



health

Department:
Health
REPUBLIC OF SOUTH AFRICA

QUESTION AND ANSWER – BRIEFING SESSION 12 JULY 2024
BID HP13-2025ARV – REFERENCE PRICE

No.	Question	Answer
1	<p>Reference prices movement, Volume movement and ROE seem arbitrary and combative to building a sustainable supply on the core treatment regimen in this ARV tender and increase risk of limited access to medicine and overall supply security.</p> <p><u>Suggestion</u></p> <ol style="list-style-type: none">1. Discussion on the methodology need to be opened-up and be subjected to transparent scrutiny, current list needs to be empirical and/or backed up by proper reference material.2. Currently published reference price list needs to be reviewed, as a collective we run the of risk of degenerating quality of supplier mix in this sector.	<p>South Africa is the largest government procurer of antiretroviral (ARV) drugs in the world. With the substantial volumes procured, the country aims to ensure affordable access for the eligible population by leveraging economies of scale and fostering a competitive market.</p> <p>The reference pricing methodology seeks to balance historical tender prices that South Africa has received with the current best-in-global-market prices. Four comparator data sources are used, including the current tender prices from South Africa. All prices are adjusted to ensure comparability in terms of unit prices and are converted from USD Ex Works to ZAR per pack.</p> <p>The NDoH reviewed the current reference pricing methodology based on your request, and the following observations were made: The South African current tender price is significantly influenced by market competition. When there is a sole supplier of a product, prices tend to increase over tender cycles; conversely, when there are multiple suppliers, competition drives prices down. Since one of the objectives of reference pricing is to promote competitive bidding, this is expected.</p> <p>The current tender price, which is subject to foreign exchange fluctuations, is considered in the reference price methodology. When a price is offered for a product on tender, the supplier specifies what portion of the price is subject to foreign exchange fluctuations and in which currency these fluctuations should be considered. The price included in the reference price methodology accounts for the current tender price, on which contractual price adjustments (CPA) have already been implemented.</p>

No.	Question	Answer
		<p>To compensate for foreign exchange fluctuations between the tender advertisement and the start of the tender, the new HP13-2025ARV contract allows for an exceptional price adjustment one month before the contract starts. This price adjustment should be requested by suppliers for the portion of the final product subject to foreign exchange fluctuations, as specified in the bidding documents.</p> <p>The department will continue to review and align policies to ensure fare, equitable, transparent, competitive and cost-effective bidding for pharmaceutical products.</p>