

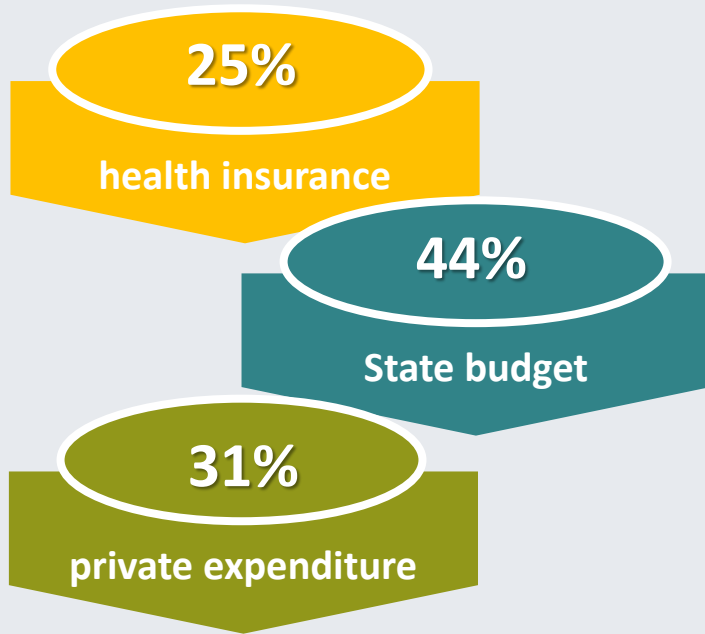


Single distribution system of Kazakhstan

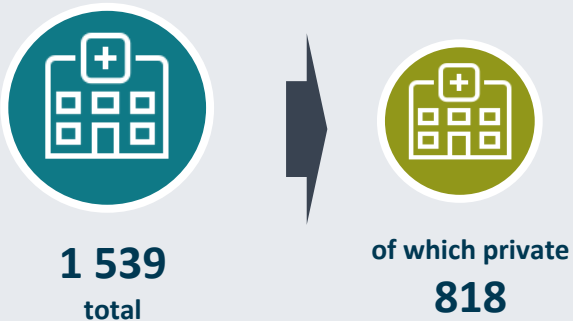


Medicinal provision in the Republic of Kazakhstan

Healthcare spending in Kazakhstan in 2020

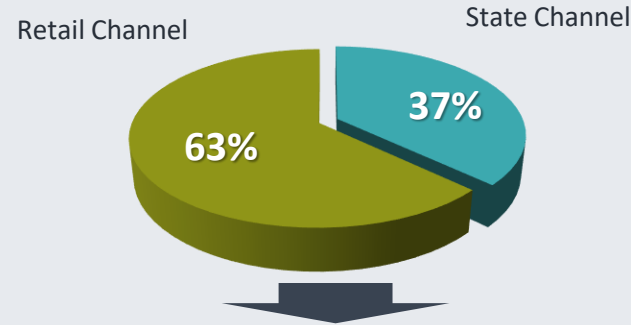


Providers of health care services within the GVFMC and CSHI

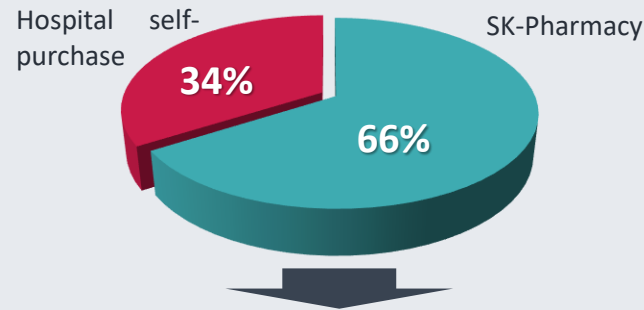


Pharmaceutical market in Kazakhstan

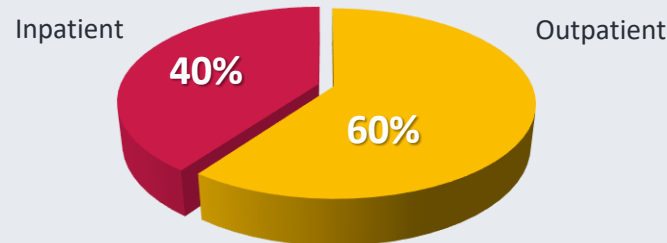
\$ 1,5 billion



State channel of the pharmaceutical market



SC-Pharmacy procurement by type of medical care



State Register of Kazakhstan

7 341
drugs

9 687
medical devices

SK-Pharmacy list

1 033
drugs

406
medical devices

Drugs supplied by GVFMC and CSHI
(by INN)

