



Update on the 2010 ARV tender: reflections on the special conditions of tender

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Special conditions of tender (1/3)

+ Positive developments (1/2)

- + Limited to two-year tender
- + Requirement that DoH be kept in the loop on all correspondence sent to National Treasury regarding administration of the contract
- + Collusion and price fixing may result in contracts being cancelled
- + Detailed requirements on make-up of prices
- + Price adjustments require detailed evidence and related only to specific input increase
- + Negotiations on a quarterly basis with approved / preferred suppliers permitted

Special conditions of tender (2/3)

+ Positive developments (2/2)

+ Better provisions on split tenders

- + Designed to address concerns about sustainability of supply, even where high price differentials (such as ability to award to >2 bidders)

+ Contemplates cancellations as a result of protocol changes

- + Along the lines of what happened with d4T

+ Requirements about reporting

- + To assist in programme planning

+ No requirements on patents and licences

- + As is generally common but was required in 2004 and 2008 ARV tenders)

Special conditions of tender (3/3)

- + Same old, same old
 - + Failure to seek exemption from PPPFA and its regulations (i.e. the 90/10 points system)
 - + Extra point for HDIs and more local production points
 - + Preference point score decider in event of tie
 - + Allows for award of tender to a bidder who does not score the highest number of points
 - + Registration required "at the closing date and time of bid" – i.e. by MCC meeting of July 23rd
 - + No provision dealing with price reductions:
 - + API price drop (as happened with EFV) = no benefit
 - + API price increase = application for increase of price

Value of 2010 tender

- + Based on cheapest international prices of WHO prequalified medicines
 - + Generics: ex-manufacturer in country of origin (add $\pm 27\%$ for freight, insurance)
 - + Branded: total cost (very few)
- + Reliance on DoH estimates of quantities
- + Total value = \pm R3.72 billion minimum
 - + Efavirenz: \pm R995 million (26.7%)
 - + TDF: \pm R874 million (23.5%)
 - + 3TC: \pm R656 million (17.6%)
 - + Lopinavir/ritonavir: \pm R325 million (8.7%)