A Local Government Units’ Guide
to the Purchase of
Parallel Drug Imports from the
Philippine International Trading Corporation
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INTRODUCTION

To improve the health status of a province, good quality, safe, and low-cost drugs must be available in the hospitals and RHUs. However, in the Philippines, good quality drugs are priced beyond the capability of the patients to pay for them. This situation is more inequitable when viewed against the fact that these same drugs are sold in other countries at prices several times lower than in the Philippines. One way to solve this problem is to import these drugs into the Philippines from a country where it is priced lower. This is called parallel importation and this is exactly what the Departments of Health and Trade and Industry have been doing.

Since the last quarter of 2000, they have sold these parallel drug imports (PDI) to about 40 DOH hospitals and to the hospitals of the province of Capiz. These hospitals are now offering quality, low-cost drugs to their patients. However, hospitals in many more provinces still do not have access to these PDIs.

This guide has been written to provide Local Government Units (LGUs) with step-by-step instructions on how to purchase PDIs for their own hospitals. It is hoped that with access to these good quality, low cost drugs, the provinces will be able to improve the health status of their people.

Definition

Parallel importation—Refers to the importation, without authorization of the patent holder, into a country of a product from a third country, where this product has been marketed by
the patent holder or in another legitimate manner. It is mainly used when the price in the third country is considerably lower than the price the patent holder charges in the country concerned.

**What is the Philippine International Trading Corporation?**

The Philippine International Trading Corporation (PITC), an attached agency of the Department of Trade and Industry (DTI), is the sole government-owned international trading company with extensive experience in the export and import of commodities, industrial products, and consumer goods. In line with its mandate to support the private business sector, the Corporation also makes full range of trade-related services available to clients at competitive rates.

As the trading arm of the government, PITC has been directed, when the situation warrants, to undertake bulk importation of certain commodities in order to stabilize prices and to ensure proper supply in the domestic market. The Corporation assists other government entities in undertaking procurement of their equipment, goods, supplies and services requirements, utilizing its network, facilities, and resources.

At present, the PITC is the sole entity, whether government or private, authorized by the DOH to conduct parallel importation of drugs.

**Advantages of Procurement through PITC**

1. **No need for bidding.** DOH does not have to go through the tedious bidding process. Under the Implementing Rules and Regulations of Executive Order No. 302, s. 1987, local government units are authorized to enter into a negotiated contract for the procurement of medicines when the purchase is to be made from another agency of the government.
An LGU’s Guide to the Purchase of PDI from the PITC

It is the responsibility of PITC to conduct its own bidding and/or canvass from among possible suppliers in order to select the appropriate party who can provide prices and terms most advantageous to the government.

2. **Value for money.** The LGU will be charged competitive prices, reflecting only the actual reasonable costs of the specific drugs and medicines. PITC will ensure that no unnecessary middlemen, distribution, and other facilitation charges that other suppliers may have previously been passing on to the government, are assumed by the LGU.

   Budgetary allocations and funding will be maximized, as larger quantities may be purchased as a result of lower per unit prices.

3. **Reasonable payment terms.** The LGU will be able to avail of reasonable payment terms for its purchases. The LGU will not be required to pay in advance, as PITC is prepared to extend and/or negotiate credit of from 30 to 60 days from the date of delivery and acceptance. In addition, dollar payments are not required as PITC selling prices are quoted in Philippine pesos for a specified validity period.

4. **Quality.** The LGU will be assured of the quality of all drugs and medicines supplied by the PITC. Care will be taken that all such products (a) are sources only from reputable suppliers with the necessary eGMP/WHO certifications; (b) undergo the standard laboratory testing process of the BFAD; and (c) are properly registered before delivery to users. Inspection trips to the suppliers’ facilities by qualified DOH and BFAD quality assurance inspectors can be arranged in order to ensure production standards are met and quality control processes instituted.

5. **Timely delivery.** The LGU will be assured of timely delivery of drugs and medicines. PITC will regularly monitor production and closely coordinate with the supplier to ensure delivery to the LGU in time for the projected distribution or program launching.

6. **Logistics and warehousing services.** The LGU does not have to contract third party logistics, warehousing, and delivery services as these are already provided by PITC.
In addition, PITC takes care of the customs clearance procedures, as well as of the documentation requirements, pertaining to importation.

7. **Government revenues.** PITC will ensure full declaration of duties, value-added, city and other taxes ensuring revenues to the government. PITC, in addition, pays out dividends to its mother company, reverting part of its revenues to the National Government.

**How to Contact the PITC**

The LGU, through the Provincial Health Officer (PHO), should contact the PITC to inform them of the LGU’s intent to purchase PDI. The PITC can be contacted through:

<table>
<thead>
<tr>
<th>Philippine International Trading Corporation (PITC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address: Philippines International Centre</td>
</tr>
<tr>
<td>46 Sen. Gil J. Puyat Avenue</td>
</tr>
<tr>
<td>1200 Makati City, Metro Manila</td>
</tr>
<tr>
<td>Tel. Nos.: (632) 845-4776; 845-4376 loc. 303</td>
</tr>
<tr>
<td>Fax Nos.: (632) 845-4473, 845-4476, 845-4363</td>
</tr>
<tr>
<td>Email: <a href="mailto:pitc@info.com.ph">pitc@info.com.ph</a>; <a href="mailto:pitcccin@info.com.ph">pitcccin@info.com.ph</a></td>
</tr>
<tr>
<td>Contact Person: Cecilia S. Sison – Program Manager</td>
</tr>
</tbody>
</table>

Simultaneously, the PHO informs the Provincial General Services Office (PGSO) that they intend to purchase PDI from PITC and requests them to facilitate accreditation of PITC.

