

DEPARTMENT OF HEALTH & FAMILY WELFARE
GOVERNMENT OF ORISSA



State Specific Comprehensive Procurement and
Distribution Reform Strategy for Drugs,
Equipment and Other Medical Supplies

Table of Contents

1	INTRODUCTION	1
1.1	Background to OHSP-TMST	1
1.2	Background of Procurement Reform Process	1
1.3	Purpose and Structure of this Document.....	3
2	Present Procurement Scenario	4
2.1	Procurement Responsibilities.....	4
2.2	Drug Quantification and Budgeting.....	4
2.3	Equipment Procurement and Maintenance System	5
2.4	Warehousing Inventory Management System.....	5
2.5	Legislative Framework.....	5
2.6	Quality Assurance.....	6
2.7	Independent Procurement Entity	6
2.8	Need for Reform.....	6
3	Detailed Reform Strategy	7
3.1	Reform Approach	7
3.2	Detailed Plan of Action	8
4	Expected Outcome	16
5	Way Forward	16

LIST OF ACRONYMS

AMC	: Annual Maintenance Contract
CMC	: Comprehensive Maintenance Contract
DFID	: Department for International Development
EDL	: Essential Drugs List
EIF	: Equipment, Instruments and Furniture
GMP	: Good Manufacturing Practice
GoI	: Government of India
GoO	: Government of Orissa
GSDP	: Gross State Domestic Product
HEMP	: Hospital Equipment Plan
IOs	: Indenting Officers
LLINs	: Long Lasting Insecticidal Nets
MoH&FW	: Ministry of Health and Family Welfare
NRHM	: National Rural Health Mission
NSQ	: Not For Standard Quality
NSS	: National sample survey
NVBDCP	: National Vector Borne Disease Control Programme
OHSDP	: Orissa Health System Development Project
OHSP	: Orissa Health Sector Plan
OSIC	: Orissa Small Scale Industries Corporation
ProMIS	: Procurement Management Information System
RFP	: Request for Proposal
RSBY	: Rastriya Surakhya Bima Yojana
SBDs	: Standard Bid Documents
SDMU	: State Drugs Management Unit
SSI	: Small Scale Industrial
TMST	: Technical and Management Support Team
TNMSC	: Tamil Nadu Medical Services Corporation
US FDA	: United States Food and Drug Administration
WHO	: World Health Organization

1 INTRODUCTION

1.1 Background to OHSP-TMST

The Government of Orissa (GoO) has developed a comprehensive Orissa Health Sector Plan (OHSP) 2005-2010. This provides a unique opportunity for the government to align its own, the Government of India's and development partners' resources to meet the state's priorities and help address the major shortcomings in both public and private health provision. DFID provides Health Sector Budget Support to the GoO channeled through the Departments of Health and Family Welfare (DOH&FW) and Women and Child Development (DWCD).

Technical and Management Support Team (TMST) under OHSP supports the DoH&FW in strengthening their procurement system. The Institutional reform aims at setting up an independent procurement entity to manage the entire procurement activities with a high-level of skill and expertise to achieve economy and efficiency. The procedural reform focuses on standardization of policies and practices at all level to bring fairness and transparency in procurement; to ensure equitable and timely distribution; and ensure optimal usage of hospital equipment.

1.2 Background of Procurement Reform Process

The process of reform had started in the year 1998 by the department as the earlier system apparently failed to deliver the expected/desired outcomes such as ensuring medical products were delivered in the right quantity, of an acceptable quality, at the right price, in a timely manner for proper storage and distribution to end users. Some of the major limitations identified during that period were;

1. **Lack of Vendor Performance Monitoring:** There were no defined processes for vendor performance monitoring. In the absence of defined procedures, and with procurement happening in a decentralized manner, it was difficult to initiate any action against vendors who failed to deliver in conformance with contractual terms and conditions.
2. **Inadequate Quality Assurance:** As the procurement was decentralized and no standard operating procedures were in place, different procuring entities followed different and often ad hoc quality measures, resulting in inconsistent or poor product quality. Given the small quantities being purchased at decentralized locations in many instances it was not possible to get the drugs tested to ensure that they met the quality standards laid down in the relevant pharmacopoeia.

