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File Ref: PO 7300

Date: 18 April 2016

Contract Amendment No: 1

**CONTRACT FOR:**

**Emergency Procurement and Distribution of Priority Essential Drugs and Medical Commodities for the Primary Health Care Facilities and Hospitals under South Sudan Ministry of Health**

With reference to the contractual letter dated 27<sup>th</sup> February 2009 whereby your firm was engaged to undertake to scope of work as directed at Annex A of the Contractual letter, and as most recently amended by the letter of the 19<sup>th</sup> October 2015, I confirm that the UK Government wishes to make the following amendment to the letter of 19th October 2015:

**Section 1**

Paragraph 1.1

DELETE "30th June 2016" and INSERT "31<sup>st</sup> December 2016"

**Section 1**

Paragraph 3.1, Line 1

DELETE "£10,600,000" and INSERT "£18,000,000".

**Annex A**

DELETE the Annex A in toto and INSERT the Annex A attached.

**Annex B1**

INSERT the Annex B1 attached.

**Annex C**

DELETE the Annex C in toto and INSERT the Annex C attached.

**Annex F**

DELETE the Annex F in toto and INSERT the Annex F attached.

**Annex G1**

INSERT the Annex G1 attached.

This amendment relates to an increase of £7,400,000 of the overall financial limit of the contract with an extension of the contract end date in order to reflect the addition of 2 rounds of procurement and distribution in 8 of the 10 states of South Sudan.

Please confirm in writing by signing and returning one copy of this letter that you accept the amendments set out herein.

Please note the provision in the contractual letter that the financial limit of the UK Government's liability to the Consultants under this engagement shall not exceed the sum specified unless the amount of any such excess has been agreed by the Department for

International Development in writing before the Consultants take any action which might result in the financial limit being exceeded.

For and on behalf of the  
**Secretary of State**  
**for International Development**

Name:

Position:

Signature:

Date: 18 April 2016

For and on behalf of  
**IPA**  
**P.O. Box 190**  
**1400 AD Bussum**  
**The Netherlands**

Name:

Signature:

Date:

## **ANNEX A**

### **TERMS OF REFERENCE**

#### **Emergency Procurement and Distribution of Priority Essential Drugs and Medical Commodities for the Primary Health Care Facilities and Hospitals under South Sudan Ministry of Health**

#### **EXTENSION Amendment 1 February 2016**

#### **Introduction**

1. The Health Sector Development Plan 2012-16 (HSDP) of the Government of the Republic of South Sudan (GRSS) lays out the vision of reducing maternal and infant mortality and improving the overall health status and quality of life of the South Sudanese population. Donors have aligned to and supported the delivery of HSDP. Currently, majority of the basic health and nutrition services to the people of South Sudan is funded by the donors. The UK is a major donor in the South Sudanese health sector.
2. GRSS have committed to fully supply essential drugs and medical commodities to deliver essential health care through primary care facilities and hospitals in the country. However, since the creation of South Sudan in 2011, GRSS have not been able to maintain a constant supply of lifesaving medicines and commodities in the country due to reduced revenues resulting from the ongoing conflict, poor oil revenues and deepening financial crisis in South Sudan.
3. In response to the situation, the US, Norway and the UK established and funded the US\$54 million Emergency Medicines Fund (EMF) in 2013 to provide a one-year supply of essential medicines and critical commodities for all primary health care facilities and hospitals in South Sudan. The EMF is an example of past efforts undertaken by donors to ensure the procurement and distribution of essential drugs and medical supplies necessary for the delivery of basic healthcare to the population of South Sudan. The Fund was established as an emergency and one time measure to cover a gap in pharmaceutical supply due to significant shortfalls in Government revenues following the oil crisis in 2012. EMF supplies were delivered in the country from mid-2014 and the fourth and last quarterly supplies are currently underway. [February 2016 update: EMF distributed its buffer stock, which was also a quarter worth of supplies, in December/January and this supply is expected to last until February/March 2016.]
4. The GRSS allocated funds for drugs procurement in the 2014/15 budget and South Sudan Ministry of Health (MOH) initiated a procurement process for a three months' supply to hospitals and 4 months' to primary care facilities in October 2014. The process has been slow since the beginning, complicated by issues with contractors. The likelihood of a successful procurement is very low. GRSS' allocation for drugs in 2015/16 budget is not yet known. Even if there were allocations, usually a long lead time to (a) release funds and (b) for the procurement itself means that MOH supply will not be available timely to prevent a crisis in early 2016.