900
national drug
formulary

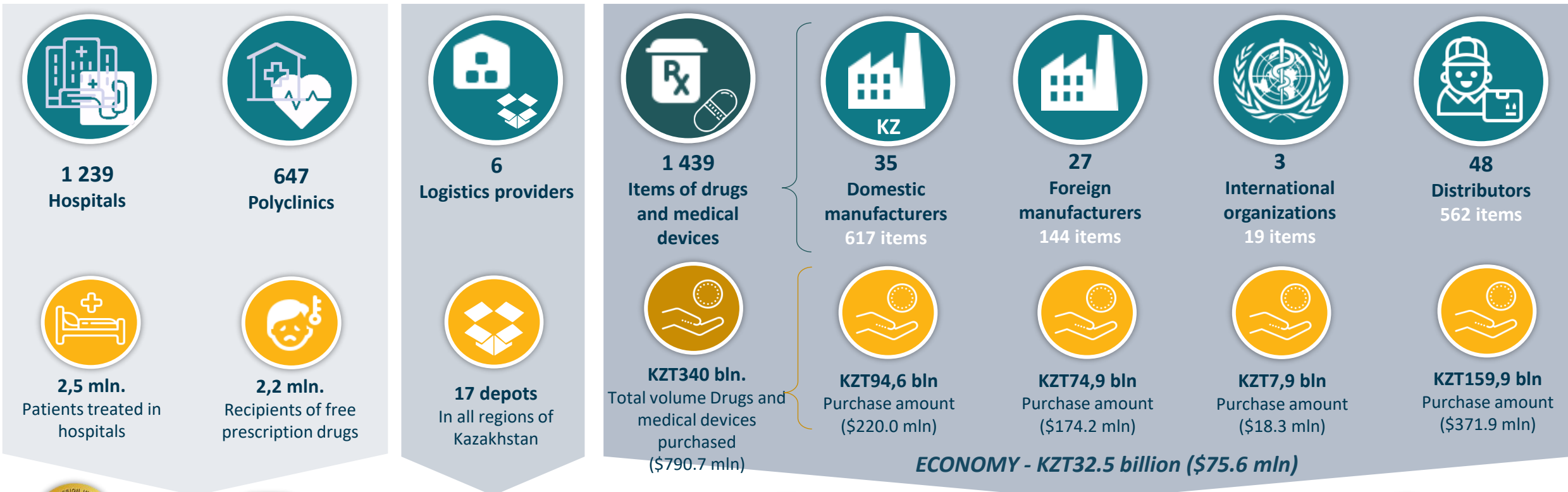
600
SK-Pharmacy



SK-Pharmacy: Single Distributor

Single distributor — follows international quality management standards with strict international requirements, ensuring quality distribution of medicines and medical devices

Procures and provides medicines and medical devices within the Guaranteed Volume of Free Medical Care (GVFMC) and in the system of Compulsory Social Health Insurance (CSHI) in accordance with the Code of the Republic of Kazakhstan "On Public Health and Health Care System"



Legal status of Single Distributor

Definition of the legal status of the Single Distributor

Decree of the Government of the Republic of Kazakhstan dated February 11, 2009 № 134

"On some issues on the implementation of a unified system of distribution of medicines within the guaranteed volume of free medical care"

Decree of the Government No. 1781 of November 7, 2009 "On the Single Distributor" SK-Pharmacy LLP is defined as the Single Distributor according to

Definition of the scope of activities of the SD

Code of the Republic of Kazakhstan of September 18, 2009

"On Public Health and Health Care"