3. **Economies of Scale:** The decentralized procurement coupled with the lack of an essential drug list and standard treatment guidelines resulted in an unnecessary range of alternative drugs being purchased in low volumes to treat the same diseases. There was very little opportunity for competitive price advantage as products were being purchased in relatively small volumes. The small individual purchase quantities also had the effect of discouraging larger manufacturers from taking part in the procurement process. In some cases, due to the absence of generic specifications many of the drugs were procured by brand name, thus excluding generic drug manufacturers who are generally able to offer considerable cost savings.
4. **Delay in procurement and distribution:** Due to process duplication and lack of adequate procurement skills at District level, procurement and distribution was often delayed. This directly impacted upon stock levels and prescription practices.

To overcome the deficiencies mentioned above and to streamline the procurement process, several actions were initiated by GoO under different projects with support/assistance from international agencies and which includes WB assisted Orissa Health Sector Development Project (OHSDP) and DFID's Interim Health Sector Support (IHSS). However, most of the actions pertained to streamlining the systems for the procurement of drugs and hospital consumables and few actions were initiated for procurement of medical equipment. As a result, in-house capacity within the department for conducting the procurement of medical equipment efficiently remained under-developed.

One of the major decisions taken by GoO around this time was to constitute a Centralized Drug Procurement System in the State with the objective of ensuring sufficient good quality drugs were available to patients in all public health institutions. The **State Drug Management Unit (SDMU)** was created within the department by virtue of an Office Order in the year 1997-98 with the following mandate:

- (i) To make available good quality drugs and medical consumables in all government health institutions of the State at right time and at the most competitive price.
- (ii) To ensure rational use of drugs in all government health institutions by developing an Essential Drug List dividing drugs into primary, secondary and tertiary categories and Standard Treatment Guidelines (STG) were developed and updated at regular intervals (2 years)
- (iii) To establish and run a Computerized Inventory Management System (CIMS) by connecting all State medical stores (District Medical Stores, Medical College Stores, Central Store) to ensure better management of drugs and medical consumables. This system enabled the DoH&FW to calculate stock levels in all the stores and potentially

use this information to transfer stock between stores to avoid stock outs and to more accurately forecast requirements.

- (iv) To develop a suitable quality assurance protocol and standard operating procedures to improve the quality control of drugs and hospital consumables.

These reform initiatives by Department were quite fruitful. In addition to some tangible improvement in the system it had provided a basis framework to take the reform process further. Some notable outcomes of the initial reform initiatives can be summarized as below:

- ✓ Centralisation of Drug procurement (i.e. 80%) through SDMU resulting in; (a) better quality assurance (b) reduction in cost of procurement (c) quality packaging
- ✓ Implementation of computerized inventory management system connection all district warehouses with central warehouse
- ✓ Introduction of pass book system to ensure equitable and smooth distribution of drugs and medical supplies to facilities
- ✓ Development adoption of Essential Drug List and Standard Treatment Protocol to ensure rational procurement and usages
- ✓ Introduction of system of independent quality testing through NABL accredited labs to facilitate quality and efficient drug testing.

1.3 Purpose and Structure of this Document

The primary objective of this document is to lay down a comprehensive action plan to address different procurement issues and challenges faced by the department to ensure an efficient, transparent and well managed procurement and distribution system in place. The reform action plan has been captured in a matrix format in three broad categories i.e. legislative, institutional and procedural under **Chapter 3**. Briefly history of the reform process initiated since 1998 along with their impact in the procurement process has been described under Chapter 1. Chapter 2 give an over view of the present procurement scenario in the State. The “Expected Outcome” under proposed action plan and the “Way Forward” given under Chapter 4 & Chapter 5 respectively.

