

# Issues related to procurement of nutrition products

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# OUTLINE

- What do we buy?
- How do we buy?
- What challenges we face?
- How do we measure performance?

What do we buy?

(Products, Vendors, Destinations)

# TOTAL PROCUREMENT (EMN Unit)

	2006	2007	2008	2009*
Nutrition	\$ 23.7 M	\$ 37.7 M	\$ 72.1 M	\$ 30.3 M
Essential medicines	\$ 32.0 M	\$ 56.0 M	\$ 44.3 M	\$ 42.3 M
<b>TOTAL</b>	<b>\$ 55.7 M</b>	<b>\$ 93.7 M</b>	<b>\$ 116.4 M</b>	<b>\$ 72.6 M</b>

*\*until 19 September 2009*

**In 2007:**

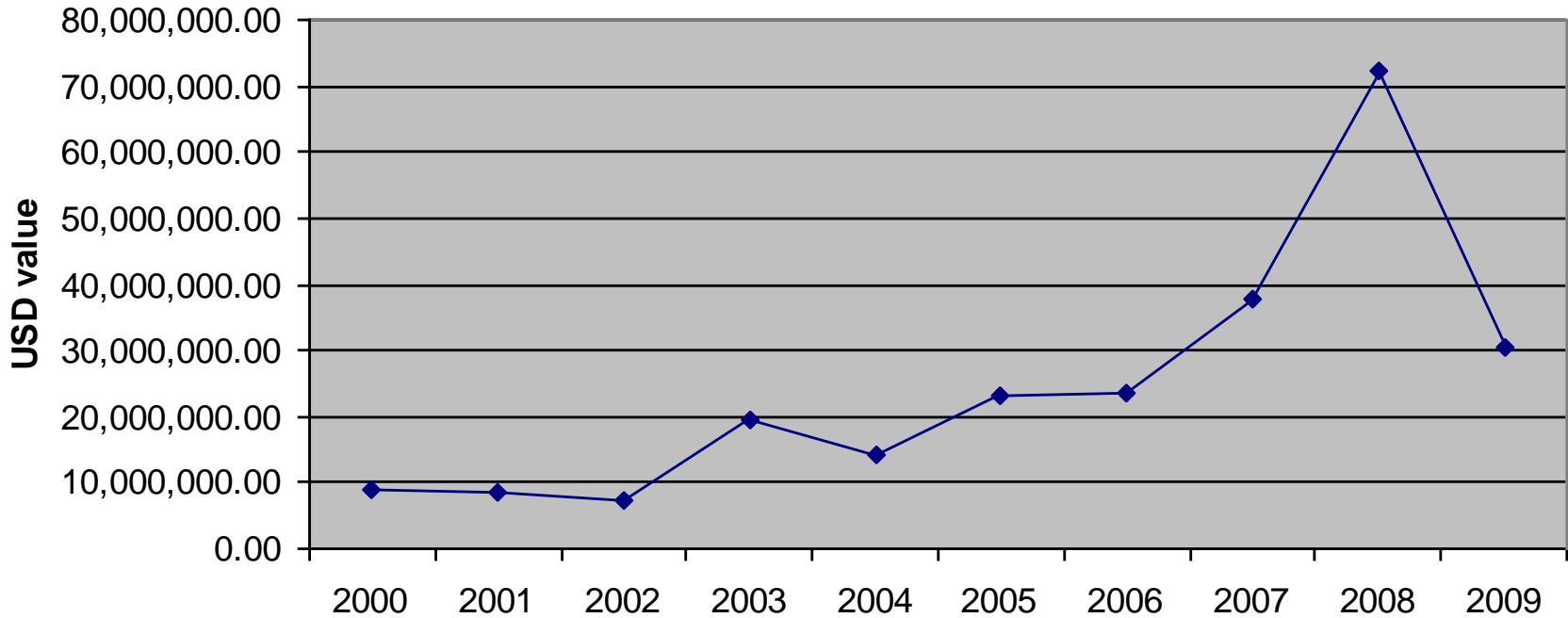
**60% ESSENTIAL MEDICINES / 40% NUTRITION**

