Mapping Service Delivery in Health-Care

Report : Mapping Service Delivery in Health-Care

Research Team : Universal Sustainable Development Consultancy (USDC)

Published : Kathmandu, February 2021

Publisher : Transparency International (TI) Nepal
House No. 57/62, Chhakkubakku Marga, New Baneshwor
Kathmandu, Nepal
Phone: 977-1-4475062, 4475112
Email: trans@tinepal.org
Website: www.tinepal.org
FB/Twitter: tinepal
Hotline: 1660 01 22211

Support : UKaid from the British people; TRANSPARENCY INTERNATIONAL the global coalition against corruption

ISBN : 978-9937-9402-4-5

Foreword

Transparency International (TI) Nepal is undertaking 'Open Contracting for Health Initiative (OC4H)' in Nepal, a project that emphasizes publishing, using and monitoring public procurement processes and related information openly by all concerned parties. The aim is to ensure the best usage of public funds while ensuring health services to the citizens. The interventions also encourage the government to enhance efficiency, better monitor delivery of health services and ensure value for money.

The responsibility of delivering quality public health services primarily falls on the Government of Nepal. However, due to various reasons, people do not receive health services efficiently and adequately as per government's commitment. Among many reasons, issues related to public procurement of health-care services and medical items is a major contributor. With this backdrop, TI Nepal commissioned "Mapping Service Delivery in Health Care" as a pilot study in Bagmati province, to capture the status of service delivery and public procurement in the health sector.

On behalf of TI Nepal, I would like to thank the team of Universal Sustainable Development Consultancy (USDC) Pvt. Ltd. lead by Dr. An Singh Bhandari for their efforts to conduct this study. This study has been possible with the cooperation and support of concerned government institutions and other stakeholders. We express sincere gratitude for their cooperation, time and information. We also thank the private sector and their associations along with civil society members for their contributions. The inputs of TI Nepal members and efforts of staff in realizing this publication have been valuable. Last but not the least, we express our gratitude to UKaid and Transparency International for their technical and financial contribution to the Open Contracting for Health-OC4H project through which this publication has been made.

Padmini Pradhananga
President
Transparency International (TI) Nepal

Executive Summary

Background – Transparency International (TI) Nepal has been implementing a project, "Open Contracting for Health (OC4H)". The OC4H is designed to contribute towards promoting open contracting for healthcare procurement with the overarching goal to improve functioning of health systems and overall health outcomes of the target population. This will come by OC4H supporting the national Health system to implement open contracting standards in the health system. The intended overall impact of the OC4H initiative is the reduction in corruption in public health procurement. Under this project, TI Nepal commissioned a study to prepare mapping of service delivery in health care, in Bagmati Province of Nepal.

Objectives of the Study – The objectives of this assignment is to uncover facts related to the following research topics:

(i) Delivery of basic health-care service by federal, provincial and local level (limited to Bagmati province) by Hospitals, Urban Health Centers, Primary Health Centers, Health Posts, (proportionally selected sample). Indicators of measurement- availability accessibility (No. of clients served) and free medicines/ family planning devices/vaccines ; integrity issues. (Through exit poll/site visits / online survey).

(ii) Mapping procurement processes, from requirement, budget, purchase, delivery, payment (for free medicines/family planning devices/vaccines and medical equipment pertaining to basic health services) through KII and Consultative Meetings with selected offices involved in procurement.

(iii) Explore possible linkages between topics ii and i i.e. - Procurement and service delivery.

Methodology – The study used two research designs : i) Content Analysis, and ii) Survey design. Content analysis was done using desk reviews whereas, the survey design was used to gather data from primary sources. The quantitative approach was used to collect data & interpret results in figures (number & percentages) while the qualitative approach was applied to collect qualitative information in descriptive narrations. Primary data were collected from: (i) Federal level – Policy & procurement entities and federal hospitals; (ii) Provincial level health procurement unit and Provincial Hospitals; (iii) Local level health procurement units and local level health facilities; and (iv) Health service recipients at all levels. Five out of a total of 13 districts of Bagmati Province were purposely selected for this study: Kathmandu, Lalitpur, Bhaktapur, Makwanpur and Kavre districts. In addition to LMS at the Federal and provincial levels, the sample included 5 districts, two Federal Hospitals, two Provincial Hospitals, four municipalities, five health units, five primary health centers, five health posts, and 40 health service recipients.

Data collection techniques were key informant interviews, consultative meetings and beneficiary surveys. Data collection tools were prepared in English and translated into Nepali, which were discussed with TI Nepal and health specialists prior to field survey. Data were analyzed using SPSS and Excel spread sheet.

Key Findings – Major findings of the study are presented in a systematic order from planning, procurement, distribution, integrity, service delivery and linkages between procurement and service delivery.

Planning: Annual procurement plans were prepared at different levels of the government: i) Federal, ii) Provincial and iii) Local levels with some exceptions. The basis of annual procurement plans were: last year's trend, population coverage, and available resources. Health budget was shared by the Government of Nepal (GoN) and development partners at the federal level while only by the GoN at Provincial and Local levels. Budget shortage was a constraint.

Procurement Process: The methods of procurement were as follows: Sealed quotations above upto NPR 500,000 and EPG -electronic procurement for higher amount as per the ceiling of the Public Procurement Act. at the Federal level, while at the lower levels direct contract and sealed quotations were applied for small amounts. Annual procurement plans were uploaded in the web. Procurement notices issued mainly through organizational websites and EGP portal at federal level and at the Provincial level through national newspapers, local newspapers, notice boards, PPMO website. There are procurement units established at federal and provincial levels. Since the current procurement act is generic across all public sectors, there is a need for a separate procurement act for health. Likewise, the coordination between Federal, Provincial and Local level procurements should be improved.

Distribution Process: At present, the Logistic Management Section (LMS) at the Federal level does not follow central procurement approach unlike in the past. Provinces and Local levels can procure free medicines and basic health equipment at their own. However, the basis of supply coordination includes: Chain of command order; Annual plan; Last year's trend; and Demand of the facilities. Logistic Management Information System (LMIS) practices (i) proper packaging, (ii) Cooling system, (iii) safe means of transport and (iv) strict monitoring for maintaining the quality of supplies of free medicines and basic health equipment from procurement to service delivery. There were medicines that had expired at federal, provincial and local levels. There is a gap on knowledge and practice of expired drug management and proper disposal. The high number of expiries shows a gap between planning and quantification and mobilization in needy health facilities as well as of the validity data. The logistics management of free medicines, family planning means and basic health equipment encountered were: (i) Storage problems, (ii) Transportation problems, and (iii) Untimely availability. The main grievances of the people on free medicines, means of family planning and equipment were: a) none-availability when needed, b) inadequate quantity, c) why free medicines are not available in needed quantity? d) Moderate service quality, and e) rude behaviour of service providers at local level.

Integrity: Payments were mainly done within 15 days with some exceptions beyond 30 days due to lengthy verification process. Procurement was mainly done according to plan. LMS, Provincial and local levels and health facilities do report to their higher offices. Health Service Recipients Opinions: Assessment of the service recipients revealed that they were knowledgeable about the services of the local health facilities. People received health information from local health workers followed by IEC materials and Citizen's Charter. Local health service recipients do not pay any fee for the services. Majority of the surveyed recipients were moderately satisfied.

Linkage between Procurement and Service Delivery: There is a need to improve linkage between procurement and service delivery. To improve linkage between procurement and service delivery, following suggestions were put forth: Enhance people's participation; Empowerment of local government; Prepare

plan and follow it; Timely supply of required medicines and medical equipment; Supply should match with demand; Better coordination between local level government and district-based health offices; Supply required medicines on time; Prepare local procurement plan in partnership with public health officer (PHO) of the district based health office; Recommendation of the Public Health Committee (PHC) be considered to fulfil the need of required medicines.

Procurement related major Issues: Overall, the issues related to Logistic Management were as follows: Procurement: Quantification, Cost estimation, Specifications, bidding documents, procurement methods of health commodities / equipment and timely procurement. Storage/Warehousing: Central medical and vaccine storage and modern warehouse design and construction were inadequate in all levels, cold chain storage a major issue. Distribution/Transportation: Distribution and transportation of drugs, vaccines, health. Commodities, tools and equipment throughout the country uses push and pull system but is not information based, where maintenance is an issue. LMIS/eLMIS: Tools and electronic systems not utilized by service delivery point (SDPs). Human resources development (HRD)/Training: human resource (HR) and training on Procurement and (supply chain management (SCM)-trained but are not in place or have low confidence. Budget: Insufficient budget for procurement of drugs, vaccines, health commodities and equipment. Disposal/Auctioning: Expired medicines disposal and guidelines not in place. Quality: Quality always has been an issue. M&E: Standard tools for M&E for supply chain management (SCM) at least for 5 yrs.-frequent changes made difficult.

Recommendations – Based on the findings of the study the following recommendations are put forth to the (I) government, (II) CSOs/OC4H project and (III) private sector are presented below:

(I) Government – Recommendations to the government on policy and management improvement.

Policy Framework:

- Promulgation of a separate act for health procurement is essential to grant legal basis for expedited procurement of medicines and health equipment.
- Legal provisions be made for coordination of health system planning amongst three levels of governments: Federal, Provincial and Local level.

Management Improvement:

- Improve health service efficiency to minimize wastage due to expiry of medicines.
- Build capacity of local level governments to plan, procure and deliver health services
- Provide adequate quantity of free medicines, family planning means and basic health equipment to health facilities
- Allocate adequate budget for local level health units of the rural and urban municipalities
- Strengthen coordination between provincial health ministry, district-based health offices (HOs) and the health units of the municipalities to better estimate demand, prepare coordinated procurement plan, supply required medicines on time and delivery of required medicines and family planning means to health service recipients.
- Improve storage system of medicines at all levels

(II) CSOs/ OC4H Project – The civil society organizations (CSOs) including TI Nepal be proactive on OC4H agenda:

- Facilitate policy dialogues to necessitate a new procurement act for health procurement.

- Build capacity of LMS and Provincial as well as Local level procurement units to better plan and procure in line with the provisions of the OC4H project in a coordinated manner.
- Build alliances with related agencies / individuals to push OC4H agenda.
- Inform respective health offices / facilities where corrective actions are required.
- Facilitate follow-up research pertaining to OC4H to replicate Health Service Mapping research in other Provinces to understand their level of efficiency and effectiveness to procurement and service delivery in compliance with the OC4H approaches.

(III) Private Sector – The private sectors involvement in health are in four main areas: a) Private hospitals and clinics, b) Pharmacies, c) Supply and transport, and private laboratories. The private health service providers are located mostly in urban areas and are used predominantly by wealthier Nepalese patients. Several private sector agencies also do engage in Pharmacies/drug stores, supplies, transporters as well as private laboratories.

- There is an opportunity for the private sector to participate with the government for building quality warehouses / medical storage facilities
- Transporters are expected to have quality means of transport and deliver on time
- Suppliers / firms are required to have a thorough knowledge of public procurement act and thereby, meet its requirement.

Table of Contents

List of Tables

List of Figures

Abbreviations

AFR = Adolescent Fertility Rate
ANC = Ante Natal Clinic
BS = Bikram Sambat
CEO = Chief Executive Officer
COVID-19 = Corona Virus Disease
CSOs = Civil Society Organizations
DoHS = Department of Health Services
EDCD = Epidemiology and Disease Control Division
eLMIS = Electronic Logistic Management Information System
EPG = Electronic Government Procurement
EPI = Expanded Program of Immunization
FCHV = Female Community Health Volunteers
FP = Family Planning
FWD = Family Welfare Division
FY = Fiscal Year
GoN = Government of Nepal
HMIS = Health Management Information System
HO = Health Office
HRD = Human Resources Development
INGOs = International Non-Government Organizations
IUCD = Intra-Uterine Contraceptive Device
KII = Key Informant Interview
LARC = Long Acting Reversible Contraceptive
LMS = Logistics Management Section
LMIS = Logistic Management Information System
LWG = Logistics Working Group
MCPR = Modern Contraceptive Prevention Rate
MoHP = Ministry of Health and Population
NAHD = National Adolescent Health and Development
NGOs = Non-Government Organizations
NHSS = Nepal Health Sector Strategy
OC4H = Open Contracting for Health
ORC = Out Reach Clinic
PO = Post Office
PHCC = Primary Health Care Centers
PPMO = Public Procurement Monitoring Office
Pvt. Ltd. = Private Limited
SARC = Short Acting Reversible Contraceptives
SCM = Supply Chain Management
SDP = Service Delivery point
SWAp = Sector Wide Approach
TI = Transparency International
TOR = Terms of Reference
UHC = Universal Health Coverage
USDC = Universal Sustainable Development Consultancy

CHAPTER I

1. Contextual Background

1.1 Contextual Background

With the adoption of a federal system of governance, Nepal has three-tier governments: federal government, provincial government and local level government (Municipalities). There are seven provinces and 77 districts and 753 municipalities. The municipalities are sub-categorised into six (6) metropolitan cities, 11 sub-metropolitan cities, 276 municipalities, and 460 rural municipalities. The seven provinces of Nepal are governed by provincial governments which form the second layer of government, between the federal government and the local government. The provincial governments are established, and their structure defined, by the constitution of Nepal (2015).

