
ORGANISATION & ROLES

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2.1 LMD'S ORGANISATIONAL ROLE

The Logistics Management Division (LMD) was established under the Department of Health Services (DoHS) in 1993. The purpose was to integrate all MoHP's health logistics systems within one division. Currently, however, LMD only provides support to those divisions directly under DoHS, while MoHP's other departments, divisions and centres carry out their own procurement.

LMD is responsible for the majority of goods' procurement, contract management, warehouse storage and onward distribution for the Divisions and Centres under the DoHS to more than 4,000 health facilities in Nepal, as well as for procurement of consultancy services for the above entities. Besides assisting the DoHS's Divisions and Centres, LMD also carries out procurement for LMD's own use.

LMD's role in the procurement for DoHS Divisions and Centres is that of a procurement agent and the budget for procurement remains under the control and responsibility of the requesting entity.

LMD has nearly 200 staff members, of which 70-80 are based in Teku, and the remainder are at regional and local warehouses/store facilities. The distribution of the commodities is to a large extent conducted by third party logistics providers and the receiving entities.

LMD has three main groups of staff members at Teku who are directly involved in the logistics activities: Procurement Officers, Bio-Medical Engineers and Warehouse Officers. This manual is developed to assist all three groups, in addition to LMD's management.

The procurement team's responsibilities include needs assessment, the actual procurement activities, contract drafting arranging for advanced payments, payments on shipment, final payments, and general contract management. Warehouse staff are responsible for receiving goods, managing warehouse stock and ensuring delivery to the chosen third party distributor or arranging transport by LMD's and MoHP's own vehicles. Recommendation for acceptance of delivered goods is the responsibility of the Bio-Medical Engineer(s).

The funding for the drugs and health equipment to be procured by LMD comes from the Pool Fund held by MoHP and distributed by MoHP to the Divisions and Centres to meet the requirements that they have presented. These are presented in the Annual Work Plan and Budget (AWPB) accompanied by the respective procurement plans. The contact details for the Pool Fund partners can be found in this section. Although LMD is responsible for the procurement, it is solely based upon the budgeted funds allocated by the MoHP to the user-entities.

The main types of commodities LMD procures are: essential drugs, family planning contraceptives, maternal and child health commodities, vaccines, insecticides, medical equipment, surgical instruments, furniture and vehicles

2.2 POOL FUND PARTNERS

LMD have frequent meetings with the pool fund members to keep them updated and to discuss the challenges faced by LMD.

