

BUILDING TRANSPARENCY INTO PROCUREMENT PRACTISES OF HEALTH PRODUCTS IN AFRICA

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According to the Transparency International G20 Position Paper¹ Procurement is the principal interface between the public system and medicine suppliers aiming to acquire the right quantity of medical products most cost-effectively. It is estimated \$5 trillion is spent worldwide every year on providing health commodities and services², with estimates suggesting that 10% to 25% of global spending on public medicine procurement is lost to corruption³. DFS Africa analysis suggests that African countries can save about \$7 billion annually by improving transparency, eliminating corruption and optimising supply chain processes within the health procurement sector.

Transparency by definition is a process that is fully open to scrutiny. Improving transparency in procurement within Africa's health sector will certainly minimise waste, prevent corruption and fraud thereby providing better value for money for governments and ultimately citizens.

Analysts agree that creating more transparent procurement systems will help develop more efficient and reliable systems for the end-users, the citizens of African countries. The desire for Open contracting supplemented with e-procurement platforms will significantly increase the transparency of procurement procedures and prices in Africa. Practices that enforce the collection of; data on tenders bids, offers of tenders, terms and conditions, contract



awards, supplier performance and prices paid will foster transparency.

Corruption in procurement wastes resources and potentially leads to dangerous products entering the health system. The lack of clear-cut systems means that buyers are left unaware of the best possible price for the highest quality products, leading to higher cost health products to the end-users as this promotes profit-based pricing. A solution to this would be to create a universal database that includes the price of goods, manufacturer, cost of imports (if any) and basic details of the products. This database will allow for prices to be reduced as the citizens would now be able to hold the governments as well as procurement agencies liable for higher-priced goods. Such online platforms would also assimilate pooled procurement and promote competitive pricing.

The Connecting Dots Initiative (CDI) Platform is an example of e-procurement, as it aims to bring together manufacturers largely across Africa, allowing for supply to be met more transparently and efficiently. Using such platforms with open contracting systems also allows for the collection of data on; tenders, supplier performances, demand versus supply of each product. This information can then be analysed and circulated to all public and private health sectors, donor agencies and the general public. CDI has established partnerships with Standard agencies

like the United States Pharmacopeia (USP), and the World Health Organisation (WHO). These partnerships uphold the highest standards and ensure only quality products are distributed as they hold health product manufacturers accountable. The CDI goes a step further by working with national and regional institutions to implement policies that will enhance transparency in the procurement of health products. Equally advocating for increased technology inputs into the procurement processes on the continent, to ensure global best practices and product standards become a mainstay in African procurement.

Africa can learn from India and China. These are large developing economies that have made successes in prompting local manufacture of health products, tapping into the vast human resource pool available. While African countries cannot use China or India's procurement practices as a blueprint, lessons can be learned from their attempts. These lessons include the need for increased and continuous education and training in the health sector, this will open up even more human resources. The continent has lower wages compared to developed countries, education can be used as an incentive to train the population in the technology needed for manufacturing and procurement. Technology is an area that can help improve efficiency and transparency as a whole. Clear-cut and well-thought-out allocation and usage of funds can



boost the availability of capital resources. If these proposals are published the international and local community can hold the governments and agencies accountable, reducing corruption.

The future of transparency in Africa's health sector will demand a procurement system that restricts overpricing, manipulation and overpayments. These are practices that embezzle the funds that can be used to further the health sector and improve health outcomes. Procurement in Africa must embrace transparency measures where data is consistently reported, comparable and standardised so data can be easily used to identify potential fraud and hold procurement institutions and citizens accountable. Across Africa, national procurement laws and practices need to mitigate corruption risks or anti-corruption measures that bolster public confidence in public health systems need to be encouraged.

The Africa Pharma Platform (APP) under the leadership of AUDA-NEPAD intends to continue to champion the conversations around accountability and transparency in Africa's procurement processes. The APP supports platforms, institutions and measures designed to reduce the opportunities for corruption in procurement processes. We encourage open tenders, e-procurement and initiatives that support greater public accountability.

¹ https://www.transparency.org/files/content/pages/TI_G20_position_paper_-_health_sector_procurement_transparency.pdf

² WHO Global Health Expenditure Database: <http://apps.who.int/nha/database>

³ WHO Medicines: corruption and pharmaceuticals, Fact Sheet No 335. December 2009

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