



Republic of the Philippines
Department of Health
OFFICE OF THE SECRETARY

Department of Health, 2/F Bldg. 1
San Lazaro Compound, Sta. Cruz, 1003 Manila
(632) 743-83-01 loc. 1925, 7431762

1 July 2003

ADMINISTRATIVE ORDER

No. 64 s. 2003

SUBJECT: Policy Guidelines on the Operationalization of Botika ng Barangays (BnBs) by the Centers for Health Development (CHD)

I. Rationale

The 1987 Philippine Constitution mandates the right of every Filipino to health, The State, under Section II of Article XIII, shall adopt an "integrated and comprehensive approach to health development which shall endeavor to make essential goods, health and other social services acceptable to all the people at affordable cost".

Republic Act No. 6675 known as the Generic Act of 1988, prescribe that it is the policy of the State to "ensure the adequate supply of drugs with generic names at the lowest possible cost".

The Local Government Code of 1991 particularly under Rule XIII of its Implementing Rules and Regulations prescribe the kind of relationship between the Local Government Units and Peoples Organization, Non-Government Organization and Private Sector that may exist within the framework of devolution, and the latter's role as partners in the delivery of basic services.

In accordance with the provisions of the preceding, the Department of Health (DOH) issued Administrative Order No. 23-A., dated 05 July 1996, that outlines the guidelines on the development and establishment of Botika ng Barangay and Administrative Order No. 70, dated 03 January 2002, that provides for licensing procedure for Botika ng Barangays under the supervision of a registered pharmacist and with the support of the Local Government Units.

During the 12th Congress, Her Excellency President Gloria Macapagal-Arroyo pledged in her State of the National Address (SONA) to lower the prices of drugs and medicines frequently bought by the poor by 50%.

To set in motion this pledge, the Department of Health (DOH) has entered into a Memorandum of Agreement (MOA) with the Philippine

Charity Sweepstakes Office (PCSO), and the Philippine International Trading Corporation (PITC) to purchase and distribute the drugs and medicines through the DOH networks of Botika ng Barangay.

As a consequence of such Agreement, the PCSO has earmarked PhP 20 million to be transferred to the PITC for the procurement of BnB drugs and medicines that will be identified by the DOH. The 20 Million Pesos financial assistance worth of drugs and medicines that shall be distributed at P25,000.00 each to the targeted 800 BnBs to be established in accordance with the regulations set by existing laws and other pertinent statutes.

Furthermore the DOH has piloted innovations on the operationalization of the BnBs, and the experience and best practices gained from such, are considered to be replicated in order for a greater number of the populace to reap the benefits derived from the BnBs.

II. Objectives

The Objectives of this Order are the following:

1. To identify the appropriate units in the DOH that will manage the utilization of the 20 Million Pesos PCSO funds for BnBs based on D.O. No. 367-H s. 2001 dated November 21, 2001.
2. To establish mechanisms and minimum inter-organizational requirements that will pump-prime the targeted 800 BnBs nationwide in carrying out sustained operations; and
3. Provide clear definition of roles and responsibilities among stakeholder entities.

III. Definition of Terms

As used in this Administrative Order, the terms herein shall be understood to mean as follows:

1. **Botika ng Barangay (BnB)** – refers to a drug outlet initially identified, evaluated and selected by the CHD concerned, approved by PHARMA 50 PMU, duly licensed by the Bureau of Food and Drugs (BFAD) wherein low-priced generic over-the-counter drugs (OTCs) and two (2) selected prescription drugs (Amoxicillin and Cotrimoxazole) are sold or made available as listed in the latest edition of the Philippine National Drug Formulary Vol. I (PNDF).
2. **Pharma 50 Project Management Unit (Pharma 50 PMU)** – a unit created and established by DOH to operationalize and manage the

implementation of the SONA pledge to reduce the price of drugs and medicines.