Ownership rights of 100% participation in SK-Pharmacy were transferred to MH of RK

Decree of the Government of the Republic of Kazakhstan No. 516 of May 25, 2013 "On measures to implement the Decree of the President of the Republic of Kazakhstan", from May 22, 2013 № 571 "On some measures to optimize the management system of development institutions, financial institutions and development of national economy"

Regulations for arranging and conducting the procurement

Decree of the Government of the Republic of Kazakhstan dated June 4, 2021 No. 375 "Rules for the organization and procurement of drugs, medical devices and special medical food, pharmaceutical services in the framework of the GVFMC and (or) in the CSHI system"

Rules of SD for procurement of storage and transportation services

Decree of the Government of RK No. 47 dated February 9, 2021 "On Approval of the Rules for Procurement of Services for Storage and Transportation of Medicines, Medical Devices by a Single Distributor within the Guaranteed Volume of Free Medical Care and in the Compulsory Social Health Insurance System"

Single Distributor List

Annual Order of the Minister of Health of the Republic of Kazakhstan "On approval of the list of drugs, medical devices within the guaranteed volume of free medical care and in the compulsory social health insurance system to be purchased from the Single Distributor"



METHODS OF PROCUREMENT OF DRUGS AND MEDICAL DEVICES BY A SINGLE DISTRIBUTOR

LONG-TERM CONTRACTS



Every year additional agreements (for the amount of 73 billion tenge) are concluded for the items on the list of the Single Distributor to the existing long-term supply contracts (63 LTSCs as of today)

Major DMs:

1. Chempharm;
2. Nobel AFP;
3. Abdi Ibrahim.
4. Kelun-Kazpharm
5. Dolce
6. Karaganda Pharm. complex;
7. Nur-May Pharm;
8. Ecopharm;
9. Axel & A;
10. Kaz Med Prom

DIRECT CONTRACTS



Every year, direct contracts are signed with **manufacturing plants** for medicines that have no analogues in the territory of the Republic of Kazakhstan (to the amount of 55.2 billion tenge) for the items of the Single Distributor List.

Large plants:

1. Pfizer;
2. Glaxo;
3. Novo Nordics
4. Boehringer
5. Novartis
6. Sanofi;
7. Takeda;
8. Vetter;
9. Baxter;
10. Janssen

INTERNATIONAL ORGANIZATIONS



2016 Agreement signed between UNICEF and SK-Pharmacy LLP
Procurement through UNICEF is to increase coverage of HIV patients from 6 thousand to 18 thousand people

On February 1, 2018 an Agreement was signed between UNDP and SK-Pharmacy LLP

Procurement through UNDP is an increase in coverage of patients with "Hepatitis C" from 4 thousand to 18 thousand people (Sofosbuvir)

DOUBLE STAGE TENDER (E-PROCUREMENT)



- THE WORK IS UNDERWAY TO INTEGRATE THE IT SYSTEMS OF THE ELECTRONIC FINANCE CENTER WITH:

- ✓ **State Registry of Medicines and Medical devices (NCLS):**
- ✓ **E-Government portal**
- ✓ **"E-licensing" State database**

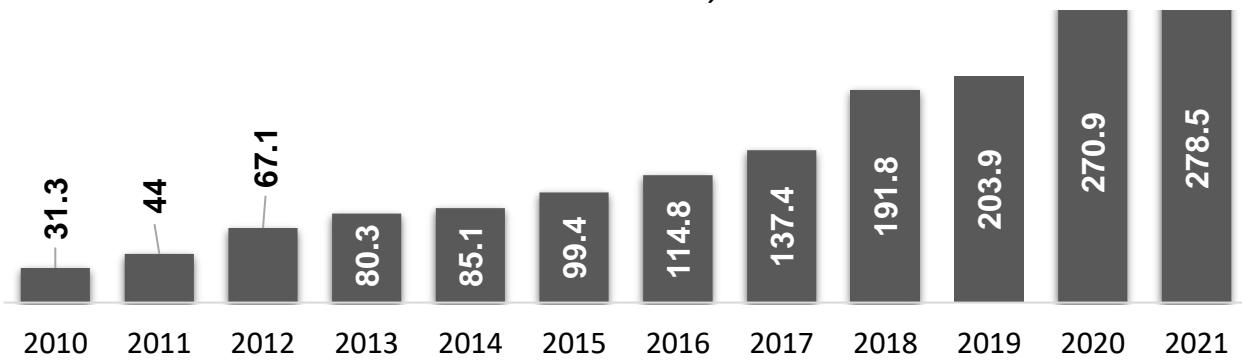
INTERNATIONAL PROCUREMENT EXPERIENCE IS STUDIED, WHICH IMPLIES AUTOMATIC REFLECTION OF DATA ON PRICES, APPROVALS, ETC.