5. With the EMF supplies coming to an end by the end of 2015, and MOH procurement unlikely to arrive by then, a nationwide shortage of drugs is likely in early 2016. An urgent intervention is needed to avert the imminent crisis from early 2016. [February 2016 update: EMF buffer stock distributed in December/January is expected to last until February/March 2016.]
6. DFID South Sudan has worked with partners (MOH, other donors, UN agencies and implementing partners) to develop a contingency plan to address the expected gap in medicines in the next few years. A part of the plan is to fund, together with other donors, an emergency procurement and distribution of priority essential drugs and medical commodities for the whole country to meet the needs for a period of up to six month from January 2016. DFID SS will lead and manage process. DFID SS will re-programme its commitment to the Health Pooled Fund to fund this. USAID has shown willingness to co-fund this emergency procurement and distribution. Other donors may contribute also.
7. DFID SS seeks to contract a Procurement Agent (PA), from amongst the procurement agents under its global framework arrangement, to provide the emergency procurement and distribution services as outlined in this Terms of Reference. Although the contract will be offered to one supplier, given the need to mobilise quickly and engage heavily in South Sudan, which is a largely fluid and complex operating environment, DFID will welcome partnership amongst two or more agents under the framework arrangement to form a consortium.
8. February 2016 update: DFID SS intends to extend the contract it has with IPA to include procurement and distribution of essential medicines for an additional six month, but with a slightly reduced scope as outlined below. DFID SS seeks a proposal for an extension from IPA in line with this revised TOR.

### **Objectives of the procurement and distribution services**

9. The objective of the services is to ensure the availability of priority essential drugs and medical commodities in all primary health care facilities and hospitals under South Sudan Ministry of Health (MOH) [February 2016 update: in eight<sup>1</sup> of the ten states of the country] for up to six months in 2016 through:
  - a. Procurement of the medicines and commodities listed in Annex B and as defined by the Pharmaceutical Technical Working Group<sup>2</sup> of MOH;
  - b. Provision of safe and adequate storage while in transit; and
  - c. Distribution to the County Health Departments in South Sudan in collaboration with MOH's Central Medical Store (CMS).
10. These services will support strengthened delivery of health services, particularly responsive to the needs of women and children, and thereby

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<sup>1</sup> The eight states to be covered under the extension: Eastern, Western and Central Equatorias, Northern and Western Bahr el Ghazals, Lakes, Unity, Warrap.

<sup>2</sup> Pharmaceutical Technical Working Group is a sub-sectoral technical committee of MOH, participated by donors (including DFID and USAID) and partners. The group advises the MOH on key technical and policy issues related to pharmaceutical supply chain management.

contribute to reducing maternal and infant mortality and improving the overall health status and quality of life of the population.

### **The Recipient**

11. The recipient of the services is the South Sudan Ministry of Health (MoH). The beneficiaries of the drugs and commodities supplied are the population of South Sudan, mainly women and children.

### **The Scope**

12. This procurement and distribution services will be required for a period till 30 June 2016 [February 2016 update: till 31 December 2016], during which the procurement agent will operate a supply chain which includes all functions including procurement, warehousing, international freight, customs clearance, in-country storage, distribution and the collection and submission of data and further information. Specifically, the agent will be expected to:
  - a. Liaise with the registered suppliers/manufacturers of the specified medicines and commodities listed in Annex B and source, procure and deliver them up to the County Health Departments (CHDs).
  - b. Work closely with MOH, particularly the Directorate of Pharmaceuticals and Central Medical Store (CMS), to get all the necessary approvals, custom clearance and tax exemption.
  - c. Collaborate with and provide technical assistance to CMS, jointly with other partners supporting them (e.g. USAID/SIAPS, USAID/DELIVER), to ensure proper storage of commodities at central and state levels and distribution up to CHD levels.
  - d. Work closely with CHDs through primary health care fund managers<sup>3</sup> and county implementing partners to (i) maintain timely and accurate flow of pharmaceuticals data, and (i) ensure that supplies are received well at the counties and effectively distributed downwards to the health facilities, including county hospitals.
  - e. Work closely with CMS to ensure the delivery to state and teaching hospitals.