**In 2008:**

**38% ESSENTIAL MEDICINES / 62% NUTRITION**

# TOTAL PROCUREMENT (Nutrition)

UNICEF Procurement of Nutrition Items



# PROCUREMENT BY MATERIAL TYPE

Material Type	2006	2007	2008	2009
Standard, stock	\$ 3,4 M	\$ 8,7 M	\$ 6,3 M	\$ 5,7 M
Standard, non-stock	\$ 19,2 M	\$ 27,4 M	\$ 59,4 M	\$ 23,1 M
Non-standard, non-stock	\$ 1,0 M	\$ 1,6 M	\$ 6,5 M	\$ 1,5 M
	\$ 23,7 M	\$ 37,7 M	\$ 72,2 M	\$ 30,3 M

**Significant increase in procurement of Non-standard, non-stock items in 2008 compare to 2007**

# PROCUREMENT BY MATERIAL

	2006	2007	2008	2009
TOTAL	\$ 23,68 M	\$ 37,31 M	\$ 72,20	\$ 30,29 M
Number of items	56	61	72	52

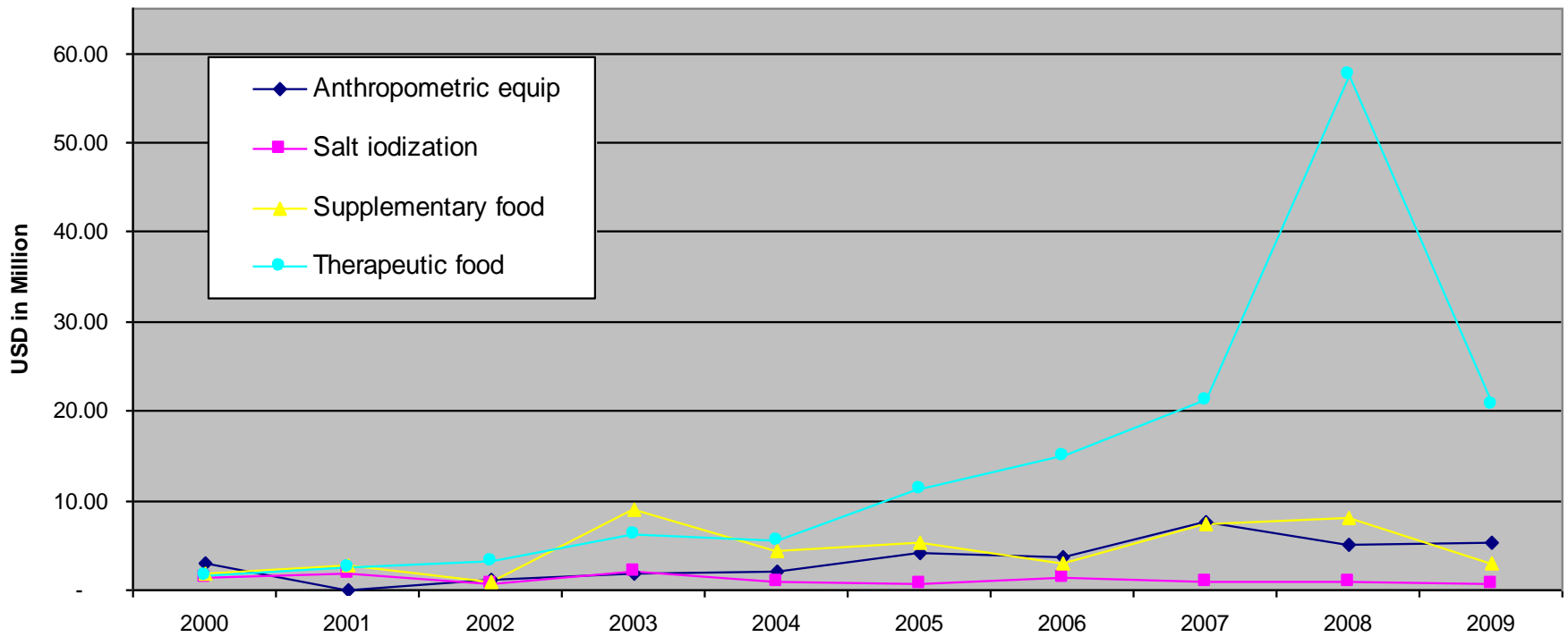
# PROCUREMENT BY SO TYPE

Sales Order Type	2006	2007	2008	2009
<b>UNICEF Country programs</b>	\$ 20,3 M	\$ 25,7 M	\$ 67,0 M	\$ 24,0 M
<b>Procurement Service Customers</b>	\$0,6 M	\$ 4,7 M	\$ 0,6 M	\$ 3,1 M
<b>Warehouse replenishment</b>	\$ 2,8 M	\$ 7,2 M	\$ 4,5 M	\$ 3,1M
	\$ 23,7 M	\$ 37,7 M	\$ 72,2 M	\$ 30,3 M