At the federal level, the Ministry of Health and Populations (MoHP) looks after matters of the health and population while at the provincial level Ministry of Social Development oversees the health sector and health units established in the municipalities. However, the districts oversees the administration directly under the federal government with the development related district offices disintegrated into municipalities including the health services.

Coordinated health sector planning among three levels of governments; timely & transparent procurement of medicines, vaccines, means of family planning & health equipment; integrity, accountability and effective service delivery at the service delivery points (SDP) as well as the satisfaction of the health service recipients is a concern of the open contracting for health (OC4H),

There is an imperative that a strong and efficient Logistics Management System (LMS) is crucial for quality health services. The Open Contracting is an approach to improving public procurement. The Logistics Management Division (LMD) was established in FY 2051/52 (AD 1994) under the Department of Health Services (DoHS). The Logistic Management Section (LMS) is responsible for logistic management at the federal level.

The overall health sector vision and approaches of the Government of Nepal is reflected in the Nepal Health Sector Strategy (NHSS 2015-2020). The Ministry of Health and Population (MoHP) strives towards the NHSS goal to 'improve the health status of all people through accountable and equitable health service delivery system. The NHSS stipulates the following nine outcomes to achieve this goal:

1) Rebuild and strengthen health systems: Infrastructure, HRH management, Procurement and supply chain management.
2) Improved quality of care at point-of-delivery
3) Equitable utilization of health care services
4) Strengthen decentralised planning and budgeting
5) Improved sector management and governance
6) Improved sustainability of health sector financing
7) Improved healthy lifestyles and environment

8) Strengthen management of public health emergencies
9) Improved availability and use of evidence in decision-making processes at all levels

Implementation of the open contracting data standards to public procurement can help to:

- Drive higher-quality goods, works and services for the population.
- Deliver better value for money for governments\
- Create fairer competition and a level playing field for business, especially small and medium enterprises
- Prevent fraud and corruption
- Promote smarter analysis and better solution for public problems.

An efficient and transparent procurement system is crucial to provide citizens with access to essential affordable and quality healthcare.

1.2 Open Contracting for Health (OC4H)

The OC4H is aimed at influencing health logistic management to be more open and efficient. This is imperative that a strong and efficient Logistics Management System (LMS) is crucial for quality health services. The Open Contracting is an approach to improving public procurement through three core elements:

- Public disclosure of open data and information about the planning, procurement, and management of public contracts.
- Participation and use of contracting data by non-state actors at appropriate points in the planning, tendering, awarding, contracting and monitoring of contracts. Participation involves appropriate communication, consultation, and collaboration to make sure increased information is used to create changes and also involves input into policy to make sure that contracting follows a set of clean, widely understood rules.
- Accountability and redress by government agencies or contractors acting on the feedback that they receive from civil society and companies, leading to real fixes on the ground, i.e. better public goods, services, institutions or policies.

Open contracting for health enables governments to better estimate demand, plan, budget, purchase, and check mispricing and look for red flag warnings of mal-practices. Open Contracting for Health (OC4H) attempts to connect people to policy and help make the procurement system more transparent with required information shared. This in only through a complete knowledge of openly shared data/information, that citizens, anti-corruption agencies and journalists could hold decision makers to account.

Aim of OC4H in Nepal - Generally, open contracting for health can help to display transparency in procurement processes; drive higher-quality goods, works and services for the population; deliver better value for money for governments; create fairer competition and a level playing field for business, especially small and medium enterprise; prevent fraud and corruption; and promote effective service delivery.

The OC4H is designed to contribute toward promoting open contracting for healthcare procurement with the overarching goal to better health system functioning and improve overall health outcomes of the target population. This contribution will come through OC4H supporting national Health system to implement open contracting standards in their health system. The intended overall impact of the OC4H initiative is the reduction in corruption in public procurement for health. This will be achieved through attainment of

increased transparency in the public health procurement of national health system. The OC4H initiative will target a critical mass of national health systems who will work together with civil society groups to apply open contracting standards. Funds saved through open contracting will be identified and when possible compared to procurement costs in previous years and reported publicly.

Transparency International Nepal (TIN) has launched a project on "Open Contracting for Health (OC4H). Under this project TI Nepal commissioned a study to prepare a mapping of service delivery in health care especially in Bagmati province of Nepal. Mapping of health care services is paramount for improving effective service delivery. The following are the three main outcomes of the OC4H project.

Strengthen the capacity of governments to implement open contracting through training and guidance, as well as linking governments to civil society to establish lasting effective networks.

Facilitate the diversity of suppliers in health sector public procurements by bringing together and informing small, medium, and large enterprises about how open contracting can be good for business.

Strengthen the capacity of local civil society, in order to heighten their engagement with the public procurement process, establishing sustainable and lasting networks and creating monitoring tools and frameworks.

1.3 Institutional Arrangement for Health Logistic Management

In Nepal, there are several institutions that offer basic health services. The main institutions that delivered basic health services in 2074/75 were the 125 public hospitals, 1,822 non-public health facilities, 198 primary health care centers (PHCCs) and the 3,808 health posts. Primary health care services were also provided by 11,974 primary health care outreach clinics (PHCORC). A total of 15,835 Expanded Programme of Immunization (EPI) clinics provided immunization services. These services were supported by 51,420 female community health volunteers (FCHV). The information on the activities of the public health system, NGOs, INGOs and private health facilities were collected by DoHS's Health Management Information System (HMIS).

Primary Health Care Outreach Clinics - The clinics are conducted within half an hour's walking distance for the population residing in that area. Primary health care outreach clinics (PHC/ORC) extend basic health care services to the community. In 2074/75, 2.6 million people were served at 131,382 outreach clinics (Table 4.7.1). A total of 131,382 clinics were run which represents 90 percent of the targeted number (131,382 clinics x 12 = 1,576,584 in a year) as reported in the annual report of the Department of Health Services (DHS) 2017/18.

Logistics Management Division (LMD) was established in FY 2051/52 (AD 1994) under the Department of Health Services (DoHS). After federalism, Logistic Management Section (LMS) is responsible for logistic management with a revised structure, role and responsibilities. LMS has procurement, storage, cold chain, vaccine management and supply units as well as a functional logistic management information resource centre. The major role of LMS is to forecast, quantify, procure, store, distribute/transport of program commodities, e.g. essential medicines, vaccines, Family Planning and Reproductive Health (FP/RH) Commodities, biomedical equipment including procurement and distribution of transportation vehicles, ambulances, refrigerator van and proper disposal and auctioning of de-junking of commodities, equipment's, furniture etc. Maintenance of biomedical equipment's, transport vehicle and construction of Central, Provincial, District and local level warehouses are also an important function under logistic system.

Likewise, there is a Planning Division, at the Federal Ministry of Health and Population (MoHP) with which project needs to approach to strengthen coordinated health system planning at three levels of the government. Similarly, functional linkages with the public procurement monitoring office, epidemiology and disease control division, management division and many other divisions and units within federal and provincial ministries require coordinated efforts pertaining to OC4H promotion.

Family Planning and Reproductive Health - National family planning programme (FP) in 2074/75 experienced a downturn in uptake of family planning services. National and Provincial MCPR has decreased. The modern contraceptive prevalence rate (MCPR) for modern FP at the national level is 40%. MCPR in the Terai (45%) is higher than the national average. Province 2 has the highest MCPR of 46.9% while Gandaki Province the lowest (32.7%). Nationally, current users (absolute numbers) of all modern methods have decreased by 174,705 in 2074/75 from the previous year. The number of districts with MCPR below 30 % has increased from 13 in 2072/73 to 18 in 2074/75 indicating below par performance among the low MCPR districts. The trend of current users of permanent methods are decreasing while currents users that of long acting reversible contraceptive (LARCs) is almost stagnant at the national level but is in an increasing trend in Province 1 and Sudurpashchim Province. Female sterilization is popular in Terai and male sterilization is more popular in Mountain and Hill than Terai. Contraceptive implant compared to IUCD seems to be more popular among women of reproductive age in all ecological regions of Nepal. Contraceptive defaulters, a proxy indicator for contraceptive discontinuation, are high in Nepal. About 59% of contraceptive users have discontinued using the method or switched to another contraceptive method. Compared to SARCs (short acting reversible contraceptives—pills and Depo), LARCs has lower defaulter rate in all Provinces. Trends of contraceptive discontinuation have increased in 2074/75. Depo (37%) occupies the greatest part of the contraceptive method mix for all method new acceptors, followed by condom (27%), implant (19%), IUCD (4%), female sterilization (ML 3%) and lastly male sterilization (NSV 1%) in 2074/75. Nationally, new acceptors of all modern methods (absolute numbers) have decreased by 4,315 while new acceptors of all temporary methods (absolute numbers) have decreased by 41,719 in 2074/75. LARCs implant new acceptors significantly dominated over IUCD in all provinces and ecological regions. There has been a nominal increase in post-partum uptake of FP method. Post abortion FP use is encouraging. Contraceptive uptake among total reported abortion services is 75.4%, an increase from past year (70.7%) but only 23% is contributed by LARCs indicating women after abortion are relying on less effective methods.

Adolescent sexual and reproductive health - National Adolescent Sexual and Reproductive Health (ASRH) is one of the priority programs of Family Welfare Division (FWD), Department of Health Services. Nepal is one of the countries in South Asia which has developed and endorsed the first National Adolescent Health and Development (NAHD) Strategy in 2000. To support district health managers to operationalize the strategy, an implementation guideline on Adolescent Sexual and Reproductive Health (ASRH) was developed in 2007 and piloted in 26 public health facilities of 5 districts (Bardiya, Surkhet, Dailekh, Jumla, and Baitadi). ASRH barrier study "Assessing supply side constraints affecting the quality of adolescent friendly services (AFS) and the barriers for service utilization" carried out in 2014 under the leadership of FWD or interventions were implemented in BS.2072 (2015) as part of system strengthening (capacity building, certification for quality delivery of AFS in friendly manner) and awareness raising interventions among adolescents and key stakeholders. To address the needs of emerging issues of adolescents in the changing context, the NAHD strategy was revised in 2018, the main aim of the revision of strategy was to address the problem faced by the adolescents in Nepal. Adolescents aged 10 to 19 constitute 24%

(6.4 million) of the population in Nepal. Nepal is the 3rd highest country in child marriage though the legal age for marriage is 20. Seventeen percent of girls aged 15-19 years are already mothers or pregnant with their first child. Only 15% of currently married adolescents use a modern method of contraceptives. The Adolescent Fertility Rate (AFR) indicate an increasing trend from 81 in 2011 to 88 in 2016 per 1,000 women of 15-19 years.

Health Sector Achievement - In the past two decades, Nepal has made notable progress on improving the overall health outcomes of the citizens. Between 1990 and 2014, Nepal impressively reduced under-five mortality by 73% and infant mortality by 67%. Similarly, Nepal was able to reduce maternal mortality by 76% between 1996 and 2013. During this period, polio is heading towards eradication phase while leprosy is at an elimination stage. Considerable efforts have been made to halt and reverse the trends of tuberculosis, HIV and malaria (NHSS 2015-2020, P-i).