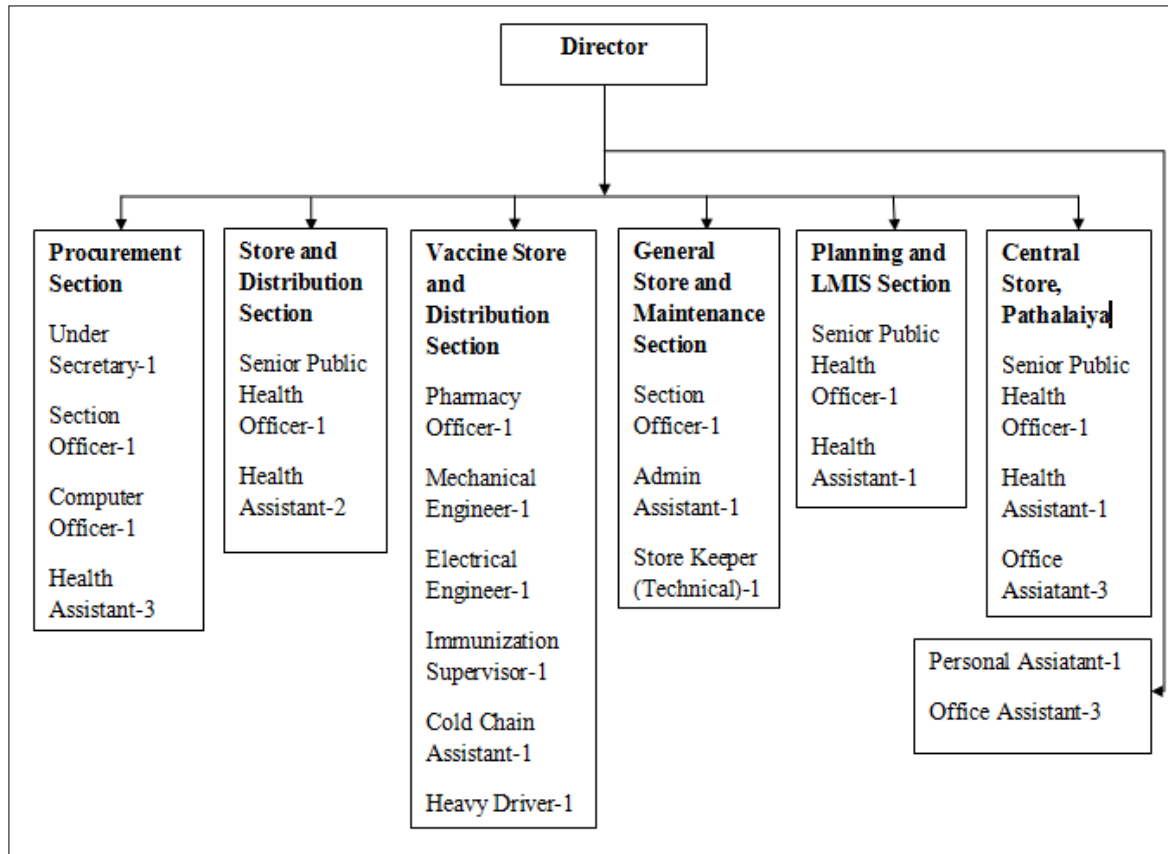
CONTACT DETAILS FOR THE POOL FUND PARTNERS

(January 2015):