**There is a potential for growth or Procurement for Procurement Service Customers**

# PROCUREMENT BY MATERIAL GROUP

Procurement of Nutrition Items



# PROCUREMENT BY PRODUCT

	2007	2008	2009
1	Therapeutic spread,sachet 92g/CAR-150	Therapeutic spread,sachet 92g/CAR-150	Therapeutic spread,sachet 92g/CAR-150
2	Emergency food ration,24 x 500g	Supplementary spread,pot 325g/CAR-36	Supplementary spread,pot 325g/CAR-36
3	F-100 therapeutic diet,sachet 456g	F-100 therapeutic diet,sachet 456g	F-100 therapeutic diet,sachet 456g
4	Scale,electronic,mother/child,150 kgx100g	Therapeutic food,ready to use,BP-100	Scale,infant,springtype,25kg x 100g
5	UNIMIX,Super,(CSB),10% sugar,tons	Emergency food ration,24 x 500g	Scale,electronic,mother/child,150 kgx100g
6	Infant/child length-height measuring brd	Scale,electronic,mother/child,150 kgx100g	Weighing trousers/PAC-5
7	Scale,infant,springtype,25kg x 100g	UNIMIX,Super,(CSB),10% sugar,tons	F-75 therapeutic diet,sachet,410g
8	UNIMIX,Super,(CSB),5% sugar,tons	F-75 therapeutic diet,sachet,410g	Biscuit,high energy/protein,CAR/20x400g
9	Potassium iodate,drum of 25kg **	Multiple micronutrient pdr,sach./PAC-30	Micronutrient powder 5 component / PAC-30
10	F-75 therapeutic diet,sachet,410g	Scale,infant,springtype,25kg x 100g	Scale,infant,clinic,beamtype,16kg x 10g

# TOP 10 PRODUCTS IN 2009

Therapeutic spread,sachet 92g/CAR-150	\$16,465,460.52
Supplementary spread,pot 325g/CAR-36	\$2,065,235.00
F-100 therapeutic diet,sachet 456g	\$1,867,794.06
Scale,infant,springtype,25kg x 100g	\$1,564,743.70
Scale,electronic,mother/child,150kgx100g	\$1,152,979.95
Weighing trousers/PAC-5	\$899,500.97
F-75 therapeutic diet,sachet,410g	\$878,413.32
Biscuit,high energy/protein,CAR/20x400g	\$557,151.34
Micronutrient powder 5 component/PAC-30	\$504,000.00
Scale,infant,clinic,beamtype,16kg x 10g	\$404,663.55

# VENDORS

	2006	2007	2008	2009
TOTAL	\$ 23,68 M	\$ 37,31 M	\$ 72,20	\$ 30,29 M
<b>Number of Vendors</b>	<b>33</b>	<b>36</b>	<b>34</b>	<b>29</b>

# TOP 10 VENDORS

	2008		2009	
1	Nutriset S.A.S	73.5%	Nutriset S.A.S	59.1%
2	Compact AS	5.8%	Vitaset, S.A.	6.7%
3	MSI GmbH	5.0%	SECA GmbH & Co. KG.	5.6%
4	SECA GmbH & Co. KG.	4.2%	Avery Weigh-Tronix Ltd	5.2%
5	Michiels Fabrieken N.V.	3.7%	MSI GmbH	3.6%
6	DSM Nutritional Products	1.4%	Sademan Oy	3.0%
7	Avery Weigh-Tronix Ltd	1.1%	Diva Nutritional Products	2.2%
8	Calibre Chemicals Pvt. Ltd	0.9%	Michiels Fabrieken N.V.	2.1%
9	Vitaset, S.A.	0.7%	Nuova Biscotti Crich S.P.	1.7%
10	Nuova Biscotti Crich	0.6%	Piramal Healthcare Limited	1.7%

# FINAL DESTINATION (Nutrition items)

	<b>2007</b> (63 countries)	<b>2008</b> (71 countries)	<b>2009</b> (57 countries)
1	Malawi	Ethiopia	Somalia
2	Bangladesh	Somalia	DR Congo
3	Niger	Myanmar	Ethiopia
4	DR Congo	Burkina-Faso	Pakistan
5	Eritrea	Sudan	Sierra Leone
6	Somalia	Bangladesh	Sudan
7	Sudan	Niger	Kenya
8	Burundi	DR Congo	Chad
9	DPR Korea North	Madagascar	Sri Lanka
10	Mali	Yemen, Rep of	Mali

