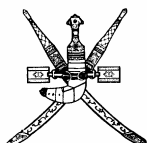


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**PUBLIC PROCUREMENT OF PHARMACEUTICALS IN THE
COOPERATION COUNCIL FOR THE ARAB STATES OF THE GULF (GCC)
AND THE ROLE OF LOCAL GENERIC COMPANIES***

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* The views and opinions expressed in this paper are those of the author and not necessarily those of the World Intellectual Property Organization (WIPO) or its Member States.

Salient features of drug management and procurement are :

Managing Drug Supply System

- Selection
- Procurement
- Distribution
- Use

Management Support System

- Organization
- Financing and Sustainability
- Information Management
- Human Resources

Directorate General of Medical Supplies:

- Is the responsible authority in MOH for Procurement of drugs and medical supplies
- Centralized storage
- Distribution to all Health Units under the Ministry

Selection Criteria:

- To select drugs with proven efficacy, safety and cost effectiveness
- Select the minimum number of drugs and other medical items needed
- Include newly released products only if found to have distinct advantages over approved products

Authority to approve or delete drugs rests with:

- Drug and Therapeutic Committee (D&TC)
- Central Drug Committee

Procurement Cycle involves :

- Review selections
- Determine quantities needed
- Reconcile needs and funds
- Choose procurement method

- Locate and select suppliers
- Specify contract terms
- Monitor order status
- Receiving and check drugs
- Make Payment
- Distribute drugs
- Collect consumption information

Major procurement methods:

- Open tender
- Restricted tender
- Competitive negotiation
- Direct Procurement

Key principles of good pharmaceutical procurement:

- Procurement by generic name
- Limitation of procurement to the essential drug list
- Procurement in bulk
- Order quantities based on reliable estimate of actual need
- Reliable payment and good financial management
- Transparency and written procedures
- Product quality assurance Program

Procurement methods:

Type of Tender is dependent on the estimated total value of items:

1. Local Tender (T/Board)
 - Dealing with local agents
 - Mainly limited to OTC products, etc.
 - Less expensive items
 - More Competition

2. International Tender (T/Board)
 - Dealing directly with overseas manufacturers
 - Supplies & payment through local agents
 - Includes mainly patented and expensive drugs
 - Started since 1997 and achieved savings of 35%

3. Gulf Tender (GCC Joint Purchase)
 - Established to co-ordinate between its member states in all fields of health e.g. prevention, intervention & rehabilitation
 - In addition, the Council aims to disseminate health knowledge and improve health awareness among the general public of GCC Countries
4. MOH Tender
5. DGMS Urgent Tenders
 - Emergency Purchase (Health Attachee, UK, India)
 - Direct Purchase (for individual cases)

Group Purchasing Program (SGH)

- Established in 1976 to control the health care expenses in GCC states
- 1st Tender for Pharmaceuticals issued in 1978
- Surgical/Hospital Sundries in 1982
- Vaccines in 1985
- Laboratory Consumables & Blood Bank items in 2001.

Advantages of SGH Purchasing:

- Ensure quality of Products
- Cost reduction due to bulk quantities
- Acceleration of Purchasing Process
- Establishment of unified specification
- Promotion of Pharmaceutical Policies and exchange of information on quality and performance

Quality of Products :

Group purchasing has contributed to establish:

- Central Drug Registration
- Bio-equivalence Program
- GCC Unified formularies
- GMP Inspection
- Product Evaluation

Generic Products:

Group purchasing envisages:

- Procurement Policy from generic registered Cos.

- In 2002, through the purchase of 55 generic products, achieved savings of an amount of RO 1,338,531/-
- Savings obtained due to decrease in prices from same Cos. RO 546,837/- + RO 188,905/- worth of FOC Quantities.

Participation of other Government Institutions:

- SQUH, MOH, Diwan and ROP also started sharing in SGH Tenders due to substantial price advantages, on the advice of MOH since more than 12 years now.
- In Saudi also KKH, KFH National Guard, Interior Ministry of Hospitals, Eye Specialists, etc.

Advantages when sharing in MOH tenders:

- Ensures quality of Products
- Cost reduction due to bulk quantities
- Centralized analysis of all batches
- Establishment of unified specification
- Exchange of information on quality and performance
- Exchange of stock as and when required.

Obstacles:

- Specification unification
- Tender Schedules
- Different equipment & systems
- Existing contracts
- Maintenance conditions for equipment

Quality Assurance for Drug Procurement:

- Careful product selection
- Careful supplier selection
- Certification of good manufacturing practices
- Batch certification (WHO type of certificate of a Pharmaceutical product)
- Inclusion of detailed specifications in the Contract