Number of suppliers with products in the Private Sector

- 80 Suppliers on contract, across over 1000 line items
- Number of suppliers with state contract and line items
- Total current estimated value of state pharmaceutical contracts: R 12.8 Billion per annum, subject to price adjustments for foreign exchange fluctuation (based on awarded volumes,
- Single Exit Price Database): 161

Overview of Pharmaceutical Industry
Pharmaceutical Value Chain

Developing Local Pharmaceutical Industry To Improve Access
Factors that affect local production

1. Access to appropriately skilled persons to develop production capability
2. Availability of the physical infrastructure to produce a medicine
3. Disease burden in the market
4. Standards adopted by the national medicines regulator
5. Economic incentives and disincentives
6. Duties and import controls
7. Collaborative partnerships
5. Preference for local manufacturers

4. 90/10 preference point system

- Price reasonability – previous tender price, SFP, international price
- Security of supply of active pharmaceutical ingredients
- Capacity to supply

3. Technical evaluation including sample evaluation

- Certificate and products that are registered
- Limited to suppliers who are applicants on the Medicine Registration

2. Legislative compliance (Relating to medicine)

1. Administrative Criteria (Standard Requirements) – SDP, BDBEE, ETC

Criteria of Award: 2015
Compliance to all other aspects contained in the Notice of Contract

- Bids are within 10% of the bid with the highest points scored,
- data provided in the bid response document;
- Demonstrated capacity to service the required volumes as evaluated in terms of the
  exceed;
- The reference price as published by National Department of Health has not been
  primary site of production as one that is located in the Republic of South Africa;
- The Medicine Control Council (MCC) certificate of registration for a product lists the
  criteria;
- Bids for products that qualify for this preference must comply with all of the following

The following conditions apply:

Negatively impact upon security of supply and affordability;

Provided that this does not
designated for preference for local manufacturers;

Through engagement with DII it was agreed that the HP3-2015ARV contract would be

Details: Preference for local manufacturers

Criteria: 2015 Award
received the spilt award.

Your bidders with best points post-negotiation
to the strategic importance of the product. The
manufacturers were invited to negotiations due
and the top scoring bidders, as well as any local

Item 41: FDC TED: A four-way split recommended

Time of bidding:
capacity. Capacity was declared by bidders at the

Capacity sources as well as overall manufacturing
ingredients (API), aiming to split awards across
account the sources of Active Pharmaceutical
account post supplier performance. All splits take into
product, sources of API, supplier capacity and

Volume required, the strategic nature of the

Split awards were recommended based on

<table>
<thead>
<tr>
<th>Score</th>
<th>Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;25%</td>
<td>E</td>
</tr>
<tr>
<td>25% to 50%</td>
<td>D</td>
</tr>
<tr>
<td>51% to 75%</td>
<td>C</td>
</tr>
<tr>
<td>&gt;75%</td>
<td>B</td>
</tr>
</tbody>
</table>

Algorithm for 2-way split:

Criteria of Award: 2015

mean score x 2%

Share = 25% + (supplier score)

For a four way split: Supplier

mean score - mean score x 2.3%

Share = 33.3% + (supplier

For a three way split: Supplier


<table>
<thead>
<tr>
<th>Supplier</th>
<th>2015</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSD (Pty) Ltd</td>
<td>9 660 317</td>
<td>R 3 196 638</td>
</tr>
<tr>
<td>Abbott Laboratories SA (Pty) Ltd (2015 Abbvie)</td>
<td>7 066 541 941</td>
<td>R 537 969 000</td>
</tr>
<tr>
<td>Cipla Medpro South Africa Limited (link to Medpro)</td>
<td>530 874 835</td>
<td>R 1 394 407 650</td>
</tr>
<tr>
<td>Sonke Pharmaceuticals (Pty) Ltd (2014 Mylan)</td>
<td>1 220 094 965</td>
<td>R 3 204 109 864</td>
</tr>
<tr>
<td>Total Value</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Data unavailable for this product

Poor Performance - Perpetuation may lead to written warning
Average Performance - Improvement required in next period
Good Performance

Distribution & Performance to Date