2 Present Procurement Scenario

2.1 Procurement Responsibilities

The responsibilities for procurement of different goods and services for the department are divided in the following manner;

- ✓ **Drugs and medical supplies:** 80 % of the drug budget centrally through SDMU (dedicate procurement cell under Director of Health Services) and balance 20% at institution level to meet their specific needs.
- ✓ **Equipment:** Done both at state level (by Directorates) and district level (by District Health Authority) health in absence of any sustainable arrangement for centralized procurement.
- ✓ **Civil Construction:** through public works department and other government agencies like; RD, DRDA, IDCO, etc.

2.2 Drug Quantification and Budgeting

Around middle of the last decade (2006-07), State spends on drugs and equipment was substantially low in comparison to neighbouring states (Refer Table 1). The main reason for this irrational drug budgeting was the absence of any credible system for need assessment and quantification. In recent years the state has initiated the process of rational drug budgeting to ensure availability of essential drugs and optimal utilisation of the same at the facility level. As a result, there has been substantial increase in the drug budget in the recent years (Refer Table 2).

Table 1: Per Capita Drug Allocation (State-wise)

S. No.	Name of the State	Per Capita Drug Allocation (Rs)	Year
1	Tamil Nadu	27.24	2006-07
2	West Bengal	14.07	2006-07
3	Orissa	4.66	2007-08
4	Bihar	10.00	2007-08

Table 2: Drug Budget (State Budget)

S. No.	Year	State Budget (INR in Crs)
1	2007-08	18.42
2	2008-09	37.71
3	2009-10	42.43
4	2010-11	32.40
5	2011-12	62.60

2.3 Equipment Procurement and Maintenance System

Subsequent to the closure of Orissa Health System Development Project¹ (OHSDP) no substantial effort was made to streamline procurement and maintenance of equipment. As a result of which entire procurement was stalled since 2006-07. In the year 2008, after series of discussion and deliberation at different level, department decided to outsource the procurement function (medical equipment) to Orissa Small Scale Industries Corporation (OSIC) and accordingly a government order was issued in June 2008. However, OSIC also lacked the capacity and expertise to carry out medical equipment procurement and the arrangement failed to deliver the desired outcome. As a result, procurement of equipment has continued to be a challenge for the department.

In addition, there was no such separate unit to look after the repair and maintenance of the EIF (Equipment, Instruments and Furniture) supplied to different health facilities starting from primary to tertiary care institutions. The Annual Maintenance Contract/Comprehensive Maintenance Contracts (AMC/CMC) of different high value equipment has also not been properly coordinated to ensure optimal usages minimizing the breakdown time.

2.4 Warehousing Inventory Management System

Online inventory management software is in use by the department since 1998 connecting all district warehouses to the central store. However the software has not been upgraded since then to make it more efficient, user-friendly and functional on real time basis.

In the year 2010-11, PROMIS² system was successfully implemented through Empowered Procurement Wing of Ministry of Health and Family Welfare, Government of India under RCH programme. However, presently only central supplies under RCH programme are covered under PROMIS. Also the connectivity is only up to district warehouses and sub-district and facility level stores are not connected to the system and inventory management software are not integrated.

Push based system of inventory management is being used due to inappropriate procurement planning and quantification.

2.5 Legislative Framework

There is no specific procurement legislation in the state. The public procurement in the state is primarily governed by General Financial Rules, 2000 and Delegation of Financial Power Rules 1978. However the Orissa General Financial Rules 2000 is yet to be revised in line with General Financial Rules 2005 (latest) of GoI, which is more elaborate on procurement in comparison to earlier version.

¹ World Bank Assisted Project continued till 2005

²PROMIS represents “Procurement Management Information System” online inventory management software developed under RCH programme of GoI through Broadline (Software Development Company).

2.6 Quality Assurance

The quality assurances for drugs are limited to post-dispatch inspection and testing. Samples are collected on random at the point of delivery (warehouses) and sent to SDMU. The samples are sent to the NABL accredited labs by SDMU after sample documentation and coding. However, the management of sample including timely collection and testing, coverage to ensure sample from each batch, follow-up action, etc. has been an issue of concern for the department in absence of a detailed quality guidelines/Standard Operating Procedure for quality assurance throughout the life cycle (usable life) of the product and appropriate administrative setup for its enforcement.