Universal Health Coverage Policy - Nepal Health Sector Strategy 2015-2020 (NHSS) is the primary instrument to guide the health sector. It adopts the vision and mission set forth by the National Health Policy and carries the ethos of Constitutional provision to guarantee access to basic health services as a fundamental right of every citizen. It articulates the nation's commitment towards achieving Universal Health Coverage (UHC) and provides the basis for garnering required resources and investments. NHSS places health at the centre of overall socio-economic development. It guides the health sector's response in realizing the government's vision to graduate Nepal from 'Least Developed Country' to 'Middle Income Developing Country' by 2022. The NHSS is developed within the context of Sector Wide Approach (SWAp) and it sees partnership as a cornerstone for health development in Nepal. NHSS was developed jointly by the government and its development partners. Both the government and development partners are commited to align their efforts to NHSS priorities and are jointly accountable to achieve the results. NHSS also harnesses multi sectoral approach to address social determinants of health. To sustain the achievements made in the health sector and address the aforementioned challenges, NHSS stands on four strategic principles:

1. Equitable access to health services
2. Quality health services
3. Health systems reform
4. Multi-sectorial approach

CHAPTER II

Objectives and Methodology

2. Objectives of the Study

The 'Open Contracting for Health' project of the Transparency International Nepal sought consultancy services for mapping of health care services in Bagmati province. The objectives of this assignment is to uncover facts related to the following research topics:

1. Delivery of basic health-care service from federal, provincial and local level (limited to Bagmati province) by Hospitals, Urban health centres, Primary health Centres, health posts, etc. (proportionally selected sample). Indicators of measurement- availability accessibility (No. of clients served) and free medicines/ family planning devices/vaccines etc.; integrity issues. (Through exit poll/site visits / online survey).
2. Mapping of procurement processes, from requirement, budget, purchase, delivery, payment (for free medicines/family planning devices/vaccines and medical equipment pertaining to basic health services) through KII and Consultative Meetings with selected offices involved in procurement.
3. Explore possible linkages between topics 2 and 1 that is Procurement and service delivery (Fig-1).

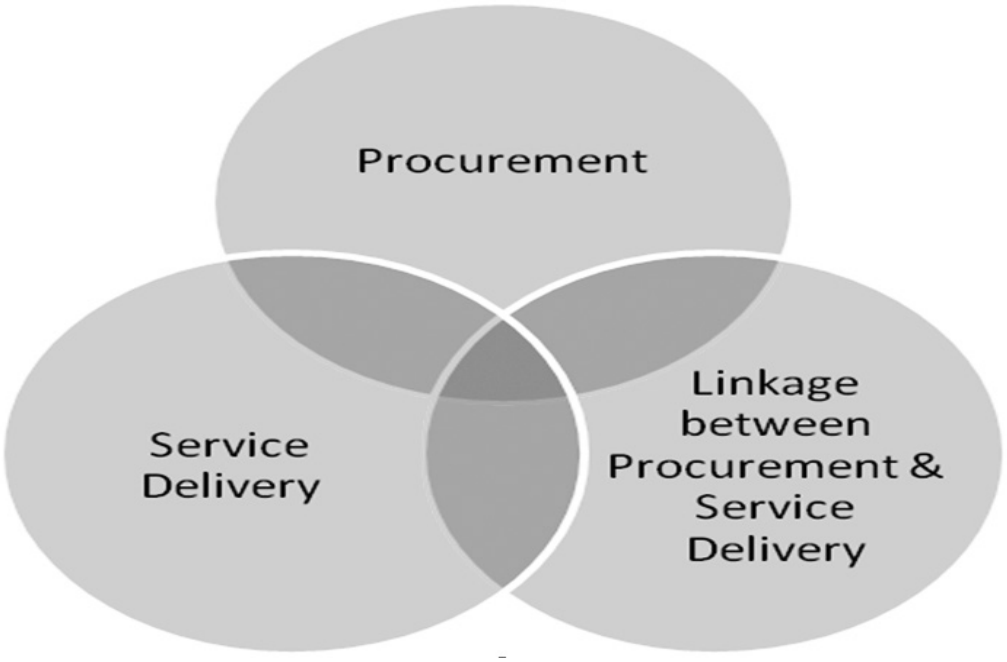

Figure 1 : Objectives of the study

2.1 Approaches

The research used qualitative and quantitative approaches with data gathered from primary and secondary sources. A participatory approach was employed in mapping and assessing the basic health service deliveries. The quality of services was assessed from the service recipients' perspectives. Use of various

electronic platforms was maximized besides in-person field visits at the height of COVID-19 pandemic. The study ensured the following approaches:

(i) A combination of qualitative & quantitative research approaches

(ii) Participatory Approach

(iii) Appreciative Analysis Approach

(iv) Primary and secondary data collection approaches

2.2 Research Design

The study used two fundamental research designs:

(1) Content Analysis

(2) Survey design

Content analysis was done using desk review technique of research, whereas the survey design was used to gather data from primary sources. The quantitative approach was used to collect data & interpret results in figures (number & percentages) while the qualitative approach was used to collect qualitative information in descriptive narrations.

2.3 Data Sources

The two major sources of data: (i) Primary and (ii) Secondary sources are described below:

2.3.1 Primary sources

Primary data were collected from three levels i.e. Federal, Provincial, and Local from the following sources:

- **Federal Level –** Logistics Management Section (LMS) of the Department of Health Services; Planning, Monitoring & Evaluation Division of the Ministry of Health; Federal/Central Hospitals; and health care service recipients – patients and their guardians.
- **Provincial Level –** Primary data were gathered from the LMS of the Provincial Department of Health; Provincial Hospitals, District-based Health Offices, and the health care service recipients – patients and their guardians.
- **Local Level -** Local level included Metropolitan Municipalities, Sub-Metropolitan Municipalities, Municipalities (Urban), and Rural Municipalities. All these categories of local levels were represented in the study covering: Health Units of municipalities, Primary Health Centers, Health Posts, and the health care service recipients – patients and their guardians.

2.3.2 Secondary sources

- Nepal Health Sector Strategy(NHSS) Implementation Plan 2016-21
- Health related Policy and Program for Fiscal Year 2076/77 – Government of Nepal
- Health Logistics Report 2077
- Project document of Open Contracting for Health (OC4H), TI Nepal
- Presidential address to both Houses of the Parliament, 2076.
- Nepal Health Sector Strategy 2015-2020, MoHP, Nepal

2.4 Sample Size

The study used a purposive sampling procedure for selecting the province, districts and municipalities i.e. Out of seven provinces of Nepal one province of Bagmati was purposively selected in compliance with the terms and conditions of the study. Five (38.46%) out of 13 districts from Bagmati Province were selected for the study.

Selection of the sample size including the districts, federal offices and hospitals, provincial offices and hospitals, district based health offices, municipalities, health units, health posts, primary health centres and the health service recipients was done in consultation with the TI Nepal and presented in the final inception report.

The sampled districts include: Kathmandu, Lalitpur, Bhaktapur, Kavre and Makwanpur as represented in figure below (Fig-2).

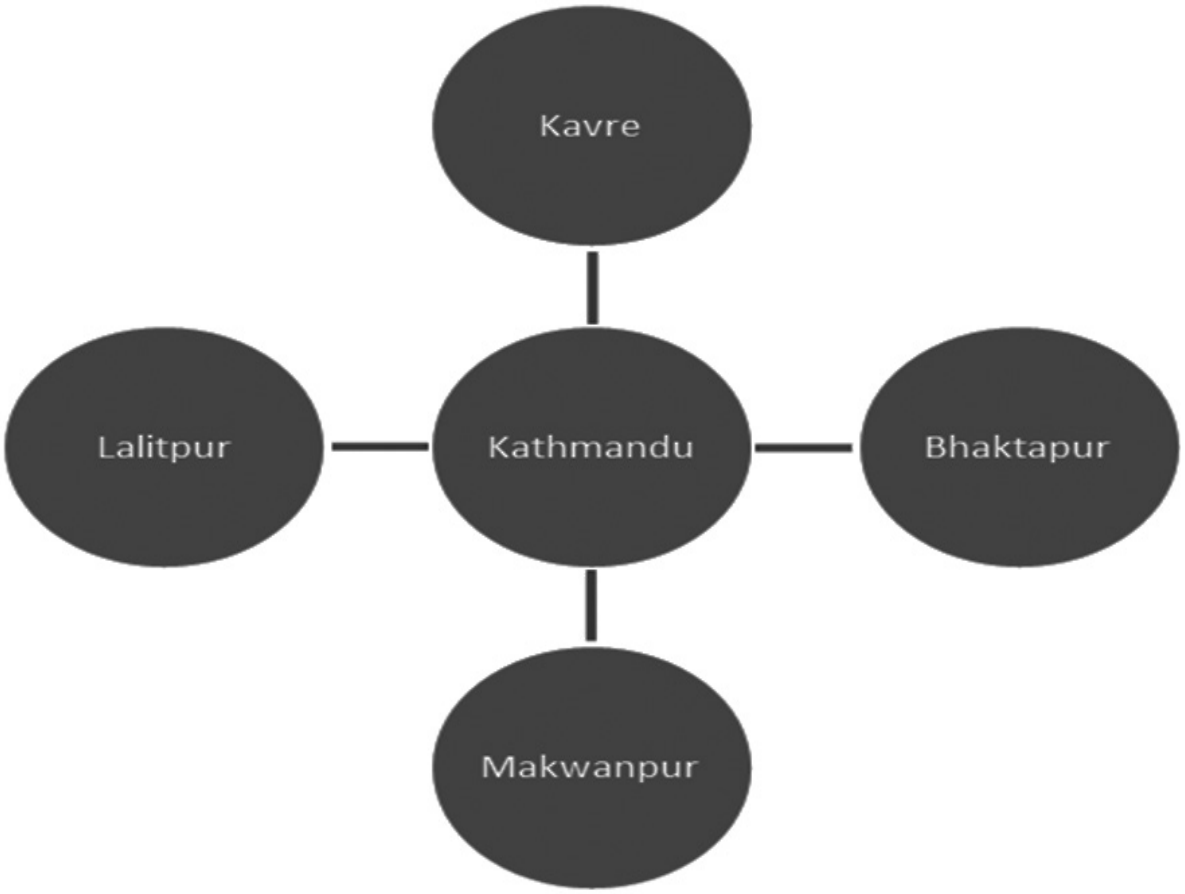

Figure 2 : Study districts

Further elaboration of the sample size representing provinces, districts, health service providers including health facilities and beneficiaries – health care service recipients are shown in the table below (Table-1).

Table 1 : Sample size

Districts	Federal Level (FL)		Province (PL)			Local Level (LL)				Beneficiary
	MOHP	Hospital	Logistic Management Section	Hospital	Health Office	Municipality	Health Unit	Primary Health Centre	Health Post	
Kathmandu	2	1			1	1	1	1	1	8 (LL-4, FL-4)
Lalitpur						1	1	2	2	8 (LL-8)
Bhaktapur		1				1	1	1	1	8 (FL-4, LL-4)
Makwanpur			1	1			1	1	1	8 (PL-4, LL-4)
Kavre				1	1	1	1	1	1	8 (PL-4, LL-4)
Total	2	2	1	2	2	4	5	6	6	40

Note: *Total surveyed, 40 Beneficiaries @ 8 persons per district*

2.5 Data Collection Techniques and Tools

Techniques - Primary data were gathered from health service providers using Key Informant Interviews (KII), Consultative Meetings and Beneficiary surveys in-person followed by administration of remote follow-ups using various electronic platforms such as: Skype, Messenger, Zoom, Whatsapp, Viber, Email correspondence, and telephone calls.

1) **Key Informant Interviews (KII) –** A checklist of key questions was prepared to guide the KIIs. Key informant interviews were conducted with relevant authority at the following facilities:
   - Head of the LMS, DoHS, Federal level
   - Head of the Planning Division, MoHP, Federal level
   - Head of the procurement unit, Provincial level
   - Chief and store in-charge of Central, Provincial and District hospitals
   - Store in-charge of the district-based Health Offices (HOs)
   - In-charge of the Primary health centers
   - In-charge of the Health posts

2) **Consultative Meeting –** A checklist of strategic questions was prepared to guide consultative meetings. The consultative meetings were conducted with the following stakeholders:
   - OC4H project, TI Nepal
   - LMS, Federal level
   - LMS, Provincial level
   - Chief of Health Unit, at Municipality in Bhaktapur

3) **Beneficiary Survey –** The beneficiaries refer to the health care service recipients and their guardians present at the health facility at the time of this survey. They were interviewed with the help of a semi-structured questionnaire.

Field data were gathered with the help of the trained Data Collectors / Enumerators while the team of researchers gathered necessary data from the Federal level by holding Consultative Meetings.