**PITC Accreditation**

PITC contacts the PGSO. The PGSO informs the PITC of the requirements for accreditation with the province as a drug supplier.

PITC submits the requirements. Documents usually include:

a. Mayor’s or Business Permit
b. Articles of Incorporation, by-laws, or charter
c. Bureau of Internal Revenue (BIR) Income Tax Return
d. BIR VAT Certificate
An LGU’s Guide to the Purchase of PDI from the PITC

c. Certificate of Withholding Agent
f. License to Operate
g. Certificate of Product Registration (CPR)

I. DRUG SELECTION

Step 1. The PHO requests the Therapeutic Committee (TC) of each hospital to submit a list of drug requirements and quantities based on the PITC Price List (Annex 1).

Step 2. The TC selects drugs from the PITC list. Each hospital TC estimates the annual quantities required for each drug using the Consumption Method (Annex 2). It then submits a quarterly Request and Issuance Voucher (RIV) to its Hospital Supply Officer (HSO). (Only the drugs that are on the PITC Price List can be purchased. Please note that the PITC prices are already inclusive of VAT and transport costs. However, additional freight costs may be added if special handling or delivery is required. In the future, PITC may add other drugs like vaccines and nutritional supplements, e.g., Vitamin A and iodized oil capsules.)

II. DRUG PROCUREMENT

Step 3. Based on the quarterly RIV, each HSO prepares and submits a Purchase Request (PR) to the PGSO.

Step 4. The PGSO consolidates the PR from the hospitals and prepares a Purchase Order. The PGSO faxes an advance copy of the PO to the PITC and sends a copy to the regional/provincial office of the Department of Trade and Industry (DTI).

**Ordering.** The PITC consolidates the orders of several LGUs before it places an order with its suppliers. As such, it needs a 3-month lead-time to process and deliver the POs of all LGUs who want to purchase PDIs. The following schedule should be followed in the submission of POs:
An LGU’s Guide to the Purchase of PDI from the PITC

<table>
<thead>
<tr>
<th>PROCUREMENT PERIOD (Quarter)</th>
<th>DATE WHEN DRUGS ARE NEEDED</th>
<th>DATE WHEN PITC SHOULD HAVE RECEIVED THE P.O.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1&lt;sup&gt;st&lt;/sup&gt;</td>
<td>1 January</td>
<td>1 October (the previous year)</td>
</tr>
<tr>
<td>2&lt;sup&gt;nd&lt;/sup&gt;</td>
<td>1 April</td>
<td>2 January</td>
</tr>
<tr>
<td>3&lt;sup&gt;rd&lt;/sup&gt;</td>
<td>1 July</td>
<td>1 April</td>
</tr>
<tr>
<td>4&lt;sup&gt;th&lt;/sup&gt;</td>
<td>1 October</td>
<td>1 July</td>
</tr>
</tbody>
</table>

Step 5. After receiving the PO, PITC consolidates the orders from all LGUs. PITC sends samples of the required drugs to the Bureau of Food and Drugs (BFAD) for testing.

Step 6. After testing, the BFAD releases the Certificate of Analysis (CA) to the PITC.

Step 7. PITC imports the products. This usually takes 15 days from the time PITC sends the PO to its suppliers.

Step 8. The imported drug products are received, cleared, and released by the Bureau of Customs (BOC) after 5 days.

Step 9. Upon release from the BOC, the PITC conducts physical counting, labels, and repacks according to orders. The drug products are picked-up from the PITC warehouse by the freight forwarder together with the following documents:
   a. Sales invoice
   b. Delivery receipt (optional)
   c. A copy of the CPR
   d. A copy of the CA from BFAD

III. DRUG DISTRIBUTION

Step 10. Upon receipt, the PGSO inspects the drugs and the documents. It signs and returns the sales invoice and delivery receipt to the PITC by mail. The PHO is notified of the receipt of the drugs.

Step 11. The PHO prepares and signs the Disbursement Voucher (DV) and, together with other supporting documents, sends it to the Provincial Accounting Office (PAO).

Step 12. The PAO certifies that the DV are supported with receipts. The Provincial Treasurer’s Office prepares and signs the check. The Provincial Governor’s Office approves the DV and signs check. The check is mailed or sent by courier to the
PITC. Payment must be made within 30 days from the date of delivery by check payable to the ‘Philippine International Trading Corporation’.

Step 13. PITC confirms receipt of payment and issues the official receipt. The OR is mailed to the LGU.

Step 14. The hospital supply officers collect monthly consumption data for the PDI and submit them to the PGSO.

Step 15. The PGSO sends this data to the PITC and to the Policy, Planning, and Advocacy Division (PPAD) of the BFAD on the last Friday of every month (See Annex 3 for PDI Inventory Form).