In addition, the preference policy of the State reserving around 30 items of drugs for Small Scale Industrial (SSI) Units has been a setback for the department to insist on higher quality standard.

2.7 Independent Procurement Entity

As per the latest drug policy, 80% of the drug budget is being procured centrally through State Drug Management Unit and balance 20% is procured locally at facility level to meet emergency requirements.

State Equipment Management Unit (SEMU) has been set up by the department in the year 2010 for equipment repair and maintenance at facility level. The unit needs to be strengthened further to take up equipment procurement activity.

In addition, department is in the process of strengthening the engineering cell (presently under NRHM) to take increasing responsibility of health construction supervision and maintenance.

Further, a proposal has been submitted to Hon'ble Chief Minister for setting up of an independent procurement entity in form of a company and the approval (cabinet level) is awaited. In the interim, department is in the process strengthening the procurement system which will ultimately be part of the proposed procurement entity.

2.8 Need for Reform

There were no adequate follow up initiative by the department subsequent to the first phase of reform. The need for a robust and efficient procurement system has become more relevant and immediate with the increasing focus of the department on coverage and quality of health services in the public sector. To achieve this there has been a consistent increase in procurement budget in recent years. These developments have created an urgent need for an efficient, transparent and sustainable procurement system to ensure effective utilization of State resources.

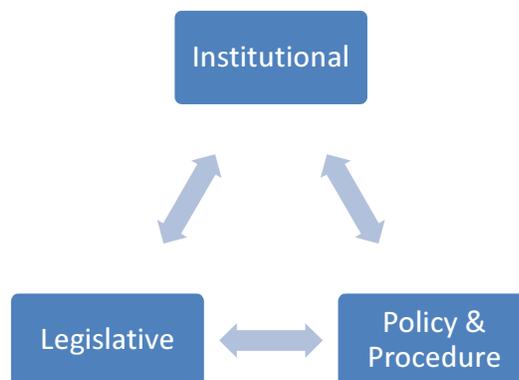
The department has recognized following deficiencies in the present system that need to be addressed adequately to streamline the system and around which the reform strategy has been drawn.

- ✓ No sustainable institutional arrangement for procurement of medical equipment.
- ✓ Inadequate in-house skill and competency to deal with procurement of higher value involving technical and/or contractual complexities.
- ✓ Lacks a comprehensive plan and action to ensure compulsory quality assurance throughout the life cycle of the drugs and other supplies.
- ✓ Inadequate process monitoring in absence of a comprehensive structure to administer all procurement functions.
- ✓ Inadequate monitoring of performance of vendor in absence of an integrated structure.
- ✓ Absence of online inventory management through out entire the supply chain process.
- ✓ Absence of any plan to deal with preference policy.

3 Detailed Reform Strategy

3.1 Reform Approach

With the decision on centralized procurement entity awaited, it is felt that an all-round reform strategy is required to streamline the current procurement system of the department in a comprehensive manner. Primarily the reforms are required under three broad categories (i.e. legislative, Institutional and procedural) with varied purposes and intensity. They are interdependent and mostly complement each other, presenting a dynamic cyclic process.



Reform Process Cycle

- a) **Legislative Reforms:** This requires involvement at highest level. These are normally long-term reforms, which demands changes in the legal framework of the state affecting public procurement. Legislations provide rules; they normally do not determine procurement policies, procurement strategies or procurement performance. Further, legislative reforms are mostly external in nature done through

legislative process. For DoH&FW, some of the key legislative reforms that would impact procurement mainly include revision required in Orissa General Financial Rules and Delegation of Financial Power Rules.