Data Collection Tools – Data collection tools were prepared by the Research Team in advance and finalized in consultation with the experts of TI Nepal and the Department of Health Services. The questionnaires were originally prepared in English and later translated into Nepali. The tools included:

(i) Semi-structured questionnaires for KII

(ii) Checklist of strategic questions for consultative meetings

(iii) Semi-structured questionnaire for Beneficiary survey

Key areas of questions covered three main aspects: (i) Procurement processes, (ii) Health service delivery, and (iii) Linkage between procurement and service delivery. Further details are shown in respective questionnaires as annexed (Annex-2).

2.6 Data Analysis

Data were analyzed using SPSS package and the output tables presented in Excel tables showing mainly the frequencies of the responses by federal, provincial and local levels.

2.7 Limitations

The study was conducted under stress caused by Corona virus Pandemic and has the following limitations:

- Enumerators were recruited by districts and trained online using various electronic platforms that limited face to face interaction
- Districts were purposively selected considering ease of approach under lockdown conditions
- Considering all these limiting factors originally planned sample size was lowered but the statistically representative sample size was maintained despite limitations.

CHAPTER III

3. Research Findings

Findings are presented in a sequential order in line with the spirit of the open contracting for health (OC4H) inclusive of planning, budgeting, procurement, distribution, integrity, service delivery and the quality of health services from recipient's perspectives at different levels as shown below:

A. Procurement Plans & Procedures of Federal and Provincial Government
B. Procurement Procedures and Service Delivery by Federal and Provincials Hospitals
C. Service Delivery by Local Health Facilities
D. Opinions of the Health Service Recipients
E. Linkage between Procurement and Service Delivery

A. Procurement Plans & Procedures of Federal and Provincial Governments

3.A.1 Procurement Plan

Annual procurement plans were prepared at different levels of the government: i) Federal, ii) Provincial and iii) Local levels with some exceptions. A majority of the agencies (62.5%) surveyed disclosed that they prepared annual procurement plans while 37.5% agencies, especially, the local health facilities reported that such a plan was not prepared in advance (Table-2).

Table 2 : Hospitals and Health facilities having procurement plan.

Districts	No of Health Facilities	Yes		No	
	Num	Num	Per cent	Num	Per cent
Kathmandu	2	1	50.0	1	50.0
Lalitpur	1	0	0.0	1	100.0
Bhaktapur	2	2	100.0	0	0.0
Kavre	2	1	50.0	1	50.0
Makwanpur	1	1	100.0	0	0.0
Overall	**8**	**5**	**62.5**	**3**	**37.5**
Central	2	1	50.0	1	50.0
Provincial	2	1	50.0	1	50.0
Local	4	3	75.0	1	25.0
Overall	**8**	**5**	**62.5**	**3**	**37.5**

The basis of annual procurement plans were: On the basis of last year's trend; On the basis of population coverage; and On the basis of available resources (Annex Table-1).

In preparing the annual procurement plans the following approaches were employed:

- Participatory approach
- As per the need of the office (Annex Table-2).

3.A.2 Annual Procurement Budget

Total procurement budget of 2077 as reflected in Health Logistic Report (2076/77) in accordance with the Red Book was NPR 245435 thousand of which NPR 218385 thousand was from government sources. Three year's budget from different sources is shown in the table below (Table-3).

Table 3: The 2077 Budget contribution as per the Red Book (NPR in thousands)

FY	GoN	UNICEF	USAID	UNFPA	Pool Fund	Total
2074/75	224400	45050	20000	500	202050	492000
2075/76	138600	5200	25300	0	145500	314600
2076/77	218385	10250	16800	0	0	245435

Source: *Health Logistic Report 2077, LMS.*

On average, the budget allocated by health facilities surveyed at provincial and local levels was NRs 57,06,250. There was no local budget for procurement for vaccines. However, equipment budget averaged NRs. 15,10,625 (Table-4).

Table 4 : Average budget by provincial and local levels by purpose (NRs)

Districts	Free medicines (Rs)	Family Planning (Rs)	Vaccines (Rs)	Equipment (Rs)
Kathmandu	1500000	0	0	750000
Lalitpur	1800000	0	0	1800000
Bhaktapur	1275000	0	0	2500000
Kavre	1650000	0	0	17500
Makwanpur	35000000	0	0	3750000
Overall	**5706250**	**0**	**0**	**1510625**
Central	500000	0	0	0
Provincial	17650000	0	0	1875000
Local	2337500	0	0	2083750
Overall	**57,06,250**	**0**	**0**	**15,10,625**

Source: *Health Logistic Report 2077, MOHP, Nepal*

3.A.3 Methods of procurement

At the federal level LMS, the methods of procurement were sealed quotations for small amounts below NRS 500,000 and electronic government procurement (EPG) for higher amounts as per the ceiling of the Public Procurement Act. However, at provincial and local levels, the procurement methods were: direct purchase, sealed quotations, sealed tender and e-GP (Table-5):

Table 5 : Methods of Procurement at provincial and local levels.

Districts / Levels of Govt.	Direct Payment	Sealed Quotation	Sealed Tender	Electronic Government Procurement –EGP
	Frequency (f)	f	f	f
Kathmandu	1	0	1	0
Lalitpur	1	1	0	0
Bhaktapur	0	2	0	0
Kavre	1	2	1	1
Makwanpur	1	0	0	1
Overall	**4 (50.0)**	**5 (62.5)**	**2 (25.0)**	**2 (25.0)**
Central	1	1	0	0
Provincial	1	1	0	1
Local	2	3	2	1
Overall	**4 (50.0)**	**5 (62.5)**	**2 (25.0)**	**2 (25.0)**

The LMS has displayed its logistic management plan in the MoHP's website?. Likewise, other health offices / health facilities at federal, provincial and local levels disclosed their annual procurement plans which were uploaded in the website. However, a large number of the local level health facilities have not displayed their procurement plans in the web (Annex-Table-3).

Likewise, at the federal level, LMS has got its procurement plan approved by the Health Secretary while at the provincial and local levels it was revealed that about 50 % of the health facilities and health offices have shared their annual procurement plan with their higher offices (Annex Table-4).

3.A.4 Procurement Notice

LMS has been publishing procurement notices through websites and PPME web. At the provincial and local levels, approximately 75 % (Six out of eight) of the respondents surveyed disclosed that they have published procurement notice(Table-6).

Table 6 : Procurement Notice

Districts / Levels of Govt.	Responses	
	Yes	No
	Num	Num
Kathmandu	1	1
Lalitpur	1	0
Bhaktapur	2	0
Kavre	1	1
Makwanpur	1	0
Overall	**6 (75.0)**	**2 (25.0)**
Central	1	1
Provincial	1	1
Local	4	0
Overall	**6 (75.0)**	**2 (25.0)**

Regarding the medium of notice, the LMS published procurement notices through PPME. At the provincial and local levels, the procurement notices were published using different media platforms like the Notice Board (25%), Website (37.5 %), National Newspapers (12.5%), PPME website (25%) as shown in the Annex (Annex Table-5).

3.A.5 Procurement Unit

The Logistic Management Division of the Department of Health Services at the Federal level has a functional Logistic Management Section (LMS). Likewise, at the provincial and local levels almost 100% of the offices surveyed have procurement units in their offices. With reference to human resources, the federal level LMS is supported by five (5) staff. At the provincial and local levels there is a total of 36 staff in the facilities surveyed (Table-7).

Table 7 : Number of procurement staff

Districts / Levels of Govt.	Num
Kathmandu	10
Lalitpur	7
Bhaktapur	8
Kavre	8
Makwanpur	3
Overall	**36**
Central	6
Provincial	6
Local	24
Overall	**36**

3.A.6 Pre-bidding Information to Bidders

The LMS provides pre-bidding information to bidders regarding the date, venue and time of pre-bidding meeting specifically for some important issues and new type of procurements. Likewise, at the provincial and local levels about 75% facilities provide pre-bidding information to bidders as shown in the table below (Table-8).

Table 8 : Pre-bid information to bidde0rs

Districts / Levels of Govt.	Yes	No
	Num	Num
Kathmandu	2	0
Lalitpur	1	0
Bhaktapur	2	0
Kavre	0	2
Makwanpur	1	0
Overall	**6 (75.0)**	**2 (25.0)**
Central	2	0
Provincial	1	1
Local	3	1
Overall	**6 (75.0)**	**2 (25.0)**

Bid registration - The LMS registers bids in case of Federal level bidding. At the provincial and local levels, the survey disclosed that about 75% of the Bid was registered as shown in the Annex (Annex Table-7).

Bid opening on time - At the Federal level the LMS claimed that the bids were opened on time. Similarly, at the provincial and local levels bids were also opened on time (100%) as shown in the Annex (Annex Table-8).

3.A.7 Contract Notice Publication

Imperatively, the LMS issues contract notices in case of Federal level contracts. For the provincial and local level about 87% of contract notices were published while 12.5% were not (Table-9).

Table 9 : Contract notice publication

Districts / Levels of Govt.	Yes	No
	Num	Num
Kathmandu	2	0
Lalitpur	1	0
Bhaktapur	2	0
Kavre	1	1
Makwanpur	1	0
Overall	**7 (87.5)**	**1 (25.5)**
Central	2	0
Provincial	1	1
Local	4	0
Overall	**7 (87.5)**	**1 (25.5)**

Information to bidders - Health offices and health facilities provide information to the bidders/suppliers through the following methods:

1. Information notice letter
2. Telephone (Annex Table-9).

3.A.8 Suppliers Registered

At the Federal level, LMS has registered 180 firms in the FY 2076/77. Similarly at the provincial and local levels, a total of 269 firms were registered of which 155 were in Kathmandu, 17 in Lalitpur, 27 in Bhaktapur, and 70 in Makwanpur as shown the table below that totals 349 including the LMS + Districts (Table-10).

Table 10 : Firms registered in 2076/77

Districts / Levels of Govt.	Registered firms
	Num
Kathmandu	155
Lalitpur	17
Bhaktapur	27
Kavre	0
Makwanpur	70
Overall by district	**269**
Central	30
Provincial	70
Local	169
LMS	180
Grand total	**349**

Firms registered for procurement of up to NRs 500,000 - The study revealed that the firms registered were 126 for procurement of up to NRs 500,000 (Annex Table-10).

Quotations requested from firms for procurement of up to NRs 500,000 - In total quotations were requested from 65 firms with about three per firms at the provincial level and 38 at local levels (Annex Table-11).

Bid Registration for Direct Contract - The LMS has bids registered for direct contract. Likewise, provincial and local levels bid registration for direct contract was largely followed (Annex Table-12).

Application of Technical Specification Bank - Survey disclosed that the LMS follows technical specification bank established by the DoHS.

3.A.9 Coordination between Federal, Provincial and Local levels for Supplies

In the past, supplies to various levels used to be coordinated in accordance with the given directives, annual plan, past trends of supply and in accordance with their demand. At present, LMS does not follow central procurement approach. Provinces and Local levels can procure free medicines and basic health equipment on their own. However, the basis of supply coordination amongst the three levels of government are based on:

- Chain of command order
- Annual plan
- Last year's trend
- Demand of facilities (Annex Table-13)

Supply management - At LMIS as well as provincial and local levels the supply is managed, based on annual procurement plan and on the basis of the information supplied by the logistics management information system (LMIS). Management of the supply at the provincial and local levels is shown in the Annex (Annex Table-14).

Quality assurance of Supplies - LMS practices (i) proper packaging, (ii) Cooling system, (iii) safe means of transport and (iv) strict monitoring for maintaining the quality of supplies of free medicines and basic health equipment from procurement to service delivery. Likewise, the provincial and local levels apply the following approaches as shown in the Annex (Annex Table-15).

3.A.10 Wastage of medicines because of date expiry

Expired drugs imply financial losses because they can no longer be distributed and must be discarded. WHO guidelines for the safe disposal of expired drugs state's that expired drugs must be disposed safely, without harming people and the environment. There is a gap on knowledge and practice of expired drugs management and proper disposal. A high number of expiries indicates a gap between proper planning, quantification and mobilization in needy health facilities as well as the validity of the data used for planning. Provinces and districts as well as community level health facilities are locally managing disposal of expired drugs following with local resources and knowledge but not standard procedure. LMIS report 2077 shows the status of expired medicines as follows (Table-11).