How do we buy?  
(Rules, Regulations and Process)

# UNICEF Guiding Principles for Procurement (1)

- All purchases shall be carried out by means of competitive tenders

**UNICEF financial rules and regulations**

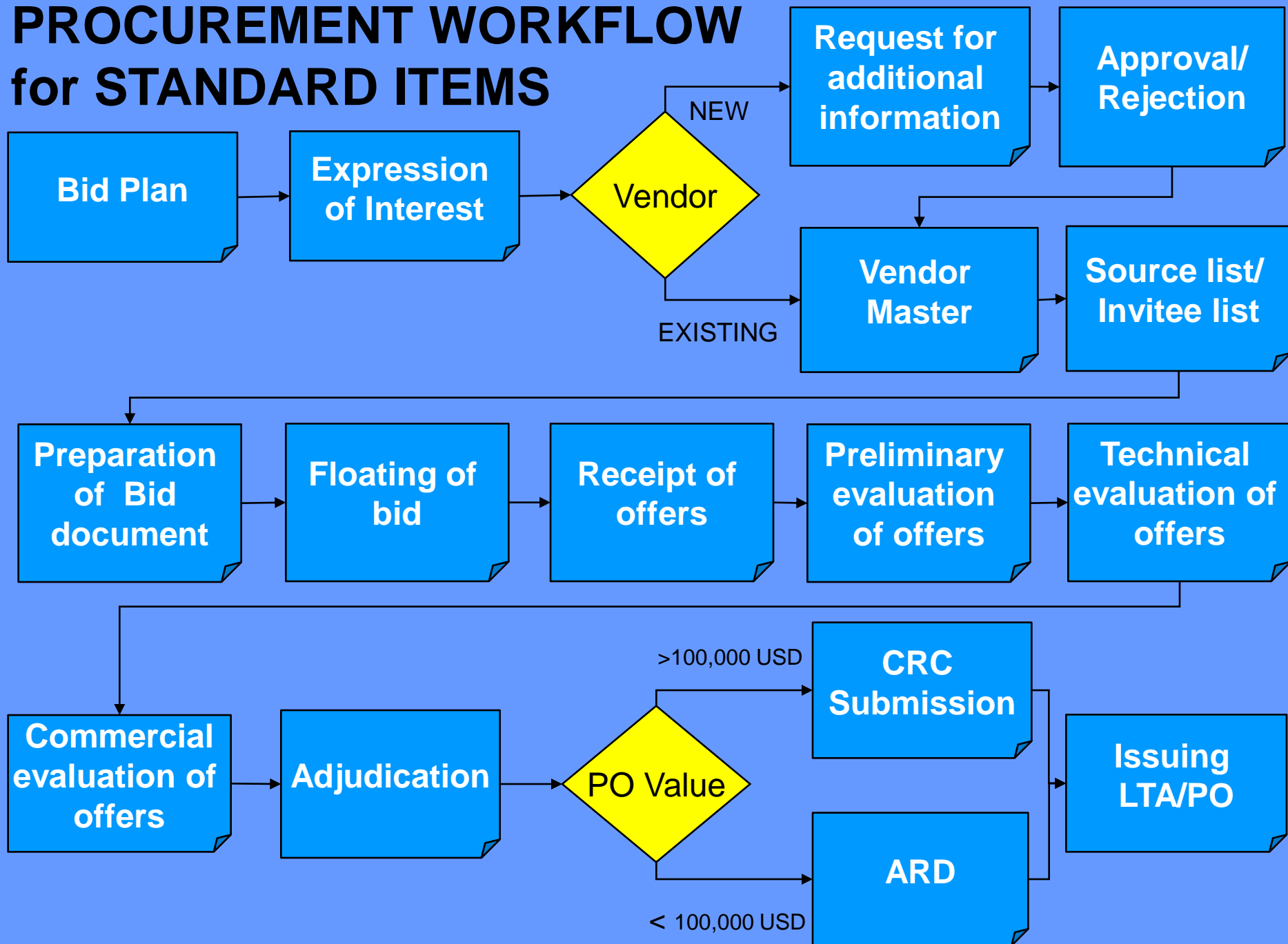
- The following products may only be procured through Supply Division. Exceptions may be granted on a case-by-case basis but these must be authorised by Supply Division:
  - (h) pharmaceuticals;
  - (i) therapeutic food;
  - (j) supplementary food;

# UNICEF Guiding Principles for Procurement (2)

- Technical evaluation precedes commercial evaluation of the offers
- Lowest responsive / compliant / acceptable offer

No financial commitment without budget availability

# PROCUREMENT WORKFLOW for STANDARD ITEMS



What challenges do we face?