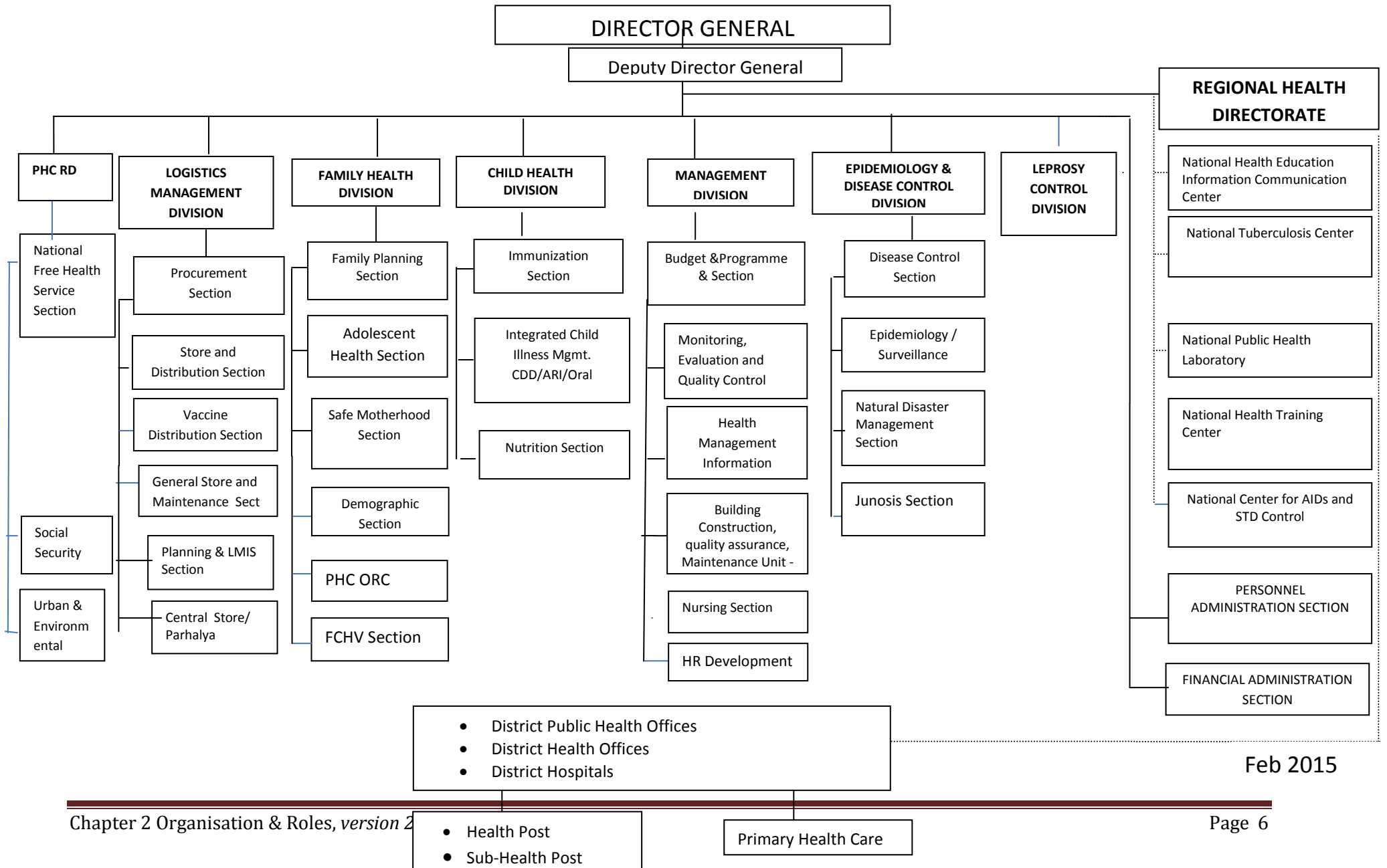
<u>Partner</u>	<u>Contact Person</u>	<u>Email Addresses</u>
DFID	Ms Natasha Mesko	n-mesko@dfid.gov.uk
World Bank	Mr Tekabe Belay (TTL)	tbelay@worldbank.org
	Mr Shambhu Uprety (Procurement)	suprety1@worldbank.org
AusAID	Ms Tara Gurung	tara.gurung@dfat.gov.au
GAVI	Mr Raj Kumar	rajkumar@gavialliance.org
KfW	Mr Shanker Pandey	shanker.pandey@kfw.de
Government	Dr xxxxxxxxxx	XXXXXX

2.3 LMD ORGANOGRAM

Revised LMD Organogram (2071/72)



2.4 DEPARTMENT OF HEALTH SERVICES



Feb 2015

2.5 RESPONSIBILITIES OF LMD'S PROCUREMENT SECTION

The following table shows, role and responsibilities of the Procurement Section.

Procurement Activities	Contract Management Activities
<ul style="list-style-type: none"> • Assessment of Need • Develop integrated plan • Assure quantity and Budgeting • Annual Procurement Plan and individual procurement plans • Bid notification • Prepare specification • Prepare the estimated cost • Issuing/sale of Invitation to Bid documents • Registration of the incoming bids • Rejection of bids to be submitted • Bid Opening • Evaluation of the Bid • Website publication • Solve claims • Clarification of contract • Release of bid securities • Ensure Performance security – and eventual advanced payment guaranty/security • Contract Preparation and signing of contract with the awarded bidder in association with the Contract Management Section • and Performance • Clarification of contract • Pre and post shipment inspection agent recruitment and arrangements 	<ul style="list-style-type: none"> • Filing each contract • Date addition if demanded • Open LC • Payment arrangement of Pre and post shipment inspection • Dispatch of acceptance and other relevant documents to the Finance Section • Checking received documents, • Approve and forward for payment • Evaluation of contracts • Evaluation of performance and advance payment guarantees • Enhance no objection letter from store and if no complaint found, send for retention money payment • Performance guarantee submitted by the suppliers • Contract Preparation and signing of contract with the awarded bidder in association with the Procurement Section

2.6 DOHS' DIVISIONS/CENTRES HAVING LMD INVOLVEMENT

Child Health Division (CHD)