- b) **Institutional Reforms:** This is about organizational structure, competency, scope and reporting relationships of the procurement entity. Organisational set-up facilitates the process of delegation of authority and responsibility to operate and deliver efficiently within the overall legislative framework. In case of DoH&FW, this revolved around setting-up of centralized procurement agency, strengthening SDMU, SEMU, etc.
- c) **Procedural Reforms:** This is more about the operation and execution. Procedural reforms cover plans, policies, procedures and practices required to carry out public procurement successfully. These are primarily guided by overall legal framework and accepted practices. These reforms are ongoing in nature subject to modification with change in nature of product, market conditions, procurement terms, etc. However, the conformity of public procurement principles of transparency, efficiency and economy are ensured at each stage of procurement. This includes operating procedures, bid documents, guidelines, manual, etc. These are internal in nature done by the department within over all legislative and institutional frameworks.

3.2 Detailed Plan of Action

The table below presents major issues in the current legislative, institutional and procedural set-up and the proposed reform actions to be taken by the Department of H &FW.

Reform Area	Issues	Proposed Action
A. Legislative Reform <i>(Legal Framework)</i>	<p>Public procurement in Orissa is guided by General Financial Rules. However, the current Orissa General Financial Rules 2000 is not detailed enough and only briefly covers the principles of public procurement.</p> <p>Preferences are given to local small-scale industrial units under Industrial Policy Resolution reserving 30 items under Essential Drug List exclusively for them.</p>	<p><u>Revision of applicable law:</u></p> <ol style="list-style-type: none"> Revision of Orissa General Financial Rule (OGFR) in line with GFR 2005 of GoI with detailed coverage on public procurement. Bring appropriate legislative action to take health procurements out of the gamut of preference policy of the state to ensure fair competition and better quality.

Reform Area	Issues	Proposed Action
B. Institutional Reform <i>(Organisational Framework)</i>	<p>There is a lack of desired institutional framework to manage or monitor entire range of procurement functions pulling together all health procurements undertaken by the department in a more unified, transparent and professional manner. In absence of an unified structure and matching policy it has been a challenge to ensure smooth flow of goods and services of required quality, quantity across the health facilities round the year.</p>	<p><u>Independent Procurement Entity:</u></p> <ol style="list-style-type: none"> 1. Formation of an independent entity adequately staffed with skilled manpower selected on the basis of merit from in-house or outside to deal exclusively the procurement activities of the department with efficiency, transparency and economy. 2. The proposed entity should have the structure to deal with following activities professionally and independently. <ul style="list-style-type: none"> ⇒ Procurement (drugs, equipment, supplies and services) ⇒ Inventory Management (warehousing, supply-chain management) ⇒ Equipment Maintenance ⇒ Supervision of Health Construction ⇒ Quality Assurance ⇒ Vender Management
	<p>Inadequate institutional and administrate set-up with centralized mechanism for quality assurance of all health procurements including drugs, equipment, health construction and other services.</p>	<p><u>Improve Quality Assurance System:</u></p> <ol style="list-style-type: none"> 3. Formation of Quality Assurance Committee at state level duly empowered to; <ul style="list-style-type: none"> ⇒ Formulate quality assurance guidelines/procedures and issue directives for its implementation ⇒ Review and assess its appropriateness at regular interval and necessary amendments ⇒ Identify and initiate

Reform Area	Issues	Proposed Action
	<p>There neither exists a sustainable institutional framework or a plan for the management of hospital equipment strategically at each state of planning, procurement, installation, maintenance and replacement.</p> <p>At present equipment are purchased either at district level (decentralized) or at directorate level (centrally) mostly on ad hoc basis. Equipment down time is quite high at facility level in absence of a uniform procurement practices with regards to quality, specification, eligibility and other warranty and maintenance terms.</p> <p>In absence of a state level institutional set-up and a plan for hospital equipment maintenance, maintenance responsibilities are bestowed upon the individual health facilities. It has been a serious problem for individual facilities located at remote and inaccessible places to keep the equipment maintained due to paucity of in-house or local resources.</p>	<p>disciplinary action against person responsible for quality failure or non-compliance.</p> <p>4. Formation of district level committees to ensure successful implementation of the quality polies prescribed practices.</p> <p><u>Establishment of State Equipment Management Unit (SEMU)</u></p> <p>5. Adoption of System of Centralized Procurement uniformly for all major equipment procurement to ensure;</p> <p>⇒ Standardization of procurement terms with respect to specification, services, quality, payment and monitoring for an optimal operational efficiency.</p> <p>⇒ Better bargain power/economy benefit of scale</p> <p>6. Formation of Equipment Management Cell with personnel from both technical administrative background to function independently with following objectives;</p> <p>⇒ Develop annual equipment procurement plan through a realistic need assessment</p> <p>⇒ Provide required inputs for finalizing technical specifications of the equipment.</p> <p>⇒ Develop quality specifications for equipment under procurement to form part of the bid document.</p>

