



health

Department:  
Health  
REPUBLIC OF SOUTH AFRICA



## MEDIA STATEMENT

To: Editors & Health Journalists  
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### **Health Department dismisses allegations of tender awarding unfairness**

**Pretoria:** The Department of Health has noted with concern the allegations contained in an article published by a daily newspaper (Business Day, 19 April 2023 titled: State`s cheap shots at Biovac) by one of the pharmaceutical companies on unfair awarding of a medical products tender.

The Department of Health has had a long relationship with Biovac Company starting with a Public-Private Partnership (PPP) agreement since 2003 to prioritise the local manufacture of vaccines.

This further resulted in a supply agreement with Biovac as the sole supplier of all vaccines used in the Expanded Programme on Immunisation (EPI) from 2003 until June 2020 when the supply agreement came to an end.

In 2009, the pneumococcal containing vaccine (PCV) was introduced in the EPI programme and sourced from Biovac in terms of the PPP.

At that time (in 2009), Biovac entered into a technology transfer agreement with Pfizer for the local manufacturing of PCV13.

At present, there are three pneumococcal containing vaccines currently registered with SAHPRA containing the most prevalent serotypes that would be effective for use in South Africa, thus any suggestion that PCV 10 as procured by the Department, is not effective, is unfounded.

It is important to indicate that the Department of Health as a government procurer of goods and services has an obligation to ensure that all procurement is aligned to the five pillars of procurement which include value for money; open and effective competition; ethics and fair dealing; accountability and reporting, and equity.

It is the standard practice of the Department to negotiate prices with all local manufacturers who submit responsive bids.

However, for this item, Biovac did not comply with some of the requirements and conditions of contract, and therefore made it impossible to enter into negotiations for price.

What complicated matters further was that, Biovac bid price was at least double the price of the competing company.

In terms of local manufacturing issues, contrary to what the article says, Cipla has been in the country for many years contributing local investment and job creation like any other company, in compliance with local labour laws. While it's true that Cipla has its parent company in India, the company has showed commitment to continue investing in South Africa.

Even after its plant was destroyed during the July uprisings in 2021 in Durban, it has invested in rebuilding the plant and it is fully operational.

The Department could not ignore the benefits of savings from a company which was offering quality vaccine products at half price, which make it possible to increase services in the Expanded Programme on Immunisation (EPI), and which also allow ability to tackle more of the vaccine preventable diseases

The department will always strive to look at practical ways to support local investment and production of medical products like vaccines, and it is also important to balance this with available financial resources within the prevailing legal procurement frameworks.

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