Table 11 : Expired medicines, items of MNCH drugs in FY 2074/75 - 2075/76

Drugs	State1	State2	State3	State4	State5	State6	State7	Total
Oral Rehydration Salt Powder Packet	0	0	4300	0	0	20	0	4320
ORS + Zinc Packet	0	0	0	0	244	0	0	244
Sulphamethoxazole 100 mg + Trimethoprim 20 mg Dispersible Tablet	0	0	0	0	10200	0	0	10200
Zinc Sulphate 20 mg Tablet	27000	0	0	0	229860	21159	0	278019
Ferrous Sulphate 60 mg + Folic Acid Tab 0.4 mg Tablet	0	0	397890	0	26600	30061	0	454551
Chlorhexidine Gel 4% (Navi Malam) Tube	0	0	0	0	1139	0	0	1139
Oxytocin 10 IU / ml Injection	0	0		0	0	50	0	50
Oxytocin 5 IU / ml Injection	0	0	710	0	2525	35	0	3270
Gentamycin 80 mg/ml 2ml Injection	0	0	0	0	1330	0	0	1330
Amoxycillin 125 mg Dispersible Tablet	0	0	0	0	98980	0	0	98980

Surprisingly, the highest wastage of medicines due to expiry is in State 5 while State 2 and State 7 have zero (no expiry). Whether State 5 was over supplied or was ineffective in distributing medicines to needy people is not explained. Likewise, the two most laggard states of Nepal based on low health awareness and inaccessibility (State 2 and State7) have zero stock of expired medicines, whether these two states were highly efficient in service delivery or they were under supplied or have distributed expired medicines is unclear in the Health Logistic Report 2077.

Nevertheless, at the provincial and local level, the survey disclosed that the status of expired medicines was 4.25% on average (Table-12).

Table 12 : Expiry of medicines at provincial and local levels

Districts / Levels of Govt.	Average (in %)
Kathmandu	2.5
Lalitpur	23
Bhaktapur	3
Kavre	0
Makwanpur	0
Overall	**4.25**
Central	0
Provincial	0
Local	8.5
Overall	**4.25**

3.A.11 Problems faced in logistic management

LMS disclosed that the logistics management of free medicines, family planning and basic health equipment encountered were: (i) Storage problems, (ii) Transportation problems, and (iii) Unavailability. Likewise, at the provincial and local levels, the following problems were associated with the logistics management (Table-13).

Table 13 : Problems faced in logistics management

Districts / Levels of Govt.	Storage problems	Transportation related problems	Unavailability	Quality related problems
	Num	Num	Num	Num
Kathmandu	2	1	1	2
Lalitpur	1	0	0	0
Bhaktapur	1	1	1	0
Kavre	1	0	1	1
Makwanpur	1	0	0	0
Overall	**6 (75.0)**	**2 (25.0)**	**3 (37.5)**	**3 (37.5)**
Central	1	1	2	1
Provincial	1	0	0	0
Local	4	1	1	2
Overall	**6 (75.0)**	**2 (25.0)**	**3 (37.5)**	**3 (37.5)**

3.A.12 People's Grievances

LMS disclosed that there are some grievances of people related to free medicines, family planning means and equipment. Similarly, at the provincial and local levels grievances are reported by 25% of the respondents by districts in the following manner (Table-14).

Table 14 : Grievances pertaining to basic health services

Districts / Levels of Govt.	Yes	No
	Num	Num
Kathmandu	1	1
Lalitpur	1	0
Bhaktapur	0	2
Kavre	0	2
Makwanpur	0	1
Overall	**2 (25.0)**	**6 (75.0)**
Central	1	1
Provincial	0	2
Local	1	3
Overall	**2 (25.0)**	**6 (75.0)**

Types of Grievances – LMS disclosed that the grievances were related to unavailability of free medicines and family planning means on time (Annex Table-16).

3.A.13 Integrity

Payment of Purchases – LMS disclosed that payment was largely made within 15 days. However, it prolongs to 30 days and beyond due to quality verification process. At the provincial and local levels, payment is largely done within 15 days as shown in Annex (Annex Table-17).

Procurement according to plan – At the federal government level, LMS revealed that the procurement was largely done according to plan with some behind time. At the provincial and local level the procurement was done according to plan as shown in table below (Table-15).

Table 15 : Procurement according to plan

Districts / Levels of Govt.	Yes	No
	Num	Num
Kathmandu	0	1
Lalitpur	1	0
Bhaktapur	2	0
Kavre	2	0
Makwanpur	1	0
Overall	**6 (75.0)**	**1 (12.5)**
Central	1	0
Provincial	2	0
Local	3	1
Overall	**6 (75.0)**	**1 (12.5)**

3.A.14 Logistic Reporting to Higher office

LMS does periodically submit health logistic report to its higher office, up to the level of the Secretary at the Federal Level. Similarly, at the provincial and local levels all the health offices and health facilities do report to their higher offices as shown in the table below (Table-16).

Table 16 : Logistic reporting to higher office

Districts / Levels of Govt.	Yes	No
	Num	Num
Kathmandu	2	0
Lalitpur	1	0
Bhaktapur	2	0
Kavre	2	0
Makwanpur	1	0
Overall	**8 (100.0)**	**0 (0.0)**
Central	2	0
Provincial	2	0
Local	4	0
Overall	**8 (100.0)**	**0 (0.0)**

B. Procurement Procedures and Service Delivery by Hospitals

3.B.1 Types of services provided

Three hospitals including one federal hospital and two provincial hospitals were surveyed. The hospitals surveyed at the federal and provincial levels provided various services to the people that included: free medicines, family planning services, vaccines and health insurance services besides others (Table-17).

Table 17 : Types of services provided

Districts / Levels of Govt.		Services provided			
	No. of Hospitals	Free medicine	Family Planning	Vaccines	Health Insurance
	Num	Num	Num	Num	Num
Bhaktapur	1	1	1	1	1
Kavre	1	1	1	1	1
Makwanpur	1	1	0	0	1
Overall	**3**	**3 (100.0)**	**2 (66.7)**	**2 (66.7)**	**3 (100.0)**
Central	1	1	1	1	1
Provincial	2	2	1	1	2
Overall	**3**	**3 (100.0)**	**2 (66.7)**	**2 (66.7)**	**3 (100.0)**

3.B.2 Annual procurement plan of hospitals

The hospitals surveyed reported that their annual procurement plans were prepared and endorsed as shown in the Annex (Annex Table-18).

Hospitals have adopted the following basis for preparing their annual procurement plans:

- Previous year's trend
- Size of population coverage
- Available resources
- Capacity of hospitals to deal with services (Annex Table-19):

3.B.3 Sources of Funding

The main sources of funding to hospitals for procuring free medicines and family planning means as well as basic health equipment was the Federal government followed by provincial funding while some (33%) of the hospitals also generated their own funding (Annex Table-20).

3.B.4 Procurement Process at Hospitals

Method of procurement - Federal and provincial hospitals have mainly used sealed quotation for procurement including the following:

- Direct purchase - NA
- Sealed quotations above up to NPR 500,000
- EPG -electronic procurement for higher amount as per the ceiling of the Public Procurement Act (Annex Table-21).

Transparency / Web Display of Procurement Plan – The hospitals surveyed disclosed that their procurement plans were not displayed in the web (Annex Table-22).

Procurement Plan Shared with Line of Command – About 66% of the hospitals surveyed have shared their procurement plans with higher offices as displayed in the Annex (Annex Table-23).

Procurement Notice – A majority of 66% of the Federal and Provincial Hospitals surveyed do issue procurement notices as per the table in the Annex (Annex Table-24).

Medium of Notice Board – Approximately 66% of the hospitals have been publishing procurement notices through national newspapers, local newspapers and PPME web (Annex Table-25).

3.B.5 Procurement Unit

Hospitals surveyed at the federal and provincial levels disclosed that they have their procurement units in place (Annex Table-26).

No of Staff at Procurement Units - The procurement units of the hospitals surveyed are supported by more than three (3) staff per districts (Table-18).

Table 18 : Number of procurement staff

Districts / Levels of Govt.	Num
Bhaktapur	3
Kavre	5
Makwanpur	3
Overall	**11**
Central	3
Provincial	8
Overall	**11**

3.B.6 Pre-bidding Information to Bidders

Only a few hospitals, especially large federal hospitals like the one in Bhaktapur provides pre-bidding information to the bidders (Annex Table-27).

Bid Registration - Large hospitals at the federal and provincial level do register bids accounting a total of 75% of the hospitals surveyed (Annex Table-28).

Bid Opening on Time – A large percentage of (66%) of the hospitals do open bid on time as shown in the Annex (Annex Table-29).

Contract Notice Publication - The survey disclosed that all (100%) of the hospitals surveyed have issued contact notices (Annex Table-30).

Information to Bidder/Supplier - The hospitals surveyed do provide information to the bidders/suppliers through Information notice letter, and Telephone (Annex Table-31).

Supplier Firms Registered - The federal and provincial hospitals surveyed have registered a total of 109 firms in the FY 2076/77 while Bhaktapur has none (Annex Table-32).

Firms registered for procurement of up to NRs 500,000 - The study revealed that the firms registered were 31 for procurement of up to NRs 500,000 (Annex Table-33).

Quotations requested from firms for procurement of up to NRs 500,000 - Hospitals have requested quotations from a total nine (9) firms for procurement (Annex Table-34).

Bid Registration for Direct Contract - Approximately 66% of the hospitals surveyed have registered bids for direct contact (Annex Table-35).

3.B.7 Coordination between Federal, Provincial and Local levels for Supplies

Supply management is done based on the given directives, annual plan, past trends of supply and in accordance with their demand in the past and LMIS feedback (Table-19).

Table 19 : Supply Coordination

Districts / Levels of Govt.	Chain of Command	Annual plan	Last year's trend	Demand of the facilities	LMIS
	Num	Num	Num	Num	
Bhaktapur	1	1	1	1	1
Kavre	0	0	0	0	1
Makwanpur	0	0	0	1	0
Overall	**1 (33.3)**	**1 (33.3)**	**1 (33.3)**	**2 (66.7)**	**2 (66.7)**
Central	1	1	1	1	1
Provincial	0	0	0	1	1
Overall	**1 (33.3)**	**1 (33.3)**	**1 (33.3)**	**2 (66.7)**	**2 (66.7)**

Quality assurance of Supplies - Hospitals maintain the quality of the medicines by adopting two major approaches i.e. (i) proper packaging, (ii) Cooling system as shown in the table (Annex Table-36).

Wastage of medicines because of date of expiry - The hospitals surveyed revealed that approximately 23.3% of medicines had expired (Annex Table-37).

Wastage of Medicine in Monetary Value - The mapping revealed that there was wastage of Rs. 91,25,333 on average per year due to overstocking of medicines (Annex Table-38).

3.B.8 Basis for Distributing Free medicines

Hospital surveyed disclosed that the basis of distributing free medicines were as follows:

- Nepal government's medical policy
- Financial situation of the Patient
- Condition of the patient
- Vaccines to all children that came to hospital and at vaccination camps
- As stated as a fundamental right in the Constitution of Nepal (2015).

3.B.9 Problems faced in logistic management of free medicines

The hospitals surveyed disclosed that they encountered several problems in managing free medicines for distribution to needy patients. The associated problems are: (i) Lack of stock; (ii) Storage problem, (ii) Transportation problem, and (iii) Unavailability of supplies (Annex Table-39).

3.B.10 Current stock of medicines

Amongst the hospitals surveyed, Bhaktapur central hospital had enough stock, more than demand, while the provincial hospitals in Kavre and Makwanpur indicated that free medicines were out of stock at the time of this survey (Table-20).

Table 20 : Current stock of medicines

Districts / Levels of Govt.	Stocked more than Demand	Out of Stock	Date Expired
	Num	Num	Num
Bhaktapur	1	0	0
Kavre	0	1	0
Makwanpur	0	1	0
Overall	**1 (33.3)**	**2 (66.7)**	**0 (0.0)**
Central	1	0	0
Provincial	0	2	0
Overall	**1 (33.3)**	**2 (66.7)**	**0 (0.0)**

3.B.11 Integrity at Hospitals

People's Grievances - The hospital surveyed have received peoples' grievances related to unavailability of free medicines and its appropriate doses as and when required (Annex Table-40).

Payment of Purchases - Most of the payments was done within 15 days with some exception to over 30 days and beyond due to quality verification process (Annex Table-41).

Procurement according to plan - The hospitals surveyed at the Federal and Provincial levels disclosed that the procurement was done according to plan by 66% of the hospitals surveyed (Annex Table-42).

Timely Delivery as per Demand - The survey revealed about 66% of the federal and provincial hospitals did deliver free medicines as per the demand (Annex Table-43).