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<sup>3</sup> There are three major primary health care programmes with specified geographic focus, and managed by fund managers, supporting the delivery of HSDP: (i) Health Pooled Fund, funded by DFID, Australia, Canada, the EU and Sweden, and managed / implemented by a consortium led by Crown Agents (Covers Eastern Equatoria, Western and Northern Bahr el Ghazals, Lakes, Warrap and Unity); (ii) Integrated Service Delivery Project, funded by USAID and managed / implemented by JPHEIGO (Covers Central and Western Equatorias); and (iii) Rapid Results Health Project, funded by World Bank and managed by Inter-Church Medical Association (Covers Upper Nile and Jonglei). Each of these programmes has one implementing partner (mostly NGOs) per county, sub-contracted by respective fund managers, to support service delivery. [February 2016 update: The supply for extended period will cover HPF2 supported states only. Hence the liaison will largely be with the HPF2 fund manager and its downstream implementing partners.]

- f. Engage with relevant technical committees / working groups (e.g. pharmaceutical TWG) of the MOH providing inputs and technical assistance as necessary.
- g. Conduct visits to selected states and counties to monitor and verify deliveries in the lower end of the supply chain, and provide technical advice on storage, distribution and reporting as relevant.
- h. Advise DFID SS on procurement issues including lead times, and other requirements needed to efficiently and effectively procure the commodities.
- i. Demonstrate that its technical and commercial capacity will deliver Value for Money in providing these services.
- j. Provide monthly progress updates, and quarterly and end of assignment narrative report (both technical and financial) to DFID SS.

## Methodology

- 13. The procurement agent will set up a Project Team to manage and monitor the procurement and distribution. [February 2016 update: Any changes to the existing team should be detailed in the proposal.]
- 14. The PA will agree in writing with DFID SS an implementation plan that clearly defines the procurement processes/stages of securing manufacturer/supplier/transporter and a realistic delivery time table. The plan needs to be developed in close consultation with DFID, MOH and other key partners, and it should also include technical assistance to be provided to MOH structures and implementing partners.
- 15. The PA will ensure, through detailed and documented QA and QC processes, that the specified medicines and commodities meet WHO quality requirements. Drugs will need to have at least 12 months' remaining shelf life when they are off-loaded in the country, and it is recommended that drugs are sourced through WHO GMP certified manufacturers. It is also recommended that the PA include a third-party laboratory testing process in their QC methodology. All the drugs are part of the SS government's essential drug list hence should not require separate registration.
- 16. The PA will make changes in its plans and processes based on feedback received from DFID on its monthly and quarterly reports.
- 17. Clear communication channels and/or approval processes will be established within the Project and between the Project and DFID SS.
- 18. The DFID SS Health Adviser and Deputy Programme Manager (Essential Services Team) will be kept informed of all relevant issues that are likely to affect the implementation of the programme.
- 19. A variety of considered solutions to project implementation challenges, identifying the advantages and disadvantages of each course, will be presented to DFID for final decision making, as and when necessary.

## **Financial Management**

20. Payments will be linked to outputs. Outputs shall be explained in details in the project plan, along with associated budget and timeframe. Procurement agent's fees will be a percentage of the value of the procured goods and equipment (Annex C)
21. The PA will be required to maintain a record of all expenditures incurred in the programme activities and keep original copies for the record for the entire duration of the programme.
22. An inventory of all assets procured under the Project will be maintained by the PA. At the end of the project period or once the contract has been completed, DFID SS will decide in consultation with key stakeholders how best to dispose of assets acquired with the funding.
23. The PA will seek advice from DFID SS Deputy Programme Manager on DFID rules and procedures on project management, particularly financial and assets management.
24. DFID SS may carry out spot checks of finances and assets without prior notice at any point during the implementation phase.