Reform Area	Issues	Proposed Action
		<ul style="list-style-type: none"> ⇒ Define item-wise warranty or maintenance terms and conditions to form part of the contract document. ⇒ Develop maintenance plan to be followed at end user level to minimize the equipment downtime. ⇒ Maintain a team of bio-medical engineers and technicians and workshop facility (centrally and regionally) to attend breakdown calls from health facilities. <p>7. <i>Allow the unit to operate a dedicatedly similar to State Drug Management Unit till such time the independent procurement entity established and made functional.</i></p>

In absence of a unified administrative structure and directives, warehousing and supply chain management has not been very effective. In the present set-up assurance of quality of goods throughout the chain of supply has been a difficult task. District warehouses are under the administrative control of respective district authority where both central and state supplies are stored. At state level their inventory monitoring is mostly limited to state supplies.

Centralized Warehousing Management:

8. All warehousing and distribution functions up to the point of consumption need to be identified and brought under a single and unified administrative control for better operational efficiency.
9. All health supplies either central or state should be managed uniformly as a single supply-chain.
10. Manual on warehouse and supply-chain management to be developed and issued for uniform compliance.

Different software is being used for Integrated Inventory Management:

Reform Area	Issues	Proposed Action
	<p>central supply and state supply. ProMIS is being used for central supplies and department's own software is used for state government supplies. At the present set up the online management of inventory is done up to district warehouse although there is a demanding need for connecting inventories up to sub-district and facility level for more effective inventory data analysis.</p>	<p>11. Single integrated inventory software to be used uniformly for all health supplies irrespective their origin (central or state). The software shall be connected up to the facility level through adopting web-based technology for better managerial control and analysis.</p>
<p>C. Procedural Reform <i>(Policies, Procedures and Practices)</i></p>	<p>State Drug Management Unit (SDMU) has been tendering for drugs and other medical supplies since 1998. The unit has standardized the bid documents and operating procedures for different stages of procurement for drugs and other hospital supplies. However the department does not have any standard bid document and operating procedure for procurement of equipment and services.</p>	<p><u>Standardization procurement Practices:</u></p> <ol style="list-style-type: none"> 1. Standard Bid Documents and Operating Procedures for equipment, instruments, furniture, outsourcing and other service to be developed and implement for both centralized and local procurement. 2. Comprehensive procurement manual for goods and services to be issued by the department for uniform compliance by all procurement authority with necessary details like; <ul style="list-style-type: none"> ⇒ Procurement policies principles and procedures ⇒ Procurement organization and reporting structure ⇒ Procurement authority and approval mechanism ⇒ Procurement functions (planning, tendering, quality assurance, warehousing, documentation, monitoring, etc.) ⇒ Forms, Formats and checklist used under different