A summary of the above steps is shown in the flow chart in Annex 4.

POLICY AND LEGAL FRAMEWORK

The legal basis of parallel importation is embodied in both international agreements and national issuances:

A. TRIPS agreement
B. Amendment to the Rules and Regulations Implementing Republic Act (R.A.) No. 8203 otherwise known as “The Special Law on Counterfeit Drugs”.
D. Memorandum from President Joseph E. Estrada to DOH and DTI dated April 26, 2000 on “Affordable and Accessible Life-Saving Medicines”
E. A.O. no. 85 s. 2000 dated July 14, 2000 on “Registration Requirements for a Government Agency Importing a Pharmaceutical Product with a Registered Counterpart Brand in the Philippines”.
F. Presyong Tama, Gamot Pampamilya Program

The documents appear below.
TRIPS AGREEMENT

Section 3.4 Parallel Imports

Parallel importation refers to the importation, without authorization of the patent holder, into a country of a product from a third country, where this product has been marketed by the patent holder or in another legitimate manner. It is mainly used when the price in the third country is considerably lower than the price the patent holder charges in the country concerned. Parallel import is allowed under the TRIPs Agreement; in fact, TRIPs explicitly states that it does not address the issue of parallel import, thereby, leaving countries free to determine their own policy in this respect.

At times, it is being argued that allowing parallel import in developing countries will result in an increase in counterfeit and/or substandard products in the market and will therefore have a negative impact on consumers. This is speculation. However the benefits are quite clear and there is a strong economic rationale for developing countries to adopt parallel import.

A market where price discrimination is common, such as the pharmaceutical market where prices for the same product can vary considerably between countries, will fundamentally change if parallel import is allowed. The multinational pharmaceutical industry argues that parallel import will prevent preferential prices for developing countries. To the extent that developing countries do indeed benefit from preferential prices, this could be true. The drug companies’ worries are understandable since, obviously, revenues would come under pressure if ‘high-price markets’ such as the US would start parallel importation of cheaper drugs from, for instance, Canada. If this were to happen (in fact, currently there is considerable support in the US for allowing parallel import of drugs from Canada), companies would be tempted to react by harmonizing their prices across borders. The solution however seems to be to prevent parallel importation in industrialized countries, instead of putting pressure on developing countries in this respect.

It is worth noting that the US legislation on IPR allows parallel importation; however, in the US, parallel import of medicines is forbidden by regulations related to Food and Drug Control.

Source: The TRIPS Agreement and Pharmaceuticals, Report of an Asean Workshop on the TRIPs Agreement and its Impact on Pharmaceuticals, Jakarta, 2-4 May 2000, p. 33
AN LGU'S GUIDE TO THE PURCHASE OF PDI FROM THE PITC

AMENDMENT TO THE RULES AND REGULATIONS IMPLEMENTING REPUBLIC ACT (R.A.) NO. 8203 OTHERWISE KNOWN AS “THE SPECIAL LAW ON COUNTERFEIT DRUGS”.

WHEREAS, the Bureau of Food and Drugs promulgated on November 19, 1996 the rules and regulations implementing Republic Act No. 8203 otherwise known as the “Special Law on Counterfeit Drugs”;

WHEREAS, a perusal of paragraph (h) Section 3 Rule I of said rules shows that the definition of counterfeit drugs/medicines provided therein contradicts the provisions of R.A. 8203;

WHEREFORE, after a series of consultations conducted by the Department of Health with various sectors and in order to conform with the provisions of R.A. 8203, paragraph (h) Section 3 Rule I is hereby amended and shall now read, as follows:

(h) “Unregistered imported drug product” as distinguished from counterfeit drug defined under Section 3 of R.A. 8203, shall refer to unregistered imported drug product without a registered counterpart brand in the Philippines.

This Amendment shall take effect thirty (30) days after its publication in two (2) newspapers of general circulation.

31 January 2000.

WILLIAM D. TORRES, Ph.D.
Director

APPROVED:

ALBERTO C. ROMUALDEZ, JR., M.D.
Secretary of Health

CERTIFIED TRUE COPY.

PHILIPPINE LAND TITLE CORPORATION
Department of Health
Bureau of Food and Drugs
Filinvest Corporate City
Alabang, Muntinlupa City

MALAYA AT MALUBOG
NA PANAYAN

LAMBERTA G. MANUEL
CHIEF RECORDS SECTION
DOH - MANILA
ADMINISTRATIVE ORDER (A.O.) NO. 23-A S. 2000 DATED MARCH 2, 2000

Republic of the Philippines

March 02, 2000.

Joint DOH-DTI
ADMINISTRATIVE ORDER
No. 23-A s. 2000

SUBJECT: Creation of Joint DOH-DTI Task Force on Pharmaceutical Concerns

The Philippines has been known as one of the countries with the highest drug prices in the Asian region. This hampers the government's efforts to make pharmaceutical products more affordable and accessible to Filipinos especially those who belong to the marginalized sector of society.

To address this issue, the Secretary of Health and the Secretary of Trade and Industry hereby constitute a Task Force on Pharmaceutical Concerns, composed of representatives from both Departments.