3. **Department of Health (DOH)** – a National Government Agency, the principal agency that regulates and controls the distribution and sale of drugs and medicines to outlets such as Botika ng Barangays (BnBs).
4. **Philippine Charity Sweepstakes Office (PCSO)** – a Government-Owned and Controlled Corporation duly created and existing by virtue of the R.A. 1169 as amended which provides the 20 Million Pesos seed money that will be used as seed capital for the BnB.
5. **Philippine International Trading Corporation (PITC)** – a Government Owned and Controlled Corporation by virtue of presidential Decree 1071 as amended, under the Department of Trade and Industry (DTI), that is tasked to procure over-the-counter generic drugs and two (2) selected prescription drugs for the Botika ng Barangay.
6. **Center for Health Development (CHD)** – an Office of the Department of Health, headed by a Director who acts as the alter ego of the Secretary of Health, which is responsible in undertaking Public Health Operations, Health Regulatory Functions and other roles and responsibilities within a defined administrative and geographical boundary as embodied and implied in Executive Order 102.

IV. General Guidelines

1. The initial funds, i.e. the PhP 20 million sourced from PCSO, shall be directly released to the PITC. The latter agency shall purchase over-the counter generic drugs and two (2) selected prescription drugs (Contrimoxazole and Amoxicillin) based on the Pharma 50 PMU approved list of drugs and medicines for BnBs with the corresponding quantities.
2. The CHD, in coordination with the Bureau of Food and Drugs (BFAD), shall be responsible in identifying and evaluating the BnB applicants that have passed all documentary legal and regulatory requirements, as set in previous issuance- Administrative Order No. 70 dated 03 January 2003, to be forwarded to Pharma 50 PMU for final evaluation and approval.
3. Each BnB shall be allocated with P 25,000.00 worth of drugs and medicines and distributed by PITC to the different CHDs to be sold

by BnBs within their catchment area at Pharma 50 PMU established selling prices.

4. The CHD shall assure that the necessary structural arrangements such as the assigning of personnel and the creation of a functional committee for the purpose of coordination and monitoring are clearly identified and established.
5. The DOH PHARMA 50 PMU specifically the TWG on BnBs jointly with the Bureau of Food and Drugs (BFAD) and its CHD counterpart (e.g. LHAD/DOH Representatives, CHD detailed FDROs and Training Staff) shall provide technical assistance and training to BnB operators.
6. The BnBs nationwide shall operate within the responsibilities it is bound to perform as prescribed by the DOH and monitored by the CHD/BFAD.
7. The CHD, in coordination with the Pharma 50 PMU, shall be responsible in conducting centralized price bidding and supplier accreditation (PITC included, whenever their price list is deemed more advantageous to the Government), which result shall serve as basis for the DOH Botika ng Barangay in entering into contracts for the procurement of future replenishment stocks.
8. Only DOH Accredited Drug Suppliers and the PITC may participate as BnB Suppliers for Stock Replenishments Drugs and Medicines.

V. Specific Guidelines

- A. *Handling Procedure for the initial deliveries of drugs procured through the PITC*
 1. The initial deliveries of drugs procured through PITC, which have already undergone prior inspection and test sampling at PITC, shall be delivered directly to the different CHDs.
 2. The Pharma 50 PMU shall monitor the results of the quality assurance inspection and testing done at PITC and shall promptly inform the CHDs of any incoming deliveries from PITC those have passed the quality assurance protocols.
 3. The CHDs shall be directly responsible in issuing the initial deliveries of the PITC to the different BnB under its catchment area within three days from the receipt of CHD of the PITC

delivered goods. The CHDs will use Requisition and Issue Slip (RIS) in issuing drugs to the BnBs.

4. The duly signed original RIS indicating receipt of the drugs by the BnBs shall be collated by the CHDs and shall be submitted to the Pharma 50 PMU.
5. The Pharma 50 PMU shall collate the proofs of receipt by the BnBs forwarded by the CHDs and shall promptly submit these to the PITC for the purpose of liquidating the PCSO funds.

B. Additional requirements to be imposed on BnBs

1. A separate Memorandum of Agreement for this purpose shall jointly be perfected by BnB operators, the proponent Local Government Unit (City/Municipality/Barangay), the CHD concerned to cover other operational and regulatory details.
2. An accountable person from the LGU/Barangay must be explicitly identified and shall be responsible in accounting the BnB to assure custodial fidelity of assets and properties.
3. The BnB and the proponent LGU must establish appropriate security measures in assuring the protection of BnBs assets.
4. The BnB operators shall be primarily responsible and accountable on the maintenance of the BnB and the assets thereat, including sales.