**Preliminary  
evaluation  
of offers**

# Challenges (1)

**SEALED** offers should be sent to:

UNICEF  
Attention: BID SECTION  
UNICEF Plads,  
Freeport,  
DK-2100 Copenhagen,  
Denmark

## **IMPORTANT - ESSENTIAL INFORMATION**

The reference **ITB-DAN-2008-17468** must be shown on the envelope containing the offer. Offers must be sent separately and must not be included in packages containing samples.

**Bid form and schedule(s)** must be used when replying to this invitation. You are welcome to enclose your own specifications etc., if necessary.

Offers must be received at the above address by **latest 16.00 hours (Copenhagen time) on 09 October 2008** and will be publicly opened at 10:30 (Copenhagen time) on 10 October 2008. Bids received after the stipulated date and time will be invalidated.

**Preliminary  
evaluation  
of offers**

# Challenges (2)

**FAXED** offers should be sent to :

UNICEF

Attention: Bid section

FAX : +45 35 25 02 80 (secured fax)

## **IMPORTANT - ESSENTIAL INFORMATION**

The reference **ITB-DAN-2008-17487** must be shown on the telefax.

**Bid form and schedule(s)** must be used when replying to this invitation. You are welcome to enclose your own specifications etc., if necessary.

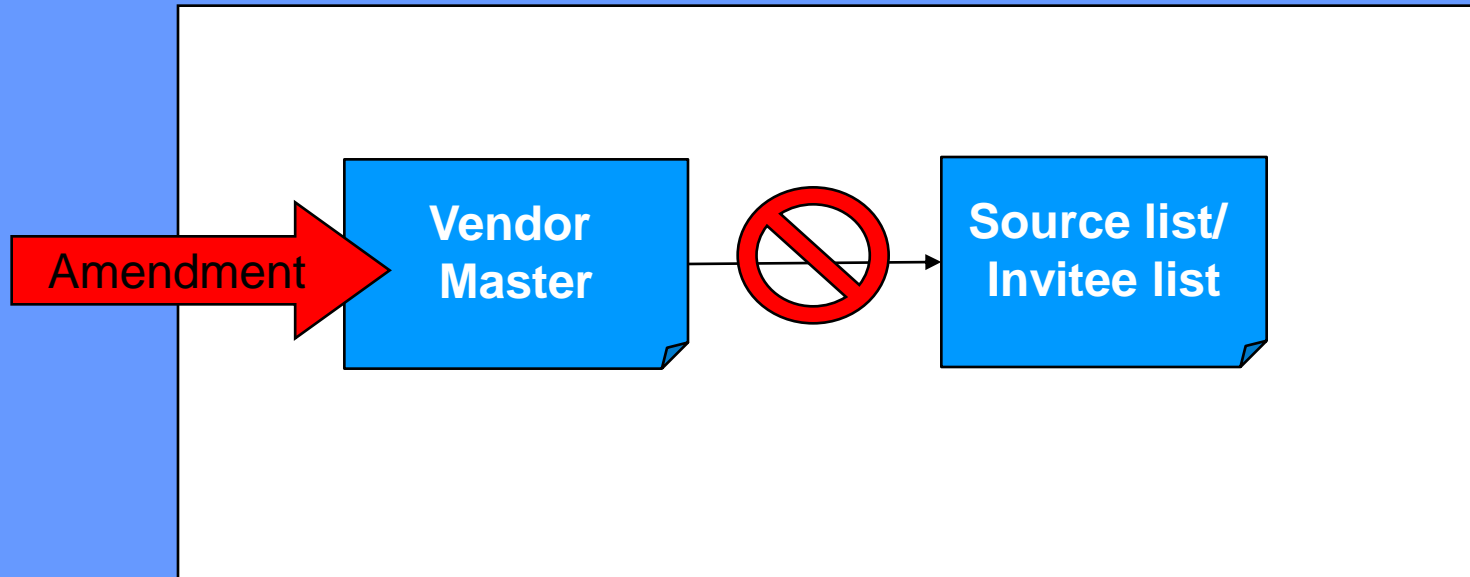
Offers must be received by latest **23:59 hours (Copenhagen time) on 30 October 2008** and will be publicly opened at 10:30 hours (Copenhagen time) on 31 October 2008. Bids received after the stipulated date and time will be invalidated.