The Task Force is mandated to study issues on pharmaceutical concerns, inclusive but not limited to: drug prices, pharmaceutical industry structure, operations, manufacturing, and marketing practices, local and international legal and trade issues, and recommend courses of action to the Secretaries of both agencies.

The Task Force shall be composed of the following:

1. Dr. Kenneth Y. Hartigan-Go - Program Manager, PNDPP
   Deputy Director, BFAD
2. Dr. John Q. Wong - Consultant, PNDPP
3. Mr. Mike Gomez - Consultant, PNDPP
4. Dr. Benito F. Arca - Chief, San Lazaro Hospital
5. Ms. Ma. Teresa Arna-Mahiw - Director, BTRCP
6. Mr. Antonio Bugemciano - Senior Trade Representative, Foreign Trade Service Corps. DTI
7. Ms. Gia Marie Andres - Director, Consumer Manufacture Department, DTI
8. Ms. Toby Melissa Monsod - Chief of Staff, OSEC-DTI
Under this Order, members of the Task Force shall be provided access to pertinent legal documents. All transportation and other allowable expenses incurred in connection with the discharge of functions and responsibilities of the Task Force are hereby authorized, chargeable against the funds of the DOH-PNDPP / DILG-SFC subject to the usual accounting and auditing rules and regulations.

This order shall take effect immediately upon approval.

CERTIFIED TRUE COPY

ALBERTO G. ROMUALDEZ, JR., MD
Secretary of Health

MANUEL A. ROXAS II
Secretary of Trade and Industry

Joint DOH-DTI
ADMINISTRATIVE ORDER
No. 32 S. 2000

SUBJECT: Amendment of Joint DOH-DTI Administrative No. 23-A s. 2000 dated 02 March 2000 regarding the Creation of Joint DOH-DTI Task Force on Pharmaceutical Concerns

The composition of the membership of said Task Force as reflected in Joint DOH-DTI Administrative Order No. 23-A s. 2000, is hereby amended as follows:

In Joint DOH-DTI A.O. No. 23-A s. 2000

Amendment (Replaced by.)

Ms. Zenaida Cuisan-Maglaya - Asst. Secretary, DTI

Atty. Sylvia Veloso - Executive Director, PITC-DTI

Ms. Erna Barrameda - OSEC, DTI

No. 5 - Ms. Ma. Teresa Aigo-Mahiao, Director, BTRCP

No. 6 - Mr. Antonio Buenaventura - Senior Trade Representative, Foreign Trade Service Corps, DTI

No. 8 - Ms. Toby Melissa Monsod - Chief of Staff, OSEC, DTI

Other members of the Task Force as stated in the previous joint A.O., who have not been affected by this amendment, as well as all other stipulations so stated in previous A.O. No. 23-A, shall still remain in force until otherwise revoked.

ALBERTO C. ROMUALDEZ, JR., MD
Secretary of Health

MANUEL A. ROXAS II
Secretary of Trade and Industry

Signed A.O. Received in the Records Section on 5/21/2000.
MEMORANDUM FROM PRESIDENT JOSEPH E. ESTRADA TO DOH AND DTI DATED APRIL 26, 2000
4. Design mechanisms to strengthen the competitiveness of domestic drug industries; and

5. Monitor the substantial compliance to the World Trade Organization Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS)-related concerns on pharmaceuticals.

Your efforts should also include making an appeal to the private stakeholders for good corporate citizenship, in terms of ensuring the safety, quality, efficacy, accessibility, and affordability of their products.

Submit monthly reports to the President, through the Executive Secretary, beginning on 31 May 2000.
ADMINISTRATIVE ORDER
No. 85 s. 2000

SUBJECT: REGISTRATION REQUIREMENTS FOR A GOVERNMENT AGENCY IMPORTING A PHARMACEUTICAL PRODUCT WITH A REGISTERED COUNTERPART BRAND IN THE PHILIPPINES

I. RATIONALE:

The Philippines has one of the highest drug prices in the ASEAN region (J. Lim Study, 1997, DOH-DTI Comparative Drug Price Survey in ASEAN countries, 1999). For this reason, President Joseph Ejercito Estrada has signed a memorandum last 26 April 2000 directing the Departments of Health and the Trade and Industry to intensify their efforts in making essential and life-saving medicines affordable and accessible to the public, especially to the poorer segments of the society.

A key strategy to lower drug prices is the importation of finished drug products from other countries where these are cheaper than in the Philippines. One component of this strategy is the parallel importation scheme where a similarly branded product that is cheaper in other countries will be imported and introduced in the local market. These imported products will be registered in the Bureau of Food and Drugs (BFAD) before these are sold to the public.

In view of this, the following registration requirements for a government agency importing a pharmaceutical product with a registered counterpart brand in the Philippines are hereby prescribed:

II. GENERAL REQUIREMENTS:

1. Application Letter

The application/covering letter shall provide the following information:

a. Generic name and Brand name of the product
b. Dosage strength and dosage form
c. Complete names and addresses of the manufacturer of the product and distributor-importer

Signed ____________________________

Received in the Records Section on ____________________________
2. A copy of a valid License to Operate as Drug Distributor-Importer reflecting the source or country of origin of the product and the list of products to be imported.

Only distributor-importers that are government agencies and are authorized by BFAD shall be allowed to import and register pharmaceutical products with a registered counterpart brand in the Philippines.