C. Stocks Replenishments Orders from the BnBs

1. The BnBs shall replenish their stocks by procuring from suppliers accredited by the CHD with the approved CHD established drug prices.
2. The BnBs shall furnish the CHDs their request for replenishments by submitting a list of drugs that needs to be ordered, with the corresponding required quantities and a certificate that funds are available to cover such request. The request should be made quarterly with deadlines that shall be established by the CHD and signed by the BnB accountable officer/operator.
3. The CHD shall undertake a public bidding that will lead to the determination of accredited suppliers for BnBs and the

corresponding unit prices of the Pharma 50 PMU approved BnB drugs, (i.e. acquisition cost from the CHD accredited BnB supplier and the allowable BnB selling price) that will be applied by the BnBs. Furthermore, the CHD shall be authorized to request the PITC for price list of drugs and to request the latter to procure the essential drugs for the BnBs, whenever it is more advantageous to the Government.

4. The CHD shall be responsible for monitoring the deliveries made by the accredited suppliers if such are covered with the appropriate Quality Assurance documents such as, Certificate of Product Registrations or Batch Certificates to the BnBs.
5. Only drugs reflected on the approved list of drugs to be dispensed specifically for BnBs as covered by the appropriate DOH issuance and have passed the BFAD Quality Assurance Protocol should be procured by BnBs subject to the review and approval of the CHD.

D. *BnB Supplier Eligibility/Accreditation*

1. The CHD, in coordination with the Pharma 50 PMU, shall conduct BnB Supplier Eligibility/Accreditation processing at least once a year.
2. The CHD shall inform the Pharma 50 PMU any change on the status and deviation of performance of the BnB suppliers.
3. Supplier Eligibility/Accreditation Requirements. The documents as listed in Annex A shall be required by the CHD from suppliers who wish to participate as CHD Accredited BnB Suppliers:

E. *BnB Drug Price Determination for Stock Replenishments*

1. The CHD shall invite eligible/accredited drug suppliers for BnBs at least twice a year to submit price offers for the Pharma 50 PMU approve drug list within the framework of sealed public bidding or from PITC whichever is more advantageous to the Government.
2. The CHD, in coordination with the Pharma 50 PMU Unit shall determine the lowest responsive bids and the results of which shall be forwarded to the BnBs.

3. The lowest responsive bidders shall be given Notice of Awards by the CHD, which grant them authority to enter into Contract Agreements with the BnBs.
4. The submitted unit price offers should have a validity of at least six (6) months.
5. The performance of drug suppliers of BnBs from participation in the public bidding until Contract Execution shall be monitored and any deviation of performance that will adversely affect the operations of the BnB shall be reflected as a derogatory remark that would result to downgrading or revocation of the drug suppliers accreditation/eligibility.
6. The CHD, in coordination with the Pharma 50 PMU, shall promptly and regularly inform the BnBs the list of authorized BnB drug suppliers and the corresponding approved acquisition price and selling price of the BnB drugs.

F. Fund Management Conditions for the BnBs

1. The BnB shall be authorized to earn income as a result of the PHARMA 50 PMU established mark-up that is added to the acquisition cost of drugs and medicines procured by PITC or through the CHDs unit price determination bidding process.
2. The sales proceeds (minus the mark-up for drugs) of BnB shall be used solely for the purpose of re-ordering drugs and medicines and adjunct needs of the BnB subject to the conditions that may be set by their respective CHD Director as shall be embodied in the MOA for this specific activity.
3. The BnBs shall submit quarterly financial reports (within 15 days every end of each quarter) to the CHDs on the status of the implementation of BnB. Such report should contain these basic informations – sales and stock inventory at the end of each quarter.

G. Rational Drug Use

1. The BnBs, as shall be monitored by a supervising pharmacist, shall at all times adhere to rational drug use practices in dispensing medicines.