C. Service Delivery by Local Health Facilities

3.C.1 Types of Services received and the Number of Recipients

In five districts of Bagmati Province 17 health facilities were surveyed. The health facilities surveyed provided various services to local people that included distribution of free medicines, family planning means, vaccinations and health insurance services among others was provided to 94,189 patients; 2,936 couples, and 3,565 children were vaccinated in the previous year 2076/77 (Table-21).

Table 21 : Types of services provided

Districts		Services provided / Number of Services Recipients in previous year			
	No. of Health Facilities	Free medicine	Family Planning	Vaccines	Health Insurance
	Num	Num	Num	Num	Num
Kathmandu	3	10939	673	1252	3
Lalitpur	5	15045	1288	644	5
Bhaktapur	3	18260	455	416	3
Kavre	3	33104	229	744	3
Makwanpur	3	16841	291	509	3
Overall	**17**	**94189**	**2936**	**3565**	**17**

3.C.2 Sources of Funding

The main source of funding to local health facilities was the local government, while some facilities were also funded from district health offices as shown in the table below (Table-22).

Table 22 : Sources of funding

Districts	Local level	Health offices
	Num	Num
Kathmandu	3	
Lalitpur	5	1
Bhaktapur	3	2
Kavre	3	1
Makwanpur	3	2
Overall	**17 (100.0)**	**6 (35.3)**

3.C.3 Medicines and equipment Received as per demand

Amongst the health facilities surveyed, a majority received free medicines, family planning means, vaccines and equipment as per demand; however, others did not receive it as shown in the table below (Table-23).

Table 23 : Medicines and equipment Received as per demand

Districts	Free medicines		Family Planning		Vaccines		Equipment	
	Yes	No	Yes	No	Yes	No	Yes	No
	Num	Num	Num	Num	Num	Num	Num	Num
Kathmandu	2	1	3	0	2	1	1	2
Lalitpur	5	0	5	0	3	2	5	0
Bhaktapur	2	1	3	0	2	1	3	0
Kavre	3	0	3	0	3	0	3	0
Makwanpur	3	0	3	0	3	0	3	0
Overall	**15 (88.2)**	**2 (11.8)**	**17 (100)**	**0**	**13 (76.5)**	**4 (23.5)**	**15 (88.2)**	**2 (11.8)**

3.C.4 Availability of free medicines and family planning means

Free medicines was available to all, except in Bhaktapur, where it was available only for some patients. However, family planning means and vaccines were available to all service seekers as shown in the table below (Table-24).

Table 24 : Availability of free medicines and family planning means

Districts	Free medicines			Family Planning			Vaccines			Equipment		
	All	Some	Few	All	Some	Few	All	Some	Few	All	Some	Few
	Num	Num	Num	Num		Num	Num		Num	Num		Num
Kathmandu	3	0	0	3	0	0	2	0	0	0	0	3
Lalitpur	0	5	0	5	0	0	3	0	0	0	2	3
Bhaktapur	3	0	0	3	0	0	2	0	0	0	1	2
Kavre	3	0	0	3	0	0	3	0	0	3	0	0
Makwanpur	3	0	0	3	0	0	3	0	0	3	0	0
Overall	**12 (70.6)**	**5 (29.4)**	**0 (0.0)**	**17 (100.0)**	**0 (0.0)**	**0 (0.0)**	**13 (76.5)**	**0 (0.0)**	**0 (0.0)**	**6 (35.3)**	**3 (17.6)**	**8 (47.10**

3.C.5 Methods of Public Information

Information dissemination regarding the services of the local health facilities was imparted using various methods i.e. Citizen's Charter, notice board, through health worker, health information education & communication (IEC) materials, and through the members of health committee as shown in the following table (Table-25).

Table 25 : Methods of Public Information

Districts	Citizen's Charter	Notice Board	Health Worker	Health Information IEC	Members of Health Committee
	Num	Num	Num	Num	Num
Kathmandu	2	1	2	2	0
Lalitpur	3	0	5	0	0
Bhaktapur	1	2	3	2	1
Kavre	2	0	1	0	0
Makwanpur	2	2	2	3	0
Overall	**10 (58.8)**	**5 (29.4)**	**13 (76.5)**	**7 (41.2)**	**1 (5.9)**

3.C.6 Participation by Management Committee

Participation by management committee members of the local health facilities was rated largely moderate with some indicating a high level of participation as shown in the table below (Table-26),

Approximately 35.5% of the facilities surveyed reported that participation and support of the management committee members in planning and management was high while a majority of them (58.8%) of the health facilities reported that participation was moderate. Likewise, about 5.9% reported low participation by the management committee.

Table 26: Participation by Management Committee

Districts	High	Moderate	Low	None
	Num	Num	Num	Num
Kathmandu	2	1	0	0
Lalitpur	2	2	2	0
Bhaktapur	0	3	0	0
Kavre	1	2	0	0
Makwanpur	1	2	0	0
Overall	**6 (35.3)**	**10 (58.8)**	**1 (5.9)**	**0 (0.0)**

3.C.7 Wastage of medicines received

On average about 14.12% of medicines received were wasted at local health facilities due to expiry of date of medicines before distribution (Table-27).

Table 27 : Wastage of medicines received

Districts	Annual wastage of medicines
	Average (%)
Kathmandu	5.67
Lalitpur	12.60
Bhaktapur	21.67
Kavre	16.70
Makwanpur	15.00
Overall	**14.12**

3.C.8 Annual wastage of undistributed medicines

The survey revealed that approximately 7.71% of the medicines went undistributed, which amounted to an annual wastage with Makwanpur showing the highest percentage of wastage (Table-72),

Table 28 : Annual wastage of undistributed medicines

Districts	Annual wastage of Undistributed medicines
	Average (%)
Kathmandu	2.33
Lalitpur	9.20
Bhaktapur	6.33
Kavre	3.70
Makwanpur	16.00
Overall	**7.71**

3.C.9 Problems encountered in service delivery

In delivering free medicines and family planning means, the local health facilities have encountered numerous problems of which, unavailability and inadequate availability are the major problems as shown in the table below (Table-29),

Table 29 : Problems encountered in service delivery

Districts	On Time	Not available as per demand	Low storage capacity	Lack of cold stores
	Num	Num	Num	Num
Kathmandu	2	2	1	2
Lalitpur	5	5	0	0
Bhaktapur	2	3	1	1
Kavre	0	1	1	0
Makwanpur	2	1	1	1
Overall	**11 (64.7)**	**12 (70.6)**	**4 (23.5)**	**4 (23.5)**

3.C.10 Quality assurance measures

The local health facilities reported that attempts to maintain quality of free medicines and family planning means by storage care and cold storage as shown in the table below (Table-30).

Table 30 : Quality assurance measures

Districts	Storage care	Cooling system
	Num	Num
Kathmandu	3	1
Lalitpur	5	1
Bhaktapur	3	2
Kavre	2	1
Makwanpur	3	3
Overall	**16 (94.1)**	**8 (52.9)**

3.C.10 People's Grievances at Local Level

The health facilities surveyed have received peoples' grievances on the following issues:

- Unavailability of required free medicines
- Inadequate amount of medicines
- Unavailability of medicines that matches patients' requirement
- Why free medicine is not available to all ?
- Service quality not up to standard
- Medicines not provided as per the need of the patients

D. Opinions of the Health Service Recipients

3.D.1 Age and Gender of the Respondents

A total of 40 service recipients were surveyed of which 17 males and 23 were females. Likewise, the average age of the respondents was 43 years (Table-31).

Table 31 : Age and Gender of the Respondents

Districts	Gender			Age
	Males	Females	Total	Average age in years
	Num	Num	Num	
Kathmandu	3	5	8	40
Lalitpur	5	3	8	48
Bhaktapur	4	4	8	43
Kavre	2	6	8	45
Makwanpur	3	5	8	38
Overall	**17 (42.5)**	**23 (57.5)**	**40 (100.0)**	**43**

3.D.2 Peoples knowledge about health services

An assessment of the service recipients revealed that they were knowledgeable about the services of the local health facilities in terms of the following aspects:

- Health related advice
- Free medicines
- Child Vaccination
- Gynaecological issues
- HIV/AIDS and Sexually transmitted diseases (STD)
- Emergency services
- Pathological investigations
- Checking fever and flue
- Diarrhoea and conterminous diseases
- Minor surgery
- Family planning advice
- Distribution of family planning means
- Trauma services
- Ante-natal services
- Delivery related services
- Post natal care
- Remedies for body ailments
- General health check-up, like blood pressure

3.D.3 People's Knowledge about Free Medicines

A large majority of the individual health service recipients surveyed mentioned that they are aware of the provision of free medicine while about one third of them said they do not know about free distribution of medicines (Table-32).

Table 32 : People's Knowledge about Free Medicines

Districts	Responses	
	Yes	No
	Num	Num
Kathmandu	5 (62.5)	3 (37.5)
Lalitpur	7 (87.5)	1 (12.5)
Bhaktapur	3 (37.5)	5 (62.5)
Kavre	6 (75.0)	2 (25.0)
Makwanpur	5 (62.5)	3 (37.5)
Overall	**26 (65.0)**	**14 (35.0)**

3.D.4 Information Media about services

A large majority of the individuals surveyed reported that they received information from local health workers followed by IEC materials and Citizen's Charter respectively (Table-33).

Table 33 : Information Media about health services

Districts	Citizen's Charter	Notice Board	Health Worker	Health Information IEC	Neighbours
	Num	Num	Num	Num	Num
Kathmandu	1	0	6	2	6
Lalitpur	0	0	6	3	7
Bhaktapur	2	1	6	0	6
Kavre	0	1	3	0	4
Makwanpur	0	0	1	4	2
Overall	**3 (7.5)**	**2 (5.0)**	**22 (55.0)**	**9 (22.5)**	**25 (62.5)**

3.D.5 Payment for health services

The survey disclosed that a large majority of the local health service recipients do not pay any fee for the services rendered by the local level health facilities while some reported that they paid fees as shown in table below (Table-34).

Table 34 : Payment for health services

Districts	Responses	
	`Yes	No
	Num	Num
Kathmandu	0 (0.0)	8 (100.0)
Lalitpur	0 (0.0)	8 (100.00
Bhaktapur	7 (87.5)	1 (12.5)
Kavre	1 (12.5)	7 (87.5)
Makwanpur	3 (37.5)	5 (62.5)
Overall	**11 (27.5)**	**29 (72.5)**

3.D.6 Purposes of Payments

Among those who paid fees included payments for registration fees, for medicines and for lab tests as shown in the table below (Table-35).

Table 35 : Purposes of Payments

Districts	Purposes of payments		
	Registration	Medicines	Lab tests
	Num	Num	Num
Kathmandu	0	0	0
Lalitpur	0	0	0
Bhaktapur	4	4	7
Kavre	0	0	1
Makwanpur	3	2	3
Overall	**7 (24.1)**	**6 (20.7)**	**11 (37.9)**

3.D.7 Satisfaction of service recipients

An absolute majority of the recipients surveyed (82.5%) were moderately satisfied while a few (12.5%) expressed high satisfaction and some (5%) were unsatisfied with the services rendered by the local health facilities as shown in the table below (Table-36).

Table 36 : Satisfaction of service recipients

Districts	Satisfaction Responses		
	High	Moderate	Unsatisfied
	Num	Num	Num
Kathmandu	1 (12.5)	6 (75.0)	1 (12.5)
Lalitpur	4 (50.0)	4 (50.0)	0 (0.0)
Bhaktapur	0 (0.0)	7 (87.5)	1 (12.5)
Kavre	0 (0.0)	8 (100.0)	0 (0.0)
Makwanpur	0 (0.0)	8 (100.0)	0 (0.00
Overall	**5 (12.5)**	**33 (82.5)**	**2 (5.0)**

3.D.8 Grievances of service recipients

Local health service recipients expressed grievances related to irregularity of services, lack of medicines, and rude behaviour of the health service providers. Lack of required medicines was the major concern as shown in the table below (Table-37).

