

Interview: Tetiana Korotchenko - Country Representative, Crown Agents, Ukraine



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Tetiana Korotchenko, Country Representative of Crown Agents, one of the three international organizations contracted by the Ukrainian government to temporarily handle healthcare procurement and put an end to the plague of corruption that has engulfed the country, provides insights into the obstacles faced while establishing this crucial program and the challenges of transforming Ukraine's healthcare system in an ever-changing economic, political, and social environment

As an introduction to our international readers can you briefly introduce Crown Agents and some of your ongoing projects in Ukraine?

Crown Agents is one of the oldest European companies, established 180 years ago in the UK before being privatized and listed as a limited liability company in 1997. Nevertheless, all 100 percent of our shares now belong to a nonprofit organization, which means we are in reality a social enterprise - a model that has been heavily praised internationally.

The Ukrainian branch of the organization has been present for more than 20 years, arriving to Ukraine first as agents working on behalf of the British government to deliver the equipment to hospitals for soldiers that were injured as a result of the Chernobyl catastrophe. Over the past decades, we have truly established ourselves as a reliable partner of the Ukrainian government

through a various number of significant projects conducted across the country. Recently, we have implemented a project in the Chernobyl exclusion zone regarding the construction of a centralized dome for the secure storage of medical isotopes, for which we created technology, implemented the project and then handed over the keys of the project to the Ukrainian government.

Procurement services however stand as our core expertise, and we proudly are the oldest procurement company operating in the world. In Ukraine, we are currently implementing two different projects in this regard. First, our experts are working with regulators and the Ministry of Economic Development and Trade to transform the Ukrainian system and meet EU standards. This is purely a consultancy project, funded by the EU delegation in Ukraine, in which we provide strategic and political advice.

The other project that we are implementing in this area relates to the Ministry of Health of Ukraine and aims to tackle the blatant corruption that dramatically plagues the country's health system.

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Why was it so critical to set up an anti-corruption program specifically targeting the country's healthcare procurement capacity?

The Revolution that broke out in Ukraine in 2013 brought new faces, new challenges and a new understanding that we must clean our country and move forward; we cannot afford to waste 25 more years and drive ourselves into the same situation. After the government was formed the coalition decided that they would advance the areas in which they thought past actions should have been undertaken, and like us, they are adamant about one thing: we must clean the country of corruption, and this is where we come in.

Healthcare procurement was widely considered as one of the areas that were the most seriously altered by corruption. Supported by the government and Ukraine's Parliament, a special law has been passed in 2015 that allows the function of healthcare procurement to be temporarily [*until 2019, e.d.*] taken away from the Ministry of Health and be managed by external organizations; giving the ministry the time and resources needed to advance the development of its own, transparent, centralized procurement agency. We really support the government in this comprehensive anti-corruption campaign; however, we do see this project only as a temporary solution that the government has taken to allow this sector to function properly.

Could you break down how this contract based approach functions?

The contract itself is signed by Crown Agents, we are the organization who are responsible from the announcement of the tender results up to delivery. After recent procurement laws were passed, Crown Agents presented a proposal of how we would manage the procurement to the Ministry of Health, highlighting our main areas of concern, which is the due diligence of tendered participants. Being a UK-based company we have a history exemplifying this due diligence and anti-corruption stance, and now with our one year contract it verifies the acceptance of the Ukrainian government.

The first year of the project's implementation has been seen as a test year as not all the procurement programs were allocated to external, international agencies [*beside Crown Agents, UN agencies UNDP and UNICEF are also part of this program, e.d.*], but, starting from 2017, all national procurement programs will be fully transferred. In this context, Crown Agents are overseeing the management of crucial therapeutic areas such as cardiovascular, tuberculosis, dialysis, and hepatitis. We have already conducted all tenders for 2017 and are now conducting evaluations and proposing new solutions to the Ministry of Health. We also commissioned an independent report from the University of Michigan to collate our 2016 results and we are very proud to announce that are a lot more positive than expected.

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Looking at these positive results and the substantial savings that you generated by purchasing these drugs at lower prices than before, are you giving the money back to the government or purchasing more medicines for the following year?

The government and Crown Agents are a joint operation, so the saving of the money has been communicated to the Ministry of Health to ask for their judgment.

In the grand scheme of things, our focus is to work with all companies, domestic or international. However, exclusions would include if the product is the incorrect quality, has incorrect documentation, or again, as mentioned previously, the company does not display due diligence. This process creates a competitive environment, though unfortunately for us the market here is still tiny in comparison to others, especially in relation to variety. I however believe that the Ukrainian pharmaceutical market has immense potential, as Ukraine is number one in relation to insurance claims and the health system contains many experienced doctors, which are both a good basis for growth.

In the past, it was an unrealistic expectation to set up a centralized, governmental public procurement agency due to the state of corruption and other obstacles. Do you

think that such an organization could be set up by 2019 to undertake this process?

The expectation to create this organization is not a one-day decision, as it is not just about writing documentation and implementing the process. It is about capacity, management and a targeted approach that will allow control, transparency and competition to flourish. Ukraine for many years enjoyed a volunteer movement in which many loyal people donated to help the country recover, though this financial resource is slowly diminishing.

In the upcoming year, the most important from our perspective is an exit strategy: in this regard, we work closely with the Ministry of Health and have established a special working group, acting as the advisors in the design of this upcoming, centralized procurement agency. Our shared objective is to have a fully functioning department inside the ministry that will function according to the Crown Agent standards, allowing more quality medicines for patients, and eventually full coverage in Ukraine.

What would be your message to international and local healthcare companies operating in Ukraine?

Internationally we want to send the message that companies should not fear the Ukrainian pharmaceutical market, and furthermore they should not be afraid to participate in the tender process. We are moreover actively working with the government to ensure that when we transfer back the procurement responsibility to the government, pharmaceutical companies will access the same level of service and transparency in the procurement process as when tenders were handled by international agencies.

Local companies were faced with new transparent and accountable conditions in the international organization tenders according to EU standards of public procurement. Our message is to not see us as an obstacle, but an opportunity to raise the pharmaceutical standards, creating vast opportunities to work internationally. Ukraine is now proudly international and it is a perfect opportunity for the domestic providers who understand Ukraine to take advantage of this opportunity and participate with us to create a thriving Ukrainian pharmaceutical market.

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