2. The quantity of medicines to be dispensed shall be in accordance with the prescribed therapeutic regimens so as to preclude possible selling of OTC drugs in bulk to a single patient.

H. *Project Monitoring*

1. CHDs and PHARMA 50 PMU shall be the lead units in monitoring the performance of BnBs, notwithstanding and without prejudice to a similar role that the LGU proponent may undertake.
2. The CHDs and PHARMA 50 PMU shall have the authority to check on the records of the BnB at any given time, notwithstanding and without prejudice to the regulatory functions of the Bureau of Food and Drugs.
3. BnBs must maintain the integrity and transparency of their records and shall be made available whenever asked by the CHD concerned, the PHARMA 50 PMU and other regulatory units.
4. Monitoring reports shall be periodically submitted by the CHDs to PHARMA 50 PMU Project Executive Officer within 25 days at the end of each quarter or as often as practicable.

VI. *Coordinating Instructions*

1. The Center for Health Development Director shall have the over-all responsibility on the implementation of the system and shall be supported by the DOH Central Office Staff, particularly the PHARMA 50 PMU, by determining estimates and recommendations for improvement in the operation of the target BnBs with the assurance that provisions of the guidelines will be adhered to.
2. Policy issues shall be referred to the Office of Project Executive Officer, PHARMA 50 PMU for final approval.
3. The Bureau of Food and Drugs Director shall assist the CHDs and the Pharma 50 PMU by detailing Food and Drug Regulations Officers (FDROs) or by providing technical assistance and experts opinion as may be required in establishing the BnBs and monitoring BnB performance.

4. The Local Government Units (LGUs) being responsible for the health needs of their constituents shall be enjoined to perform the following as shall be embodied in Memoranda of Agreements between it, the CHD and the BnB and as may be required:
 - a. Assist in providing space for BnB stores.
 - b. Assist in providing Pharmacist – Supervisors for BnB outlets.
 - c. Provide grant funds for the establishment of BnBs.

VII. Annexes

- A. Document Requirements for BnB Supplier Eligibility/Accreditation by the CHD
- B. Botika ng Barangay Drug Supply Process Flow

VIII. Seperability Clause

If any provision in these guidelines or application of such provision to any circumstance, is held invalid, the remainder of these guidelines shall not be affected.

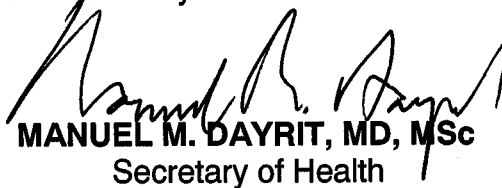
IX. Repealing Clause

The provisions of previous issuances, which are inconsistent with those provided in this Order, are hereby rescinded and modified accordingly.

X. Effectivity

This Order shall take effect immediately.