3. Proof that the exporter has a business relationship with the manufacturer or authorized distributor. Such proof may consist of official receipts, sales invoices, distributorship agreements, or other similar documents.

4. Official receipts and/or sales invoices establishing that the delivered pharmaceutical products were sourced from a distributor licensed by the manufacturer in the country of origin to sell its products. These official receipts and/or sales invoices shall identify the batch/lot number and the expiry dates.

5. Specimens of the proposed label and other labeling materials such as inserts, brochures, etc. to be used for the imported product shall be exempted from the generic labeling requirements. If not already present on the immediate label and box, the following shall be printed or shall appear on a stick-on label: the phrase, “Imported by (name of government agency)”, the suggested retail price of the product, and other labeling requirements.

6. Samples submitted to BFAD shall be in market or commercial presentation and shall be sufficient for use in assessing the product’s conformity with the given test specifications plus sufficient retention sample for future reference.

7. Full laboratory testing by BFAD of every batch/lot number of product per importation.

III. EFFECTIVITY:

This Order shall take effect fifteen (15) days from the date of its publication in two (2) newspapers of general circulation.

ALBERTO G. ROMPALDEZ, JR., MD
Secretary of Health
An LGU's Guide to the Purchase of PDI from the PITC

PRESYONG TAMA, GAMOT PAMPAMILYA PROGRAM

Narito na! Dekalidad na gamot sa presyong tama

Comparative Drug Price List

<table>
<thead>
<tr>
<th>Generic Name of Drug</th>
<th>Price before DOH</th>
<th>Price after DOH</th>
<th>Price difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Tolbutamide 500 mg</td>
<td>20.00</td>
<td>10.00</td>
<td>10.00</td>
</tr>
<tr>
<td>2. Conterazol 500 mg</td>
<td>25.00</td>
<td>15.00</td>
<td>10.00</td>
</tr>
<tr>
<td>3. Glucotrol 25 mg</td>
<td>50.00</td>
<td>25.00</td>
<td>25.00</td>
</tr>
<tr>
<td>4. Metformin 500 mg</td>
<td>30.00</td>
<td>15.00</td>
<td>15.00</td>
</tr>
<tr>
<td>5. Metformin 500 mg</td>
<td>40.00</td>
<td>20.00</td>
<td>20.00</td>
</tr>
</tbody>
</table>

Malibili ito sa mga ospital ng DOH

Dalhin ang reseta sa pagbill ng gamot

Hanapin at DOH at DTI saan upang makasigurong garantisado ang gamot

Pare sa karamdapan ng impormasyon tumawag sa:
Policy Planning & Advocacy Div., BFAD, DOH
Tel: 02-632-30, 632-50-01 KS, 632-50-90
Bureau of Food Regulatory and Consumer Affairs, DTI
Tel: 02-632-43
Philippine National Drug Enforcement Board

A joint project of the Department of Health and Department of Trade and Industry
ANNEX

Annex 1: List of Drugs Supplied by the PITC

<table>
<thead>
<tr>
<th>Generic/Brand Name</th>
<th>Price of Local Branded Counterparts in Private Drug Outlets A</th>
<th>Price of Parallel Drug Imports in the 7 DOH Hospitals B</th>
<th>Price Difference (A-B) C</th>
<th>% Savings (C/B) x 100% D</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Salbutamol (Ventolin/Ventorlin) 100 mcg/dose x 200 doses MDI</td>
<td>294.75</td>
<td>197.60</td>
<td>97.15</td>
<td>49.16%</td>
</tr>
<tr>
<td>2. Beclomethasone (Becloforte/Becoride) 250 mcg inhaler</td>
<td>831.00</td>
<td>532.50</td>
<td>298.50</td>
<td>56.06%</td>
</tr>
<tr>
<td>3. Atenolol (Tenormin) 50 mg tablet</td>
<td>17.75</td>
<td>9.05</td>
<td>8.70</td>
<td>96.13%</td>
</tr>
<tr>
<td>4. Cotrimoxazole (Bactrim) 800 mg SMZ + 160 mg TMP tablet</td>
<td>24.10</td>
<td>5.10</td>
<td>19.00</td>
<td>372.55%</td>
</tr>
<tr>
<td>5. Cotrimoxazole (Bactrim) 400 mg SMZ + 80 mg TMP tablet</td>
<td>13.50</td>
<td>2.80</td>
<td>10.70</td>
<td>382.14%</td>
</tr>
<tr>
<td>6. Cotrimoxazole (Septrin/Septran) 200 mg SMZ + 40 mg TMP/5 ml susp. 50 ml bot.</td>
<td>82.68**</td>
<td>67.60</td>
<td>15.08</td>
<td>22.31%</td>
</tr>
<tr>
<td>7. Glibenclamide (Daonil) 5 mg tablet</td>
<td>7.75</td>
<td>3.10</td>
<td>4.65</td>
<td>150.00%</td>
</tr>
<tr>
<td>8. Nifedipine (Adalat Retard) 20 mg capsule</td>
<td>34.15</td>
<td>5.75</td>
<td>28.40</td>
<td>493.91%</td>
</tr>
</tbody>
</table>

*Cotrimoxazole (Septran) 200 mg SMZ + 40 mg TMP/5 ml susp. 50 ml bottle will be available in the participating DOH hospitals on April 2001.