Reform Area	Issues	Proposed Action
	<p>The procurement system at district, sub district and institution level are not strengthen to handle major procurements. There is a dearth of technical capacity and manpower constraints at this level to carry out procurement processes. There is no uniformity in the procurement practices at district, sub-district and institution level in absence of any standardized bid documents and operating procedures.</p>	<p>procurement functions.</p> <ol style="list-style-type: none"> 3. Standard Bid Documents and Operating Procedures to be developed for local small value purchases either at district or facility level. The Bid Documents should be clear and user-friendly. 4. Training calendar and modules to be developed for capacity building of district and sub district officials on a routine manner.
	<p>Although department have quality assurance guidelines for drugs procured by the state. However, they are not comprehensive enough to cover all health procurement including equipment, health constructions, consulting services.</p>	<ol style="list-style-type: none"> 5. Develop quality assurance manual with detailed procedure, methods, responsibility chart and reporting relationship. It shall clearly spell out the timing, frequency types of conformation test to be carried out at each stage.
	<p>Policies on drug quantification, prescription practices are yet to be enforced by the department to ensure;</p> <ul style="list-style-type: none"> ✓ Realistic need assessment of drugs, equipment and medical consumable (specific to the facility) ✓ Optimal use of drugs and other medical supplies. 	<ol style="list-style-type: none"> 6. Guidelines on drug quantification with methodologies and procedures to be followed. 7. Guideline on prescription practices to be developed and compliance to be ensured through effective monitoring mechanism.
	<p>Department is yet to formulate a comprehensive drug policy encompassing key issues relating to quantification, mode of</p>	<ol style="list-style-type: none"> 8. Redrafting of Drug Policy having detailed policy guidelines covering key areas and getting it approved at highest level³ for

³ Cabinet Committee

Reform Area	Issues	Proposed Action
	<p>procurement, quality assurance, rational drug usages, prescription practices.</p>	<p>better enforceability. The drug policy should cover following areas with greater details;</p> <ul style="list-style-type: none"> ⇒ System of Procurement: Recommending centralized system of procurement for health goods adopting an uniform procurement practices through standardization of operating procedure and bid-documents except for the emergency cases ⇒ Drug Quantification: Specifying methods for quantifying drugs taking in to consideration key parameters including accessibility to health service, health seeking behaviors, burden of diseases, dependency of public health facility, etc. ⇒ Rational Drugs & Prescription practices: The policy shall include guidelines on rational drug usages and prescription practices. ⇒ Quality Assurance: Emphasizing quality as prime criterion for selection of drugs. And recognizing quality assurance as an ongoing process to be followed through out the lifetime of the drugs.
	<p>Department does not have a well-structured policy to encourage private participation for augmentation of health service delivery (for example; maintenance of health facility including diagnostic, sanitation, catering</p>	<p>Outsourcing on partnership model:</p> <ol style="list-style-type: none"> 9. Develop health specific PPP policy to encourage private participation. The policy should be strictly on a partnership model with provision for greater

Reform Area	Issues	Proposed Action
	laundry services, etc.). Orissa has an immense potential to involve corporate sector in improving public health facility under Corporate Social Responsibility.	accountability through mutual trust. The scope and objective should be well defined for all operational purpose.

4 Expected Outcomes

The department has evidently developed a certain level of skill and efficiency over these years through SDMU, in the area of procurement of drug and medical supplies. This reform strategy targets the next areas for action with the following expected outcomes.

- a) Restrict average annual down time of the equipment within 5% at facility level.
- b) Ensure quality *through out the usable life* of the drugs and other medical supplies restricting “Not of Standard Quality” within 2%.
- c) Achieve 100% availability of critical drugs (select few from EDL) at all facilities round the year.
- d) Reduce damage and expiry of drugs and medical supplies at warehouse and facilities as well to a minimal level adopting improved and real-time warehouse and supply chain management.
- e) Reduce procurement lead-time (time lag between initiations of the procurement process for particular item (s) till it reaches at the consignee point) to an accepted level.
- f) Pull system of inventory management followed against the push system though rational and equitable procurement planning and need based quantification.

5 Way Forward

The following identifies the way forward:

- a) Continuous pursuit by the department for required legislative and institutional reform by putting the issues and proposal before appropriate authority for timely action.
- b) Improve system transparency and efficiency through process automation adopting to e-process.
- c) Process standardisation through implementation of manuals, guidelines and protocols
- d) On-going capacity building exercise through training and monitoring.