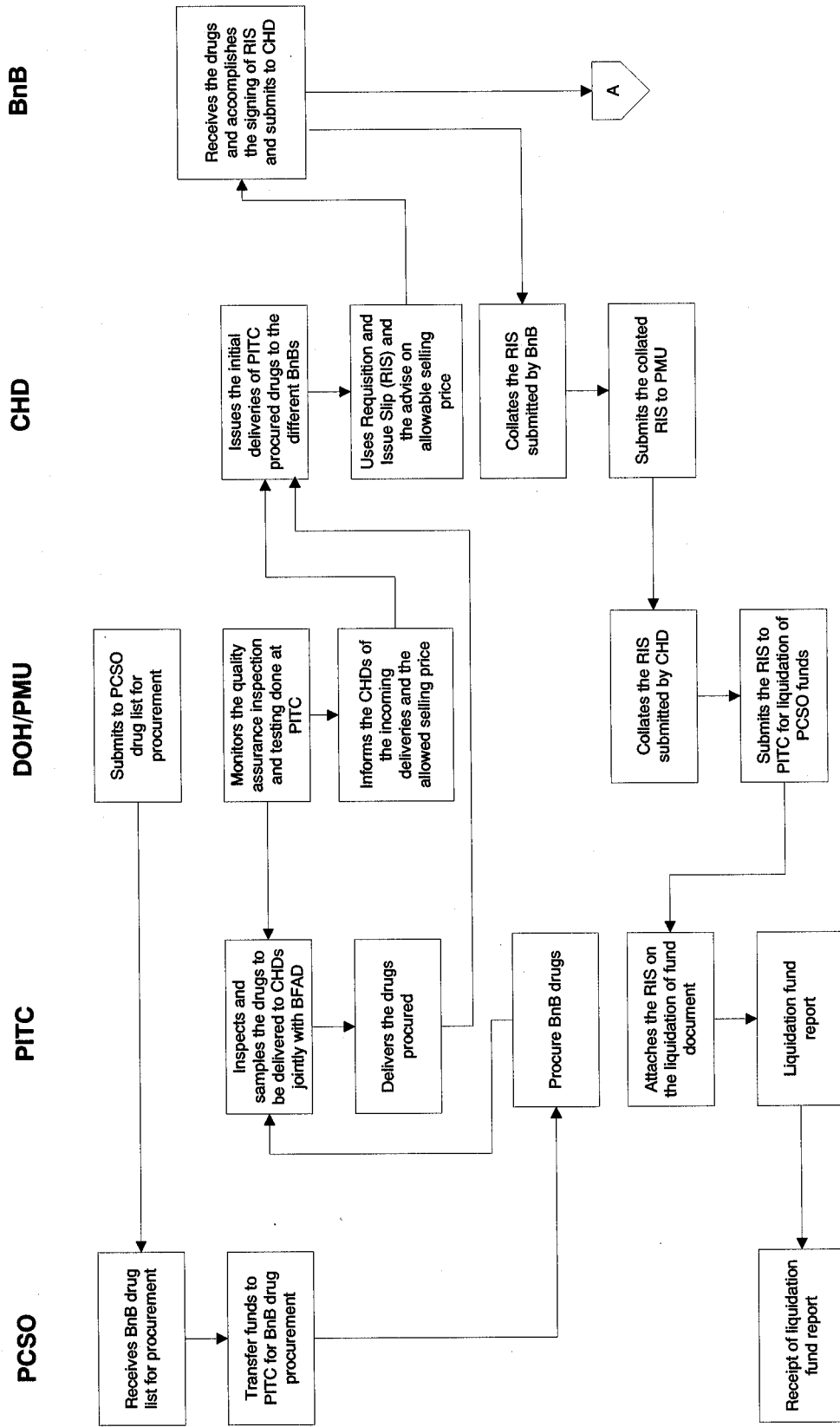
Signed AO
Received in the Records
Section on 7-3-03


MANUEL M. DAYRIT, MD, MSc
Secretary of Health

ANNEX A. Document Requirements for BnB Supplier Eligibility/Accreditation by the CHD

- i. DOH Central Office Accreditation Certificate;
- ii. Certificate from the Bureau of Internal Revenue acknowledging receipt of duly audited Financial Statements;
- iii. Securities and Exchange Commission Registration Certificate if corporation or relevant Department of Trade and Industry registration certificate for proprietors/partnership;
- iv. Business Permit from the Local Government Unit which administratively covers the BnB with which the Supplier intends to reach a Contract Agreement;
- v. Sworn and duly notarized statement that the prospective Consignor has not been "blacklisted" to participate in biddings by any Government Agency, Local Government Unit, or Government Owned or Controlled Corporation;
- vi. List of Drugs and Medicines that are intended to be sold to the BnBs with the corresponding duly certified true copies of Certificates of Product Registration issued by the Bureau of Food and Drugs; and
- vii. Certificate of Current Good Manufacturing Practice (CGMP) issued by BFAD (for manufacturer's). In case the prospective Supplier is not a manufacturer, its principal manufacturer's certified true copy of CGMP certificate must still be submitted.

ANNEX B. Botika ng Barangay Drug Supply Process Flow
BOTIKA NG BARANGAY (BnB) DRUG SUPPLY PROCESS FLOW (Initial Delivery Stage)



BOTIKA NG BARANGAY (BnB) DRUG SUPPLY PROCESS FLOW (Re-Order Stage)