**Septrin suspension in private drug outlets is available in 30 ml, 70 ml, and 100 ml bottles. The 70 ml bottle costs Php 115.75. If it is converted to the price equivalent to a 50 ml bottle, this will cost Php 82.68.
## Comparative Prices of Drugs in India vs. Philippines

<table>
<thead>
<tr>
<th>Therapeutic Category</th>
<th>Generic Name / DOSE / Strength</th>
<th>BRAND NAME</th>
<th>MANUFACTURER</th>
<th>CIMS/MIMS PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>India</td>
<td>Philippines</td>
<td>India</td>
</tr>
<tr>
<td>Gastrointestinal Drug/</td>
<td>Hyoscine Butyl Bromide</td>
<td>Buscopan</td>
<td>German</td>
<td>Boeringher</td>
</tr>
<tr>
<td>Anticholinergics</td>
<td>10 mg tablet</td>
<td></td>
<td>Ingelheim</td>
<td></td>
</tr>
<tr>
<td>Gastrointestinal Drug/</td>
<td>Bisacodyl</td>
<td>Dulcolax</td>
<td>German</td>
<td>Boeringher</td>
</tr>
<tr>
<td>Laxatives/Cathartics</td>
<td>5 mg tablet</td>
<td></td>
<td>Remedies</td>
<td>Ingelheim</td>
</tr>
<tr>
<td>Gastrointestinal Drug/</td>
<td>Loperamide</td>
<td>Imodium</td>
<td>Ethnor</td>
<td>Janssen</td>
</tr>
<tr>
<td>Antimotility</td>
<td>2 mg capsule</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cardiovascular Drug/</td>
<td>Atenolol</td>
<td>Tenormin</td>
<td>ICI</td>
<td>Astra Zeneca</td>
</tr>
<tr>
<td>Anti-anginal Drugs</td>
<td>50mg tablet</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Diltiazem</td>
<td>Ionozem</td>
<td>Parke-Davies</td>
<td>Parke-Davies</td>
</tr>
<tr>
<td></td>
<td>30 mg tablet</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Diltiazem</td>
<td>Ionozem</td>
<td>Parke-Davies</td>
<td>Parke-Davies</td>
</tr>
<tr>
<td></td>
<td>60 mg tablet</td>
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<td>Cardiovascular Drugs/</td>
<td>Nifedipine</td>
<td>Adalat</td>
<td>Bayer</td>
<td>Bayer</td>
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<tr>
<td>Anti-anginal drugs</td>
<td>20 mg tablet</td>
<td>Retard</td>
<td></td>
<td></td>
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<tr>
<td>Anticonvulsants</td>
<td>Phenytoin</td>
<td>Dilantin</td>
<td>Parke-Davies</td>
<td>Parke-Davies</td>
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<td></td>
<td>100 mg capsule</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Anti-Asthma</td>
<td>Bclometasone</td>
<td>Beoride</td>
<td>Glaxo</td>
<td>Glaxo Wellcome</td>
</tr>
<tr>
<td></td>
<td>250 mcg x 200 doses inhaler</td>
<td>Forte</td>
<td>Allenburys</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Becloforte</td>
<td>Glaxo</td>
<td></td>
</tr>
<tr>
<td>Anti-Asthma</td>
<td>Salbutamol</td>
<td>Ventorlin</td>
<td>Glaxo</td>
<td>Glaxo Wellcome</td>
</tr>
<tr>
<td></td>
<td>100 mcg/dose x 200 doses</td>
<td></td>
<td>Allenburys</td>
<td></td>
</tr>
<tr>
<td></td>
<td>inhaler</td>
<td>Ventolin</td>
<td>Glaxo</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Allenburys</td>
<td></td>
</tr>
<tr>
<td>Anti-diabetes</td>
<td>Glibenclamide</td>
<td>Daonil</td>
<td>Hoecht</td>
<td>Hoecht</td>
</tr>
<tr>
<td></td>
<td>5 mg tablet</td>
<td></td>
<td>Marion Roussel</td>
<td>Marion Roussel</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Glibenclamide</td>
<td>Euglucon</td>
<td>Boeringher</td>
<td>Roche</td>
</tr>
<tr>
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# An LGU’s Guide to the Purchase of PDI from the PITC