Table 37 : Grievances of service recipients

Districts	Grievances		
	Irregularity of services	Lack of required medicines	Rude behaviour of service providers
	Num	Num	Num
Kathmandu	0 (0.0)	7 (87.5)	1 (12.5)
Lalitpur	0 (0.0)	5 (62.5)	1 (12.5)
Bhaktapur	0 (0.0)	3 (37.5)	2 (25.0)
Kavre	0 (0.0)	0 (0.0)	0 (0.0)
Makwanpur	2 (25.0)	2 (25.0)	3 (37.5)
Overall	**2 (5.0)**	**17 (42.5)**	**7 (17.5)**

E. Linkage between Procurement and Service Delivery

3.E.1 Relation of Procurement Unit with Service Delivery

Interviews conducted with the LMS at the federal level revealed that the relation of LMS with the health service delivery facilities is "Good". Similarly, at the provincial and local levels, relationship between the procurement units and service delivery are shown in table below (Table-38).

Table 38 : Relation of Procurement Unit with Service Delivery

Districts / Levels of Govt.	Very Good	Good	Medium	Bad	Very Bad
	Num	Num	Num	Num	Num
Kathmandu	0	2	0	0	0
Lalitpur	0	1	0	0	0
Bhaktapur	0	2	0	0	0
Kavre	1	1	0	0	0
Makwanpur	0	1	0	0	0
Overall	**1 (12.5)**	**7 (87.5)**	**0 (0.0)**	**0 (0.0)**	**0 (0.0)**
Central	0	2	0	0	0
Provincial	0	2	0	0	0
Local	1	3	0	0	0
Overall	**1 (12.5)**	**7 (87.5)**	**0 (0.0)**	**0 (0.0)**	**0 (0.0)**

On the other hand, a large majority (70.6%) of the local health facilities disclosed that the relation of procurement with service delivery was good while about 11% rated it good while 17.6% reported that the relationship between procurement and service delivery was moderate (Annex Table-44).

3.E.2 Linkage between Procurement and Service delivery

The respondents stated that the linkage between procurement and service delivery is moderately satisfactory. The reasons for a moderate level of linkage are: i) Procurement process is lengthy that leads to unavailability of medicines on time and family planning means at the point of service delivery, ii) Some medicines come with short expiry dates and get expired at the point of service delivery. The respondents suggested the following steps to make the linkage smoother between procurement and supply:

- Procure medicines that have long expiry date
- Enhance people's participation
- Empowerment of local government
- Prepare plan and follow it
- Others as shown in the table below (Table-39).

Table 39 : Linkage between Procurement and Service Delivery

Districts / Levels of Govt.	Measures to improve linkage between procurement and supply
Kathmandu	Develop LMIS for Local level governments
Lalitpur	Pre-planning
Bhaktapur	Timely procurement and supply
Kavre	Demand on time
Makwanpur	Realistic forecasting and quantification
Overall	
Central	Timely procurement and supply
Provincial	Realistic forecasting, quantification and supply according to demand
Local	Timely procurement and supply Procure and supply medicines with longer date of expiry
Overall	

3.E.3 Procurement process and quality

Considering the constraints of the generic public procurement act across all sectors, the Logistic Management Section (LMS) at the federal level realized a need for a separate legal provision (Specific procurement act for health) to meet the requirements of medicines and follow that in a coordinated manner at the Federal, Provincial and Local levels. Likewise for improvement of quality there should be standard testing labs in all seven provinces; and pricing policy should be based on competitive prices and institutions adopt price control of local purchases. Similarly, respondents from the provinces and local level expressed their views as shown in the table below (Table-40).

Table 40 : Opinions of respondents regarding procurement process and quality

Districts / Levels of Govt.	Opinions on procurement	Opinions on quality
Kathmandu	Better coordination between Federal, Provincial and Local levels	More items should be included in the Technical Specification Bank
Lalitpur	Forecast requirements of medicines annually	Proper storage facility
Bhaktapur	Augment health budget at Federal, Provincial and Local levels	MOHP should fix price and rates should be shared with provincial and local levels
Kavre	Augment health budget at Federal, Provincial and Local levels	MOHP should fix price and rates should be shared with provincial and local levels
Makwanpur		Price must be fixed by relevant stakeholders in coordination with FNCCI and MOHP
Overall		
Central	Better coordination between Federal, Provincial and Local levels	There should be quality assurance entity at local levels
Provincial	Better coordination between Federal, Provincial and Local levels	There should be quality assurance entity at local levels
Local	Better coordination between Federal, Provincial and Local levels	There should be quality assurance entity at local levels
Overall		

3.E.4 Measures to Improve Linkage between Procurement and Service Delivery

The survey disclosed that the linkage between procurement and service delivery could be improved through:

- Timely supply of required medicines and medical equipment
- Match supply with demand
- Better coordination between local government and district-based health offices
- Supply required medicines on time
- Prepare local procurement plan in partnership with public health officer (PHO) of the district based health office
- Recommendation of the Public Health Committee (PHC) should be considered to fulfil the needs of required medicines.
- Adequate amount of medicines should be available on time
- Improve storage facility
- Medicine with a longer date of expiry should be procured and supplied
- Federal and Provincial Ministries should fix minimum price for facilitating procurement
- There should be coordination between service recipients, service providers and the procurement committee
- There should be a separate procurement policy for medicines and medical equipment
- Minimum standard be fixed in advance
- Upon availability of GNP certified medicines, quality be verified
- Price of medicines be within the reach of the health service seekers
- There be a standard storage facility for storing medicines.

CHAPTER IV

4. Conclusions and Recommendations

4.1 Conclusions

Based on the "Mapping of Health Service" in Bagmati Province the conclusions are drawn in five areas:

(1) Delivery of basic health-care service from federal, provincial and local level by Hospitals, Urban health centres, Primary health Centres and health posts

(2) Availability and accessibility of free medicines/ family planning devices/vaccines etc.

(3) Integrity related issues in health services delivery.

(4) Procurement processes, from requirement, budget, purchase, delivery to payment

(5) Linkages between Procurement and service delivery

Status of delivery of basic health-care service from federal, provincial and local level by Hospitals, Urban health centres, Primary health Centres and health posts

To facilitate delivery of free medicines, family planning means and basic health equipment, supply management is done based on given directives, annual plan, past trends of supply and in accordance with past demand and LMIS feedback.

The Federal and provincial hospitals maintain the quality of the medicines by adopting proper packaging and cooling system. In the case of local health facilities, transportation, lack of proper storage and expiry of medicines are the common problems associated with service delivery. On average, about 14.12% of the medicines received were wasted at local health facilities due to date of expiry of medicines before distribution.

Free medicines were distributed to the people on the following basis;

- Nepal government's medical policy
- Financial situation of the patient
- Condition of the patient
- Vaccines to all children that came to hospital and vaccination camps
- As stated as a fundamental right in the Constitution of Nepal (2015).

The hospitals encountered several problems (i) Lack of stock; (ii) Storage problem, (ii) Transportation problem, and (iii) Unavailability of supplies. In delivering free medicines and family planning means, the local health facilities have encountered numerous problems of which, unavailability and inadequate availability are the major problems.

The health facilities surveyed have received peoples' grievances on the following issues:

- Unavailability of required free medicines
- Inadequate amount of medicines
- Unavailability of medicines that matches patients' requirement

- Why free medicine is not availed to all ?
- Service quality not up to standard
- Medicines not given as per the need of the patients

Availability and accessibility of free medicines/ family planning devices and vaccines.

Distribution Process – With the adoption of a federal structure of government in accordance with the Constitution of Nepal (2015), the chain of centralized medicine distribution system has been broken. There is an urgent need for a planned coordinated effort to smoothen medical distribution process. However, at present the following processes are being followed:

At present, LMS does not follow central procurement approach. Provinces and Local levels can procure free medicines and basic health equipment on their own. However, the basis of supply coordination included: Annual plan; Last year's trend; and Demand of the facilities.

Quality LMIS practices (i) proper packaging, (ii) Cooling system, (iii) safe means of transport and (iv) strict monitoring for maintaining the quality of supplies of free medicines and basic health equipment from procurement to service delivery. There were medicines that had expired at federal, provincial and local levels.

There is a gap of knowledge and practice of management of expired drugs and proper disposal. The high number of expiries shows a gap on proper planning and quantification and mobilization in needy health facilities as well as the validity of the data used for planning.

The logistics management of free medicines, family planning means and basic health equipment encountered: (i) Storage problems, (ii) Transportation problems, and (iii) Un- availability.

The major grievances of the people related to free medicines, family planning means and equipment were: non-availability, inadequate quantity, why free medicine are not availed to all needy people, service quality not upto standard and rude behaviour of service providers at local levels.

Integrity related issues in health services delivery.

Integrity – Integrity is one of the imperative aspects of accountability and transparency of services. The study shows the following findings pertaining to integrity:

- Payments were mainly done within 15 days with some exceptions beyond 30 days due to the lengthy verification process
- Procurement according to plan especially by federal and provincial governments
- LMS, Provincial and local levels and health facilities do report to their higher offices.

Health Service Recipients Opinions – Opinions of health service recipients surveyed at the federal and provincial hospitals as well as at local level health facilities with especial focus on availability of free medicines and family planning means. The survey revealed the following facts in this regard:

- Assessment of the service recipients revealed that they were knowledgeable about the services of the local health facilities
- People received health information from local health workers followed by IEC materials and Citizen's Charter
- Local health service recipients do not pay any fee for the services
- Majority of the recipients surveyed were moderately satisfied

Status of procurement processes, from requirement, budget, purchase, delivery to payment

Planning – The health service mapping conducted in one of the seven provinces of Nepal revealed that planning in the health sector requires coordinated efforts at three levels of government i.e. federal, provincial and local levels besides the following:

Annual procurement plans were prepared at different levels of the government: i) Federal, ii) Provincial and iii) Local levels with some exceptions.

The basis of annual procurement plans were: last year's trend, population coverage, and available resources

The health budget was shared by the Government of Nepal (GoN) and development partners at the federal level while only by the GoN at Provincial and Local levels. Budget shortage was a constraint.

Procurement Process – There is a generic public procurement act 2063 (amended 2073) in place to guide procurement across all public sectors, however, a need was realized to have a separate specific procurement act for health sector procurement considering special emergency needs like COVID-19 pandemic and others similar that require immediate attention. At present, the following practices are in place:

The methods of procurement used were as follows: Sealed quotations above up to NPR 500,000 and EPG -electronic procurement for higher amount as per the ceiling of the Public Procurement Act. At the Federal level, while at the lower levels direct contract and sealed quotations were also applied for small amounts. Annual procurement plans were uploaded in the website.

Procurement notices were issued mainly through websites and PPME web at federal level and at the Provincial level through national newspapers, local newspapers, notice boards, web and PPME.

- There are procurement units established at all levels.
- Firms registered at federal and Provincial levels and the bids were opened on time
- Survey disclosed that the LMS follows technical specification bank established by the DoHS
- Separate procurement act is required for medical procurement.
- Coordination between Federal, Provincial and Local level procurements should be smoothened.
- Promulgation of separate act for health procurement seemed essential to grant legal basis for expedited procurement of medicines and health equipment.
- Legal provisions should be enacted to coordinate health system planning amongst three levels of governments: Federal, Provincial and Local levels.

Linkages between Procurement and service delivery

The study attempted to understand the linkage mechanism between the procurement of medicines, family planning means, vaccines and basic health equipment; and the situation of the service deliveries to the people at the service delivery points (SDPs). In totality, the linkage between procurement and service delivery was good but there is a lot of room for improvement. To improve linkage between procurement and service delivery, the following suggestions were put forth:

- Enhance people's participation
- Empowerment of local government
- Prepare plan and follow it
- Timely supply of required medicines and medical equipment

- Supply should match with demand
- Better coordination between local level government and district-based health offices
- Supply required medicines on time
- Prepare local procurement plan in partnership with public health officer (PHO) of the district based health office
- Recommendations of the Public Health Committee (PHC) should be considered to fulfill the needs of required medicines

Issues Associated with Logistics Management - The LMS is instituted under the Federal Department of Health Services (DoHS). The main role of Logistics Management Section (LMS) is to support in delivering quality health care services providing by program divisions and centres through logistics supply of essential equipment, vaccines, family planning commodities and free health drugs to all regional /district stores and health facilities. The major function of MD is to forecast, quantify, procure, store and distribute health commodities, equipment, instruments and in repairing & maintaining of the bio-medical equipment/ instruments and transportation vehicles. The quarterly LMIS and monthly Web-based LMIS have facilitated evidence based logistics decision making and initiatives in annual logistics planning, quarterly national pipeline review meetings, the consensus forecasting of health commodities and the implementation of the pull system. MD has formed an authorized 23 members Logistics Working Group (LWG) under the chair of MD Director with representation of Divisions, Centres, supporting partners and other stakeholders. LWG addresses all issues and challenges on procurement and supply chain on health commodities and materials at the central, regional and district level.