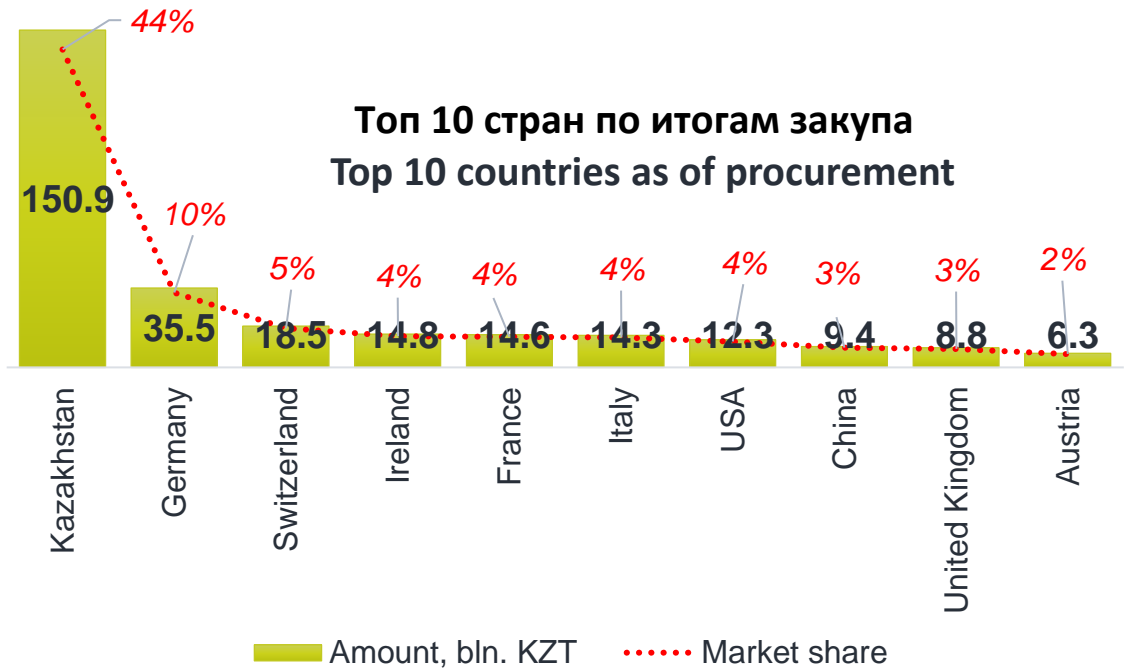
Single Distributor Procurement

Purchase behaviour of EP for 2010-2021 (billion KZT)

In monetary terms, the volume of purchases increased 8-fold, from 804 items in 2010 to 1,439 in 2021



Топ 10 стран по итогам закупки Top 10 countries as of procurement



EQUAL PRICE - each year about 2 million patients are provided with the same quality drugs

CENTRALIZED PROCUREMENTS - 2 thousand medical organizations.
COMPREHENSIVE BUDGET SAVINGS - 162.9 billion KZT over 10 years

Supporting Domestic Manufacturers and increasing their presence in the Kazakhstani market.
INCREASE IN THE SHARE OF DOMESTIC MANUFACTURERS IN THE TOTAL VOLUME OF PROCUREMENT FROM 15% TO 44% IN 10 YEARS. PLAN 2025 - 50%