<table>
<thead>
<tr>
<th>Therapeutic Category</th>
<th>Generic Name / DOSE / Strength</th>
<th>BRAND NAME</th>
<th>MANUFACTURER</th>
<th>CIMS/MIMS PRICE</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td>India</td>
<td>Philippines</td>
<td>India</td>
</tr>
<tr>
<td>Oxytocics (uterine stimulants)</td>
<td>5 mg tablet</td>
<td>Methergin</td>
<td>Novartis Healthcare</td>
<td>4.03</td>
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<tr>
<td>Antibacterials</td>
<td>Cefotaxime 1 g vial</td>
<td>Claforan</td>
<td>Hoehct Marion Roussel</td>
<td>87.85</td>
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<tr>
<td>Antibacterials</td>
<td>Cefuroxime 250 mg tablet</td>
<td>Supacef</td>
<td>Glaxo Allenburys Glaxo Wellcome</td>
<td>37.85</td>
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<tr>
<td>Antibacterials</td>
<td>Clindamycin 150 mg capsule</td>
<td>Dalacin C</td>
<td>Max Pharmacia and Upjohn</td>
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<tr>
<td>Antibacterials</td>
<td>Cotrimoxazole 800 mg (SMZ) + 160 mg (TMP) tab</td>
<td>Bactrim</td>
<td>Piramal Healthcare Roche</td>
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<td>Antibacterials</td>
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<td>Piramal Healthcare Roche</td>
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<td>Burroughs Wellcome Glaxo Wellcome</td>
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<tr>
<td>Antivirals</td>
<td>Acyclovir 200 mg tablet</td>
<td>Zovirax</td>
<td>Burroughs Wellcome Glaxo Wellcome</td>
<td>15.92</td>
</tr>
<tr>
<td>Antihistamine</td>
<td>Promethazine 10 mg tablet</td>
<td>Phenergan</td>
<td>Patriot Rhone Phoulenc</td>
<td>0.47</td>
</tr>
<tr>
<td>Anti-cancer</td>
<td>Tamoxifen 10 mg tablet</td>
<td>Nolvadex</td>
<td>ICI Astra Zeneca</td>
<td>19.74</td>
</tr>
<tr>
<td>Therapeutic Category</td>
<td>Generic Name / DOSE / Strength</td>
<td>BRAND NAME</td>
<td>MANUFACTURER</td>
<td>CIMS/MIMS PRICE</td>
</tr>
<tr>
<td>----------------------</td>
<td>-------------------------------</td>
<td>------------</td>
<td>--------------</td>
<td>----------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>India</td>
<td>Philippines</td>
<td>India</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources:

1. Price:
   - CIMS India – April to June 2000
   - MIMS Philippines – Volume 30, Number 1, 2001

2. Foreign Exchange Rate to One (1) US Dollar as of 01 March 2001
   - Indian Rupee = 46.545 – [www.hindubusiness.com](http://www.hindubusiness.com)
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Annex 2: Consumption Method

Step 1. Prepare a list of drugs to be quantified (See sample table 2)

Step 2. Determine the period of time to be reviewed for consumption

Step 3. Enter consumption data for each drug.
   For each drug:
   i. Enter the total quantity \( C_T \) used during the review period \( R_m \) in basic units;
   ii. Enter the number of days in the review period that the drug was out of stock—\( D_{os} \). If it is impossible to determine the number of days out of stock with accuracy, the estimated number of months out of stock during the period can be entered.
   iii. The lead time for the last procurement (or the average from the last several procurements)

Step 4. Calculate the average monthly consumption \( C_A \) using either of the two methods:
   Recommended method: \( C_A = \frac{C_T}{R_m - \left( D_{os} \div 30.5 \right)} \)
   1. Enter the total consumption \( C_T \) and divide this by the number of months in the review period \( R_m \) minus (the total number of days out of stock in the same period divided by 30.5 to convert to months \( D_{os} \div 30.5 \)). (Refer to formula 1 in Table 1)
   Alternative method: \( C_A = \frac{C_T}{R_m - M_{os}} \)
   1. This is the simpler but less precise method using the estimate number of months out of stock for adjusting consumption, omitting the step of converting days to months. (Refer to formula 2 in Table 1)

Step 5. Calculate the safety stock needed for each drug: \( SS = C_A \times LT \)
   1. The average monthly consumption from Step 4 \( C_A \) is multiplied by the average lead-time for procurement \( LT\) (in months). (Refer to formula 3 in Table 1)

Step 6. Calculate the quantity of each drug required in the next procurement period (quantity to order): \( Q_o = C_A \times (LT + PP) + SS - (S_1 + S_0) \)
   (Refer to formula 4 in Table 1).
   1. The average monthly consumption \( C_A \) is multiplied by the sum of the lead-time \( LT \) and the procurement period \( PP \) (number of months to be covered by the order).
   2. Add the quantity needed for safety stock \( SS \)
   3. Subtract the sum of the quantity of stock on hand and the stock on order \( S_1 + S_0 \) [if there are any]

Step 7. Adjust for expected changes in consumption pattern by multiplying the quantity to order with a certain percentage, if necessary. \( Q_a \)
An LGU’s Guide to the Purchase of PDI from the PITC

Step 8. Adjust for losses by further multiplying the estimated value in step 7, if necessary.

Step 9. Compile quantifications from all hospitals.

Step 10. Estimate costs for each drug and get total of the costs.

Step 11. Compare total costs with the budget and make adjustments.