## **Reporting**

25. The Procurement Agent will be contracted by DFID SS and will report to Health Adviser based in Juba. The Health Adviser, together with the Deputy Programme Manager, will monitor progress of deliveries and will approve all reports and invoices for payment purposes. A communication matrix is attached as annex E.
26. The PA will produce an agreed Project Procurement/implementation plan within a month after the PA's call down contract is signed.
27. In accordance to the Overarching Framework Agreement 4449 and its attached Call Down Contract 5759, any procurement which is subject to the EU Directives will be subject to the minimum timescales set out under the relevant EU procedure. The procurement agent will place a Prior Indicative Notice in OJEU wherever possible in order to reduce the minimum timescales. Details of the SLA are attached in Annex D.
28. Quality monthly updates and quarterly progress narrative reports will be submitted to DFID SS by the PA. The monthly updates will include brief reporting of activities of the month, including a brief update on finances also. It will be submitted within a week after the end of the month. The quarterly reports will include a full report on progress, detailing deliverables achieved in the preceding quarter and any proposed corrective action. These will be submitted within two weeks after the end of the quarter.
29. The PA will produce an end of project narrative report within a month after the end of the project. This report should confirm the results achieved, Value for Money, success of the programme in delivering outputs, lessons learnt and

challenges encountered. [February 2016 update: An end of project narrative report will be required after the end of the extended period only.]

30. Accurate quarterly financial reports and forecasts will be submitted, including a breakdown of costs for material, logistics, insurance (if any) and procurement fee. These reports have to be submitted within three weeks after the end of the quarter.
31. The PA will produce an end of project financial report within a month after the end of the project. This will include a final financial statement, detailing the full expenditure and any underspend, with the reasons thereof. [February 2016 update: An end of project financial report will be required after the end of the extended period only.]
32. The PA will provide information disclosure and full support to consultants and/or auditors that might be employed directly by DFID to undertake an evaluation and/or audit of the project.

### **Media and communication**

33. The procurement agent will be responsible for answering any media questions related to the management of the funds. They will consult with DFID and other relevant parties as appropriate.
34. Whenever appropriate the PA will acknowledge that DFID (and USAID and other donors as relevant) are providing the funding for this programme and will work with DFID SS and other key stakeholders when necessary to publicise the programme.

### **Timeframe**

35. The TOR will become operational on 31 July 2015 [February 2016 update: operational on 1 March 2016] and go through to the end of the programme, expected to be 30 June 2016 [February 2016 update: end date 31 December 2016].

### **DFID Coordination**

36. The project will be managed by the Essential Services Team in DFID SS. DFID SS Health Adviser will have overall responsibility for the project, with support from Deputy Programme Manager on the financial management and administration of the project. The Health Adviser will advise on all technical and policy aspects of the project.
37. DFID will convene ad hoc meetings with the PA to discuss project and financial progress when deemed necessary.

### **Duty of Care**

38. The Supplier is responsible for the safety and well-being of their Personnel and Third Parties affected by their activities under this contract, including appropriate security arrangements. They will also be responsible for the provision of suitable security arrangements for their domestic and business property.



39. DFID will share available information with the Supplier on security status and developments in-country where appropriate. The country duty of care assessment is attached in Annex F.
40. All Supplier Personnel will be offered a security briefing by the British Embassy/DFID on arrival. All such Personnel must register with their respective Embassies to ensure that they are included in emergency procedures.
41. A copy of the DFID visitor notes (and a further copy each time these are updated), which the Supplier may use to brief their Personnel on arrival.
42. The Supplier is responsible for ensuring appropriate safety and security briefings for all of their Personnel working under this contract and ensuring that their Personnel register and receive briefing as outlined above. Travel advice is also available on the FCO website and the Supplier must ensure they (and their Personnel) are up to date with the latest position.
43. This Procurement will require the Supplier to operate in conflict-affected areas and parts of it are highly insecure. Travel to many zones within the region will be subject to travel clearance from the UK government in advance. The security situation is volatile and subject to change at short notice. The Supplier should be comfortable working in such an environment and should be capable of deploying to any areas required within the region in order to deliver the Contract (subject to travel clearance being granted).

**DFID South Sudan**  
**February 2016**