Bids must be faxed to fax number **+45 35 25 02 80 ONLY**. Bids faxed to other fax numbers or sent by email will be invalidated, even if received before the stipulated deadline.

Preliminary  
evaluation  
of offers

# Challenges (3)

- If no intention to bid, please inform us



## Technical evaluation of offers

# Challenges (4)

- Invitation to Bid  
(standard warehouse items)
- Pack sizes **MUST**  
be respected

### Example:

- Spring scales
- UNIMIX 10%  
sugar/BAG-25kg

- Request for Proposal  
(non-standard items)
- We are seeking  
solution

### Example:

- Premix for flour  
fortification

## Challenges (5)

- All documents requested must be provided
- If in-house specification is used – copy needs to be provided
- Declared shelf life must reflect stability study and should be on CoA
- Labelling in English/French

# Challenges (6)

- Incoterms to be respected (DDU, FCA)
- Validity of the offer should reflect stock availability
- Provide realistic lead time/offered lead time is basis for future PO
- Financial statements need to be provided in 3 – 5 year period.

# Challenges (7)

- Request for price increase
  - Provide rational justification
  - Provide supporting documents

- ! Bottleneck
  - Request for price increase received at the time of PO

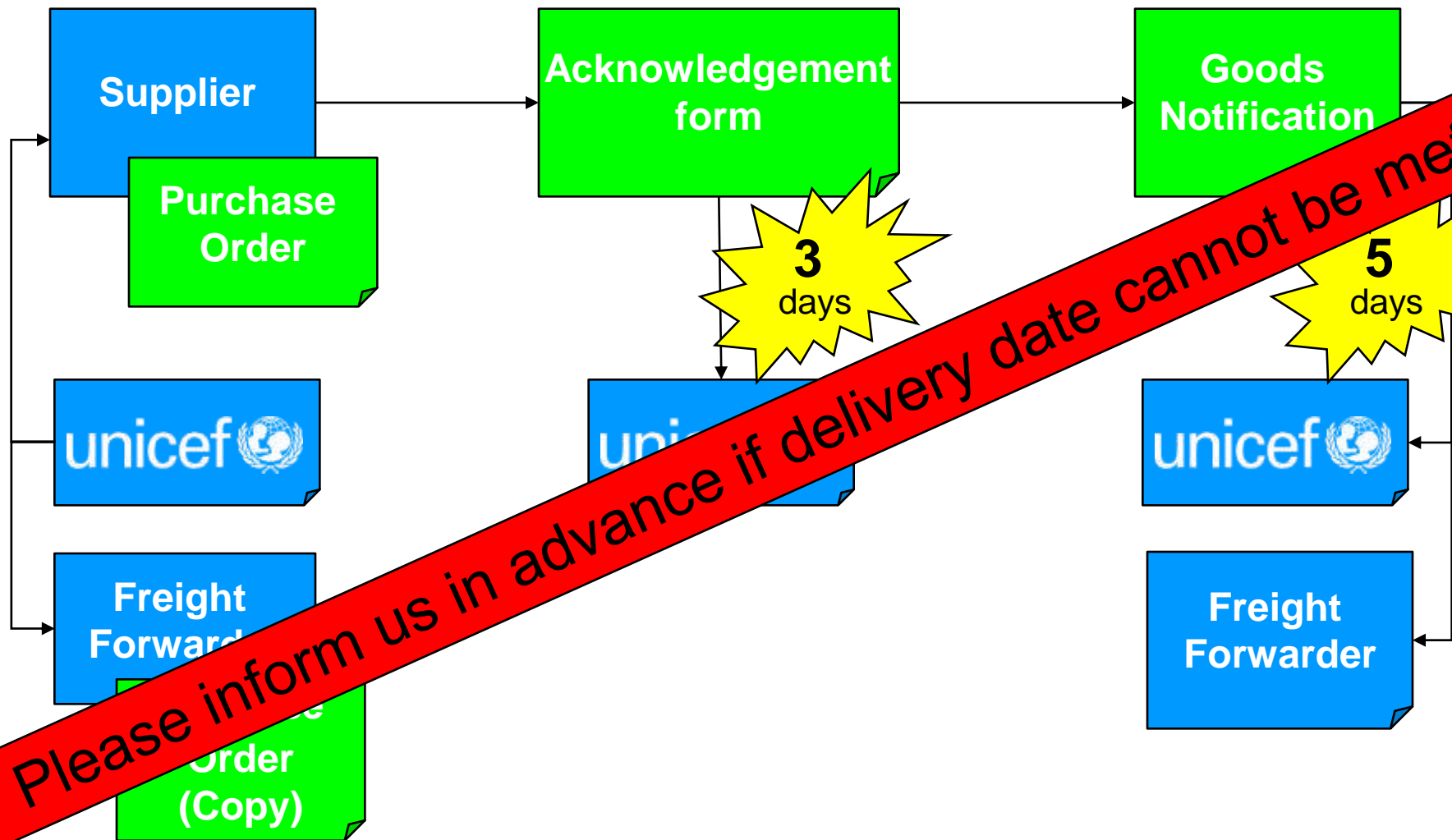
## Purchase Order

# Challenges (8)

- PO is issued to company that submitted the bid
- Payment is done to company that PO was issued to
- If company changed name – official document must be provided

Purchase Order

# Challenges (9)



## Payments

# Challenges (10)

- Payment terms: 30 days net, % discount for early payment (20 days, 10 days)
- Applicable from receipt of invoice at Supply Division

- ! **Bottleneck**
  - Payment cannot be processed unless ALL supporting documents are not received

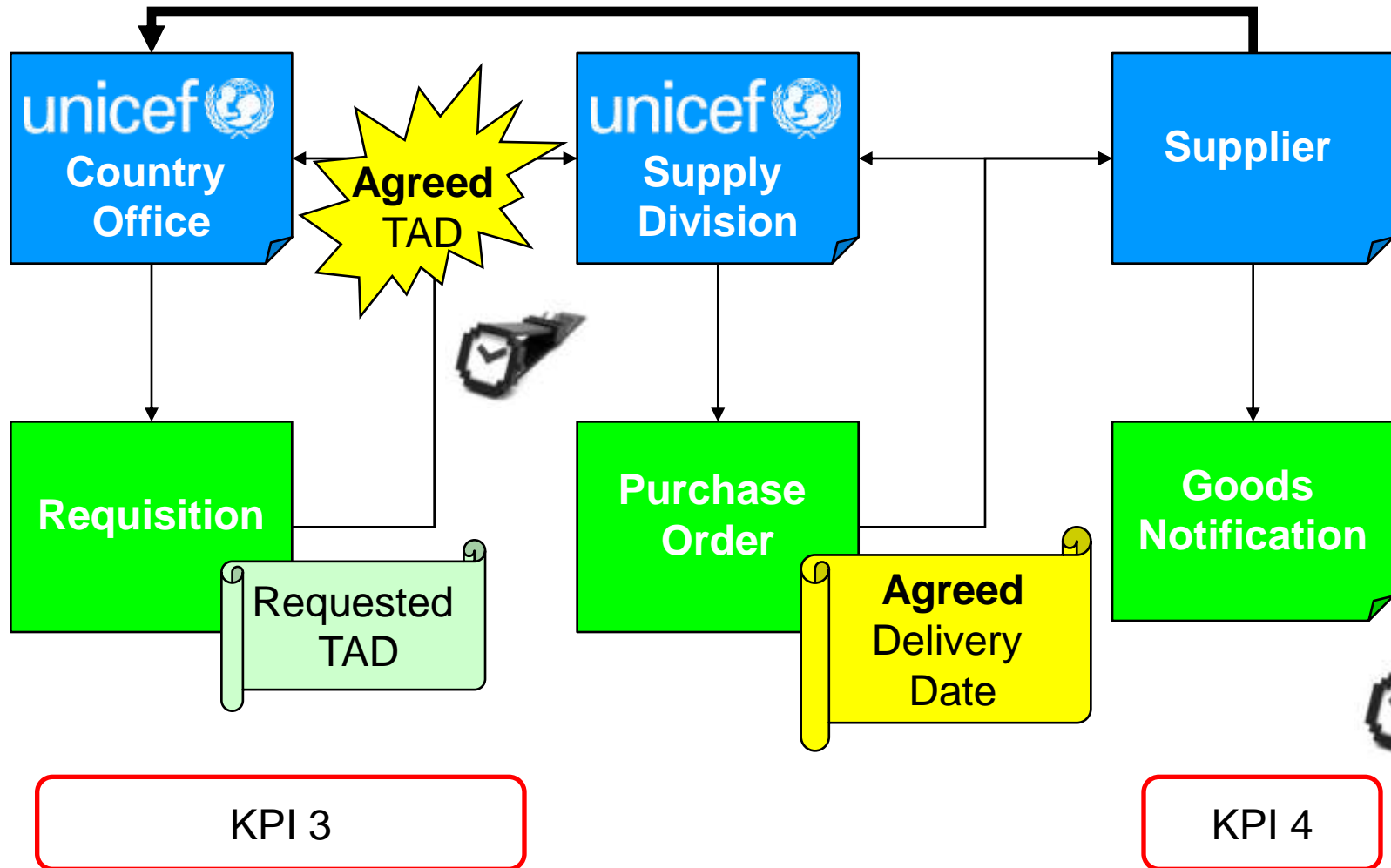
How do we measure our performance?  
(Key Performance Indicators)