Table 1. Summary of Formula

<table>
<thead>
<tr>
<th>Formula Number</th>
<th>Objectives of Formula</th>
<th>Calculations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Adjusted average monthly consumption</td>
<td>( C_A = \frac{C_T}{RM - \left(\frac{D_{OS}}{30.5}\right)} )</td>
</tr>
<tr>
<td>2</td>
<td>Adjusted average monthly consumption</td>
<td>( C_A = \frac{C_T}{RM - M_{OS}} )</td>
</tr>
<tr>
<td>3</td>
<td>Basic safety stock requirements</td>
<td>( SS = C_A \times LT )</td>
</tr>
<tr>
<td>4</td>
<td>Quantity to order</td>
<td>( Q_O = C_A \times (LT + PP) + SS - (S_I + S_O) )</td>
</tr>
</tbody>
</table>

Where:
- \( C_A \) = Average monthly consumption, adjusted for stockouts
- \( C_T \) = Total consumption during review period, in basic units
- \( D_{OS} \) = Number of days an item was out of stock during the review period
- \( LT \) = Average lead time (for projected supplier or worst case), in months
- \( M_{OS} \) = Estimated number of months an item was out of stock during the review period
- \( PP \) = Procurement period (number of months to be covered by order)
- \( Q_O \) = Quantity to order in basic units, before adjustments for losses or program change
- \( R_M \) = Review period in months minus the number of months of data reviewed for forecasting
- \( S_I \) = Stock now in inventory, in basic units
- \( S_O \) = Stock now on order, in basic units
- \( SS \) = Quantity needed for safety stock
Table 2. Consumption-Based Forecast for Drug Requirements

<table>
<thead>
<tr>
<th>Drug</th>
<th>Strength</th>
<th>Basic Unit (BU)</th>
<th>Pack Size</th>
<th>Total Consumption in Period (CT)</th>
<th>Days out of stock (DOS)</th>
<th>Adjusted Average Monthly Consumption (CA)</th>
<th>Stock on Hand (S₁)</th>
<th>Stock on Order (S₀)</th>
<th>Safety Stock Level (SS)</th>
<th>Suggested Quantity to Order (Q₀)</th>
<th>Adjusted Order Quantity (Qₐ)</th>
<th>Order Quantity (packs)</th>
<th>Probable Pack Price (Php)</th>
<th>Value of Proposed Order (Php)</th>
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</thead>
<tbody>
<tr>
<td>Drug A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drug B</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</table>
Annex 3: Monthly Inventory Report of Parallel Imported Drugs and Medicines

<table>
<thead>
<tr>
<th>Name of Drugs/Dose/Strength</th>
<th>Received During the Month</th>
<th>Issuance</th>
<th>Ending Balance</th>
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<tbody>
<tr>
<td></td>
<td>No. of Units</td>
<td>Unit Price</td>
<td>Total Cost</td>
</tr>
<tr>
<td>1.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td></td>
<td></td>
<td></td>
</tr>
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ANNEX 4. FLOW CHART OF THE PROCEDURE FOR LGUS TO PURCHASE PDI FROM THE PITC

1. **Provincial Health Officer (PHO)** informs Philippine International Trade Corporation (PITC) of intention to purchase.

2. PITC prepares and submits the following requirements to Provincial General Services Office (PGSO):
   - Business Permit
   - PITC Charter
   - Bureau of Internal Revenue (BIR) - Income Tax Return certificate
   - BIR - Value Added Tax (VAT) certificate
   - Certificate of Withholding Agent
   - Certificate of Product Registration (CPR)

3. PGSO checks requirements for completeness and accredits PITC. Informs Provincial Health Office (PHO) that PITC is accredited.

4. PHO requests the Therapeutic Committee (TC) of each hospital to submit list of drug requirements with quantities.

5. Hospital Therapeutics Committee selects and quantifies drugs to be purchased from PITC list and sends Requisition Issue Voucher (RIV) to hospital supply officer.

6. Hospital Supply Officers receives RIV then prepares quarterly Purchase Request (PR) and submits to PGSO.

7. PGSO consolidates PR from all hospitals. Prepares and faxes Purchase Orders (PO) to PITC and sends original to Department of Trade and Industry - Provincial Office (DTI-PO).

8. PITC receives PO by fax and consolidates orders from all LGUs. Sends sample of drugs for testing to the Bureau of Food and Drugs (BFAD).

9. Bureau of Food and Drugs (BFAD) test drugs and releases certificate of analysis (CA) to PITC.

10. PITC receives PO and forwards to PHO. PITC consolidates orders from all LGUs.
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PITC imports products (15 days), clears them from customs (5 days) -> Bureau of Custom (BOC) receives, clears and releases products to PITC.

PITC conducts physical counting, labels, and repacks according to orders and sends them to PGSO thru freight forwarders with the ff docs (7d):
- Sales Invoice (SI)
- Delivery Receipt (DR) (optional)
- Xerox copy of CPR
- Xerox copy of CA

PGSO receives and inspects products and documents, signs and returns SI and DR to PITC by mail. Notifies PHO of receipt of drugs.

PITC receives check and issues Official Receipt (OR). OR is mailed to LGU.

Hospital Supply Officers collects monthly consumption data and sends to PGSO.

PGSO consolidates consumption data and sends to PITC and Policy Planning and Advocacy Division (PPAD)-BFAD.

PITC and Policy Planning and Advocacy Division receives consumption data.

MONITORING

PHO prepares and signs Disbursement Voucher (DV). Sends to Provincial Accountant Office (PAO).

Provincial Accountant Office (PAO) certifies that (DV) are supported with receipts.

Provincial Treasurer Office (PTO) prepares and signs check.

Provincial Governors Office (PGO) approve PO and signs check. Check is mailed to PITC.