Issues related to Logistic Management persist, which are as follows:(Health Logistics Report 2077):

- **Procurement:** Quantification, Cost estimation, Specifications, bidding documents, procurement methods of the health commodities/equipment's and timely procurement.
- **Storage/Warehousing:** Central medical and vaccine stores and modern warehouse design and construction-inadequate in all level, cold chain as a major issue.
- **Distribution/Transportation:** Distribution and transportation of drugs, vaccines, health commodities, tools and equipment throughout country-push and pull system are used but are not information based, as well as where maintenance is an issue.
- **LMIS/e LMIS:** Tools and electronic systems not utilized by SDPs.
- **HRD/Training:** HR and training on Procurement and SCM-trained are not in place or have low confidence.
- **Budget:** Insufficient budget for procurement of drugs, vaccines, health commodities and equipment (Health Logistic Report, 2077 P80).
- **Disposal/Auctioning:** Expired medicines disposal and guidelines not in place.
- **Quality:** Quality has always been an issue.
- **M&E:** Standard tools for M&E for SCM at least for 5 yrs.-frequent changes have made it difficult.

4.2 Recommendations

Based on the assessment of mapping of health service in Bagmati Province, the following recommendations are strongly suggested to the government, CSOs/OC4H project and Private Sector (Suppliers, storage Facility Providers and Transporters).

Recommendations – Based on the findings of the study the following recommendations are strongly suggested to the (I) government, (II) CSOs/OC4H project and (III) private sector are presented below:

(I) Government – Recommendations suggested to the government are for policy and management improvement.

Policy Framework:

- Promulgation of a separate act for health procurement is essential to grant legal basis for expedited procurement of medicines and health equipment.
- Legal provisions should be enacted to coordinate health system planning amongst the three levels of governments: Federal, Provincial and Local levels.

Management Improvement:

- Improve health service efficiency to minimize wastage due to expiry of medicines.
- Build capacity of local level governments to properly plan, procure and deliver health services
- Provide adequate quantity of free medicines, family planning means and basic health equipment to health facilities
- Allocate adequate budget for local level health units of the rural and urban municipalities
- Strengthen coordination between provincial health ministry, district-based health offices (HOs) and the health units of the municipalities to estimate better demand, prepare coordinated procurement plan, supply required medicines on time and adequate delivery of required medicines and family planning means to health service recipients.
- Improve storage system of medicines at all levels
- Improve transportation system to improve quality and supply of medicine on time.

(II) CSOs/ OC4H Project – The civil society organizations (CSOs) including TI Nepal are suggested to be proactive on OC4H agenda:

- Facilitate policy dialogues to necessitate a separate act for health procurement.
- Strengthen capacity of LMS at Provincial as well as Local level procurement units to better plan and procure in line with the provisions of the OC4H project in a coordinated manner.
- Build alliances with related agencies / individuals to push OC4H agenda.
- Inform respective health offices / facilities where corrective actions are required.
- Facilitate follow-up research pertaining to OC4H to replicate Health Service Mapping in other Provinces to understand their level of efficiency and effectiveness in procurement and service delivery in compliance with the OC4H approaches.

(III) Private Sector – The private sector's involvement in health are in four main areas: a) Private hospitals and clinics, b) Pharmacies, c) Supply and d) transport and private laboratories. The private health service providers are mostly located in urban areas and are used predominantly by wealthier Nepalese patients. Several private sector agencies are also involved in pharmacies/drug stores, supplies, transporters as well as private laboratories.

- There is an opportunity for the private sector to participate with the government for building quality warehouses / medical storage facilities
- Transporters are expected to have quality means of transport and deliver on time
- Suppliers / firms are required to have a thorough knowledge of the public procurement act and thereby, meet its requirement.

ANNEX

1. National Advocacy Strategy and Action Plan for Open Contracting in Health Sector

1.1 Introduction

This National Advocacy Strategy and Action Plan formulated on the basis of researches and engagement with stakeholders, relates to policy advocacy, implementation and health sector reform through interventions with key stakeholders of procurement and supply of health services along with civil society, including:

A. Government Sector
   a) Federal Government
   b) Provincial Government
   c) Local level Government

B. Civil Society Organizations (CSOs)

C. Private sector (suppliers of health related products/services)

Open Contracting implies improving public procurement through three core elements:

- Public disclosure of open data and information about the planning, procurement, and management of public contracts
- Participation and use of contracting data by non-state actors at appropriate points in the planning, tendering, awarding, contracting and monitoring of contracts
- Accountability and redress by government agencies on the feedback received from civil society and private sector, leading to real fixes ensuring timely supply of quality goods and services

1.2 Rationale of Open Contracting

i) Open contracting for health enables governments to better estimate demand, plan, budget, purchase, check for mispricing, and look for red flags. It attempts to connect people to policy and help make the procurement system more transparent. This is possible through openly shared data/information to the citizens, anti-corruption agencies and the media that could help hold the decision makers to account.

ii) The constitution of Nepal (Part 3, Article 35) includes health rights as the fundamental right to every citizen and ensures;
   - Every citizen shall have the right to free basic health services from the state, and no one shall be deprived of emergency health services
   - Every person shall have the right to get information about his or her medical treatment.
   - Every citizen shall have equal access to health services
   - Every citizen shall have the right of access to clean drinking water and sanitation

iii) Poor public procurement in health sector contributes to problems like medicine shortages, over

stocking, low quality medicines, and useless equipment etc. According to the World Health Organization, four out of 10 main causes of inefficiencies in the health sector are related with procurement. To improve the procurement process and increase efficiency in health service delivery principals of open contracting is imperative

iv) There is a need to increase "Value for money in healthcare" to achieve the UN's Sustainable Development Goal 3 (effective universal healthcare for everyone)

1.3 Methodology

In formulating this strategy, following approaches have been used:

- Review of prevalent Acts and policies related to public procurement;
- Research and consultation with the related stakeholders; and
- Application of empirical knowledge.

Following fundamental values for Open Contracting are considered:

- Integrity and zero tolerance to corruption
- Transparency in transactions
- Value for money / save tax payers money
- Efficiency in service delivery
- Build capacity of the stakeholders
- Empower citizen engagement in public oversight
- Evidence-based advocacy for policy and procedural improvements

1.4. Advocacy Approaches:

The following approaches have been considered:

1) Proactive – Be proactive to engage federal, provincial and local levels to promote strong accountability coalitions among civil society organisations, government and private sector
2) Policy Dialogue – Directly engage with policy makers at national and provincial levels, opinion leaders and influencers in relevant debates pertaining to integrity and transparency of public procurements
3) Assessment – Research and assessment to generate data and presenting evidences and practices of (the conditions for) data uptake and building the case for Open Contracting Data for different stakeholders (including governments and private sector)
4) Research and evidence based advocacy – Integrate research insights and learning from the three levels of governments into advocacy agenda through functional networks, government and related stakeholders pertaining to open contracting for health
5) Engage with key stakeholders – With reference to this strategy, the concerned parties refer to the logistics management sections, procurement units at the federal, provincial & local municipalities and private sector like suppliers of medicinal goods and services; and the CSOs advocating for more openness in public procurement
6) Build Alliance with related Stakeholders – For policy review and legal frameworks with the Ministries of Health at Federal & Provincial levels and the local Municipalities; for social awareness with CSOs; for situation analysis, timeliness and quality control with the Private sector.

2. Strategic role and action plan

2.1 Issue based strategic role of each sector

The major issues and strategic role of the stakeholders are illustrated below (Table-1)

Issues	Strategic Role		
	Government Sector	CSOs	Private Sector
(1) Unreliable basic health-care services at federal, provincial and local level by Hospitals, Urban Health Centres, Primary Health Centres, Health Posts	Improve coordination mechanism between federal, provincial and local level by Procurement/policy decision making centers, Hospitals, Urban Health Centres, Primary Health Centres and Health Posts	Facilitate policy dialogues to formulate effective act and/or procedures for effective public procurement in the health sector	• Expansion of rural oriented private hospitals and health services to cater services to the unreached population • Supply of quality medicines with ample durability
(2) Scarcity of free medicine/family planning devices/ vaccines for public distribution at health centers	Establish smooth functional linkages between planning – procurement, storage, distribution and service providing government agencies	Engage with central LMS and Provincial as well as Local level procurement units to help better plan and procure the goods	Ensure timely and safe supply of adequate medicines, family planning products/ services, vaccines
(3) Integrity related issues in health services delivery.	Ensure information access to all (in globally accepted standard) Monitoring and follow up for compliance of laws and practices	Build alliances with related agencies / individuals and advocate for efficient health services delivery	Adhere to the business ethics to deliver the goods on time and as per specification as promised
(4) Issue of procurement processes, from requirement, budget, purchase, delivery to payment	Consider need analysis for a separate procurement act for health sector Consider formulating policies and plan to better coordinate with federal hospitals, provinces, and municipalities	Inform respective health offices / facilities where corrective actions are required.	Ensure timely supplies per terms of contract

2.2 Action Plan for reform

The advocacy action plan to address the issues that need reform (Table-2):

Sector/Issues	Expected Results	Prospective activities for target outcome
A. **Government Sector**		
Inadequate coordination mechanism between federal, provincial and local level including Hospitals, and health centers	Effective coordination among government bodies and service providers at all levels	• Promulgation of supporting policies (mechanism for backward and forward linkages with the federal government and local bodies respectively) • Information sharing and informed decisions made among the concerned
Low availability and people's accessibility to free vaccines medicine, family planning devices	Availability of free medicines, along with efficient services delivery	• Conduct need assessment to ensure timely and adequate supply of medicines with long durability • Ensure proper storage facilities and check for expiry date • Information dissemination to the concerned stakeholders
Integrity issues in services delivery	Necessary procurement procedures and Act that are in place followed	• Quality of medicines maintained • Necessary information kept intact and decision informed to all concerned • Monitoring and follow up for standard operations • Hold research and analyse prevailing situation for improvements • Unnecessary delay in party payment avoided
Issues of fully adopting the prescribed procurement process/ steps and procurement cycle	Smooth and documented well informed integrated procurement practice established	• Training on technical and legal aspects to the focal employees and build a pool of skilled human resources for procurement and service delivery • Assess need for a separate procurement act for health sector procurement
Linkages between procurement and service delivery unclear	Good linkage between procurement and services delivered Sense of ownership and participation improved	• Skill and knowledge improving activities/trainings to the local governments • Informed decision making system maintained • Coordination among federal hospitals, provinces, and municipalities • Prepare participatory procurement plan
B. **Civil society**		
Issue of promulgating separate act for health sector procurement	Confusion due to public procurement act and procurement policy issues resolved	• Build alliances with related agencies / individuals • Inform health offices / facilities where corrective actions are required • Research to understand effectiveness of procurement and service delivery
Issues of central LMS, provincial governments, and local level procurement units to help better plan and procure as per the public procurement act	Smooth procurement process followed	• Strengthen capacity of LMS and provincial as well as local level procurement units to plan and procure with skilled human resources • Facilitate for building alliances with related agencies / individuals for efficiency in health services delivery • Inform respective health offices / facilities where corrective actions are required
C. **Private Sector**		
Tendencies of unhealthy business practices	Emphasize value based ethical business with fair competition	• Ensure medicines and supplies with ample valid date and as per specification • Adhere to business ethics and code of conduct
Issues of timely supply and safe delivery	Adequate stock availability	• Follow the supply terms and conditions agreed along with safety measures
Issues of corporate responsibility	Timely availability of goods and quality assured	• Joint discussion and participation in public dialogues • Urban private hospitals and clinics to increase access to rural areas

References

Health Logistic Report 2077 (2020), Logistic Management Section (LMS), Management Division, Department of Health Services (DoHS), Ministry of Health and Population, Government of Nepal (2020).

NHSS Implementation Plan (2016-2021), Ministry of Health and Population, Government of Nepal (2016).

Nepal Health Sector Strategy - NHSS (2015-2020), Ministry of Health and Population, Government of Nepal (2015).

Open up Contracting Toolkit, Towards Transparency and Accountability in Public Contracting Processes through People-Cantered and Evidence-based Advocacy, Hivos (2019).

Open Contracting for Health initiatives in Nepal (Brochure), Transparency International Nepal.

OC4H Project, Transparency International Nepal