- Immunisation Section
- Integrated Child Illness Management CD/ARI/Oral
- Nutrition Section

Family Health Division (FHD)

- Family Planning section
- Primary Health Village Clinic
- FCHV Section
- Safe Motherhood Section
- Demographic Section

Epidemiology & Disease Control Division (EDCD)

- Disease Control Section
- Natural Disaster Management Section
- Epidemiology Section
- Junosis Section
- Avian Influenza Section

Leprosy Control Division (LCD)

- Programme Section
- Computer Section
- PA Section
- Store Section

Primary Health Care and Revitalisation Programme Division (PHCRD)

- National Free Programme Section
- Social Security Section
- Urban and Investment Section
- Administration Unit

Management Division (MD)

- Budgeting and Programming Section
- Health Management and Information Section
- Quality Control Section
- Nursing Section
- Oral Health Section
- Heart and Kidney Section

Other Entities for which LMD procure

- **NCASC** (National Centre for Aids and STD Control)

Entities for which LMD is currently not procuring:

- **NHIECC** (National Health Education, Information and Communication Centre)
- **NHTC** (National Health Training Centre)
- **TB Centre** (Tuberculosis)

2.7 LMD'S CODE OF ETHICS AND CONDUCT FOR PROCUREMENT OFFICERS TO SIGN

For all LMD Procurement Officers to sign. Before presenting it to the Procurement Officer, include LMD's Logo at the top.

This Code of Ethics and Conduct should be read in conjunction with the:

- Public Procurement Act, 2063 (2006) dated 2063.9.30 (14 January 2007),
- Public Procurement Regulation, 2007 dated 20 August 2007
- World Bank Guidelines for the Procurement of Goods, Civil Works and Consultants' Services
- Good Governance (Management and Operation) Act 2064 (2008)
- Civil Service Act and Rules and
- Health Service Act and Rules

as appropriate.

In case of a conflict between this Code of Ethics and Conduct and any of the above documents, the latter shall prevail.

2.7.1 Definitions

Ethics:

A civil code of behaviour or the body of moral principles or values governing or distinctive, which are considered correct in procurement practices.

Conduct:

The way we carry ourselves, behave in the public eye, do things, respond to situations, give instructions, obey rules and think of or perceive the needs of the other human beings

Code:

A body of rules that people with common interests, aspirations, objectives, goals, duties, activities and responsibilities must adhere to at all times so long as they continue to remain in government employ

2.7.2 The need for a code of ethics and conduct:

A code of ethics and conduct is necessary for the following reasons:

- Our society, employers, peers and colleagues are genuinely concerned about our individual and organizational ethical behaviour
- Our work performance and standards can only be of manifestly acceptable quality and appreciable level if good rules of ethical conduct are not only obeyed but are put into practice
- Discipline can only be instilled in our behaviour through a codified procedure. The surest way of disciplining errant members of a group is through a code of rules and conduct

- A group or profession can only stand the test of time, defend itself and spread its influence if its members are ethically upright and steadfast in doing the right things, at the right time, in the right place, in the right way and at the right level of performance
- The overall need for a code of conduct is that it will bring respect to, enhance recognition for, and uphold discipline and harmony within the profession

2.7.3 Principles of ethical behaviour:

In carrying out their duties and responsibilities appertaining to work and the profession, members of Logistics Management Division shall:

- Be loyal to the employing organization (i.e. the employer)
- Be fair to those with whom they deal with and interact
- Be faithful to their profession
- Abstain from temptations and acts that are harmful to themselves and members of society or the community
- Do the right thing at the right time, in the right place, in the right way and at the right level of performance

2.7.4 Standards of procurement practice:

a) Personal conduct:

- Avoid unethical behaviour (either by intentions or actions) that may portray you as unreliable or a person of questionable character in your relationships and communication with others
- Appear respectable and professionally articulate in your approach to issues, work ethics and dealings with others
- Avoid traps or situations from which you may find it difficult to escape should conditions change

b) Responsibilities to the Employers:

- Be loyal to your employer, follow lawful instructions using reasonable care and only the authority granted to you
- Refrain from soliciting or accepting money, loans, credits, personal percentages or 'rent money' and the acceptance of gifts, entertainment, favours, or services from present or prospective suppliers that might influence procurement decisions
- Avoid any private business or professional activity that would create a Conflict of Interest between personal interest and the interests of the employer
- In meetings where the subject of discussion includes item or items in which you have an interest, you are under an obligation to declare or disclose such interest and exclude yourself from deliberations or voting in the meeting
- Handle all confidential information belonging to the employer with due diligence and care and never disclose such information to unauthorized personnel without express permission or authority

c) Relationships with your colleagues at work:

- Promote positive supplier relationships through courtesy and impartiality in all phases of the procurement cycle
- Avoid agreements or contracts that are protective and stifle competition in the supply of goods and services
- Do not reveal confidential information of a supplier to another when dealing with procurement issues; provide suppliers with equal opportunities
- Accept neither gifts nor favours that will cause any discrimination in the award of contracts, nor accept advances that will compromise your professional integrity

d) Respect for state laws:

- Know and obey the laws and regulations governing procurement activities in Nepal
- Avoid activities that are criminal in the eyes of the law of Nepal in the course of purchasing, handling and distribution of goods and services even if it is an instruction from your employer

e) Responsibilities to the profession:

- Defend the supply and procurement profession at all times without fear, bias or favouring unethical behaviour
- Enhance the proficiency and good standing of the procurement profession by continuous acquisition of knowledge and the highest standard of ethical behaviour
- Encourage publicity of literature that promotes the improvement and growth of the profession

f) International purchasing activities:

- Conduct international purchasing activities in accordance with the laws, customs and practices of Nepal using one of the methods described in the above references
- Obey international treaties, conventions, and rules of international standards when undertaking procurement for goods, works and services sourced under the Guidelines for International Competitive Bidding or Quality and Cost-Based Selection procedures and the Procurement Regulations of Nepal.

2.7.5 Some clarifications and interpretation of the code

The code gives guidelines on the standards of behaviour expected of the procurement profession. In exercising the provisions of this code, every member will be judged in accordance with the prevailing circumstances or situations.

This code provides guidelines that may be used to discipline an errant member from the Division where it is felt that such a member has breached the rules of good, ethical conduct

2.7.6 Clarification of Terms

Confidential information may include (but not be restricted to):

- Pricing and cost data
- Bid or quotation information
- Formulae and processing information
- Design information
- Company plans, goals, strategies etc.

- Customer lists, suppliers, material.

Examples of Gratuities or Gifts:

- Monies, credits, discounts, meals, clothing, equipment, household goods, electrical appliances, tickets etc.
- Job opportunities for close relatives, trips to tourist resorts etc.

An example of Conflicting Interests may be as follows but not restricted to:

The employee, or his family, has a business interest in the same area of operation or trade as his/her employer. The employee has an interest in the business of the employer. For example the employee wishes to supply goods to the employing organization. These are examples of where personal interest may override the employer's interest and therefore a Conflict of Interest arises.

Intentions and appearance of unethical behaviour:

- Regularly dining and drinking with suppliers
- Fixing appointments with suppliers at odd hours in the office or out of office hours
- Drunkenness during office hours and in public places
- Accepting lifts in suppliers' cars
- Being disrespectful to colleagues, employer and members of the public.

Lawful instructions and authority granted:

- Instructions that are contained in the documents referred to above
- Instructions given in the course of performing a lawful duty
- Authority granted by authorized or senior personnel
- Instructions and authority in conformity with the terms of employment

Supplier relationships will be enhanced by:

- Being truthful and honest to suppliers
- Processing suppliers' claims and paying promptly
- Keeping suppliers' information commercial-in-confidence
- Treating all suppliers equally
- Being ready to assist the supplier when in s/he is in difficulties
- Working in partnership to solve common problems

Signed: _____

Name: _____

Position held: _____

Date: _____

Signed (Supervisor): _____

Designation: _____

Name: _____

Date: _____