Procurement through UNICEF, UNDP, STOP-TB and direct contracts with foreign manufacturers (without distributor margins). **ECONOMY SAVINGS OF 20% IN THE TOTAL SAVINGS STRUCTURE**



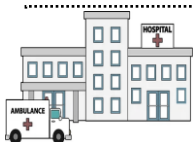
THE ACTIVITIES WITHIN THE FRAMEWORK OF THE DRUG SUPPLY FOR THE COVID

STOCK OF DRUGS (2 MONTHS) IN THE WAREHOUSES OF A SINGLE DISTRIBUTOR



Approved **38 items** of drugs for irreducible stock of drugs for the treatment of COVID-19 (KZT3.32 billion)

Coverage of **60,000 patients** per month



DRUGS STOCK (MONTHLY) IN MEDICAL ORGANIZATIONS

There are 91 items of drugs in stock

In 2020, medicines were shipped to MOs to the amount of **KZT23,6 billion**

Balance in MOs at the beginning of year - **KZT9,1 billion**.

Shipment to medical organizations in amount of **KZT24,1 billion** from beginning of year 2021

THE LIST OF OUTPATIENT MEDICATIONS

(+ **5 MEDICATIONS**) has been expanded (antipyretics Paracetamol and Ibuprofen, anticoagulants Rivaroxaban, Apixaban, and Dabigatran)



In 2021 supplied to medical organizations in the amount of **KZT2.86 billion**. Coverage of **1 million patients** (utilized by MOs KZT2.1 billion)

PURCHASING DRUGS FOR THE RETAIL CHAIN



A 2-month supply of **26 drugs** (KZT1.8 billion) was formed for the intervention retail network



GLOVE STOCKS

10 million pairs of gloves

(humanitarian aid) are stored at the Single Distributor HUBs



PURCHASE OF MASKS FOR RETAIL SALES

Ten million masks were purchased (including 500,000 for children) for the amount of **KZT0.4 billion**



PPE STOCKS

400,000 disposable protective suits (humanitarian aid). Of these, **200,000** are distributed to the regions and 200,000 are stored at the Single Distributor's HUBs

Single Distributor's irreducible stock

The formation of the IS list was preceded by:

- 1 ABC XYZ analysis for the last three (3) years
- 2 Analysis of additional amounts, declared by customers during 2021
- 3 Analysis of refusals of drugs and medical devices by customers
- 4 Analysis of delivery disruptions by suppliers during 2021

1,337 drugs and medical devices purchased as per the list of the Single Distributor for 2021

The draft irreducible reserve does not include:

drugs produced by domestic manufacturers

drugs not purchased

carryover, covering the annual need

Low-consumption drugs according to the drug information system

Medical devices (excluding medical devices as part of outpatient drug coverage)

Vaccines and preparations with a shelf life of less than 2 years

Thus, the draft list of irreducible stock of drugs and medical devices of the Single Distributor includes **487 names of drugs and 7 medical devices (KZT25.6 billion)** out of 1337 names of drugs and medical devices purchased for 2021

SINGLE DISTRIBUTOR'S IRREDUCIBLE STOCK (up to 25%)

487

drugs and medical devices are included in the SINGLE DISTRIBUTOR'S LIST OF IRREDUCIBLE RESERVE

82%



➤ **401** medicines and medical devices were PURCHASED



KZT29 bln

18%



➤ In the PROCESS of purchasing **86** names of medicines and medical devices

KZT4,1 bln

Delivery schedule of **219 items** from November 15 to 30, 2021

Delivery Schedule of **182 items** from December 15, 2021 to January 15, 2022

Issues of timely provision of patients with drugs procured by the Single Distributor through UNICEF:

1 Long lead times for quotations from UNICEF (two weeks to two months on average)

2 Lack of long-term contracts with UNICEF suppliers for ARV drugs procured annually under the agreement with UNICEF

3 Long delivery times for ARV drugs, which affects the timeliness of patient supply

4 Expanding the list of drugs procured through UNICEF to include drugs to treat children with orphan (rare) diseases