be in place

i. Restricting access and customized prescription sheets with prescriber's identification.

ii. Periodic review of prescription and dispensing records

iii. Annual Drug Utilization Review- to examine prescription and dispensing patterns, medication error and drug consumption patterns.

5.11 Research and Human Resources Development

a) Research shall be encouraged in the following areas

I. Drug utilization and promoting rational drug use

II. Pharmacovigilance and safety

III. Pharmaco economics and cost effectiveness analysis

IV. Social cultural aspects drug use

V. Other areas of interest to the hospital

b. Well trained and experienced professional, managerial, technical and other personnel are essential for planning, organizing and implementing this policy. Management shall therefore

I. Strengthen the capacity of stakeholders in the drug use cycle

II. Develop in-service training programme to address on-the-job requirements in the implementation of the policy

III. Promote co-operation with relevant Government international Agencies (e.g. FMOH, NAFDAC, WHO) and Research Institute for the purpose of implementing these policies.

5.12 Monitoring and Evaluation

The success of this policy would depend on how well its provisions are implemented. Mechanism shall, therefore, be put in place for monitoring, measuring and evaluating the policy's performance and impact, and for identifying possible problems and evolving effective strategies to address them. In this Regard

i. The policy subcommittee of the DTC shall serve as a monitoring unit, to measure progress in the implementation of the policy

ii. Complications of indicators to monitor the policy

iii. Institutionalizing of drug management information system as a basis for deriving drug management and other relevant information for taking decisions on the Drug use process

iv. Undertaking full evaluation of the HDP every three years

Annex 1

Good Pharmaceutical Procurement Practices

I. Procurement by Generic name

- Use generic names (international Non-proprietary Name-NNM) for fair competition
- Specify quality standards, not specific brands, for drugs with bioavailability problems

II. Procurement limited to essential drug list or formulary list

- Select safe, effective, cost-effective drugs
- Use formal approval procedures for procurement of non-listed drugs

III. Procurement in Bulk

- Concentrate purchases on limited list to quantities and reduce price
- Specify divided deliveries

IV. Formal supplier Qualification and Monitoring

- Use formal supplier before qualification based on drug on drug quality, service reliability and financial viability
- Approve suppliers before tendering (Prequalification) or after (Post qualification)
- Use a formal monitoring system to ensure continued supplier qualification

V. Competitive procurement

- Use competitive bidding on all but very small or emergency purchases to obtain the best prices
- In restrictive tenders, only prequalified suppliers compete
- In open tenders, suppliers must be evaluated after submission of bids

VI. Sole-source commitment

- All contracted drugs are procured from winning suppliers
- Enter into no separate deals with non-contracted suppliers

VII. Order Quantities based on reliable estimate estimates of actual need

- Develop reliable consumption records and morbidity data
- Systematically adjust for past surpluses, shortages and stock-outs
- Adjust for expected program growth and changing disease pattern

VIII. Reliable Payment and good financial management

- Develop mechanisms for prompt and reliable payments
- Prompt payment may bring down drug prices

IX. Transparency and written procedure

- Develop and follow written procedures for all procurement actions
- To the maximum extent possible, make information on the tender process results public

X. Separation of key functions

- Separate key functions that require different expertise
- Functions that involve different committees, units or individuals may include selection, quantification, and approval of supplies and award of contracts

XI. Product Quality Assurance Program

- Establish and maintain a formal system for product quality assurance
- Include quality assurance, product certification, and inspection shipment, targeted laboratory testing and reporting of suspected products

XII. Annual Audit with Published results

- Conduct an annual audit to assess compliance with procurement procedures, promptness of payment and related factors
- Present results to the appropriate public supervising body

XIII. Regular Reporting of Procurement Performance

• Report procurement performance against targets at least annually

• Use of indicators such as ratio of Prices to market prices, supplier lead time, percent of purchases made through competitive tendering and planned versus actual purchases