# Key Performance Indicators (KPIs)

- Agreed Target Arrival date (TAD) constitutes Supply Division commitment to Country Office

Purchase Order

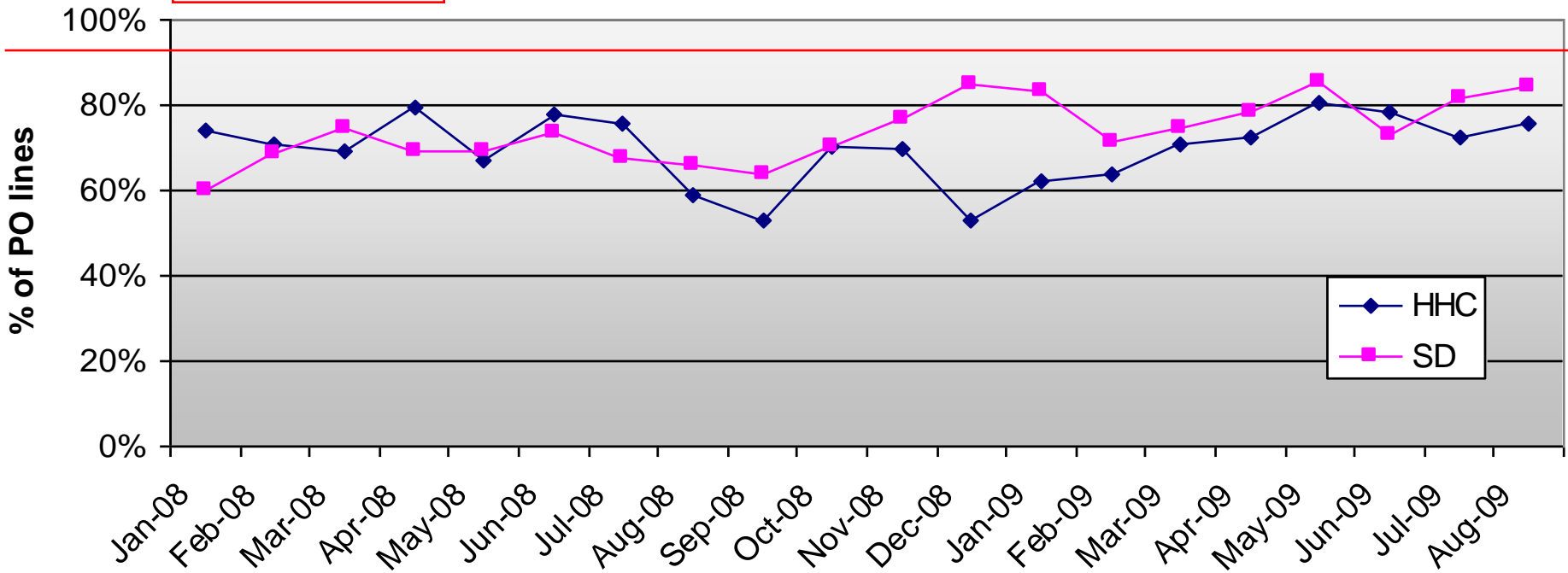
# KPI Calculation



# KPI 3

## On Time Delivery at Port of Entry

Target: 95%



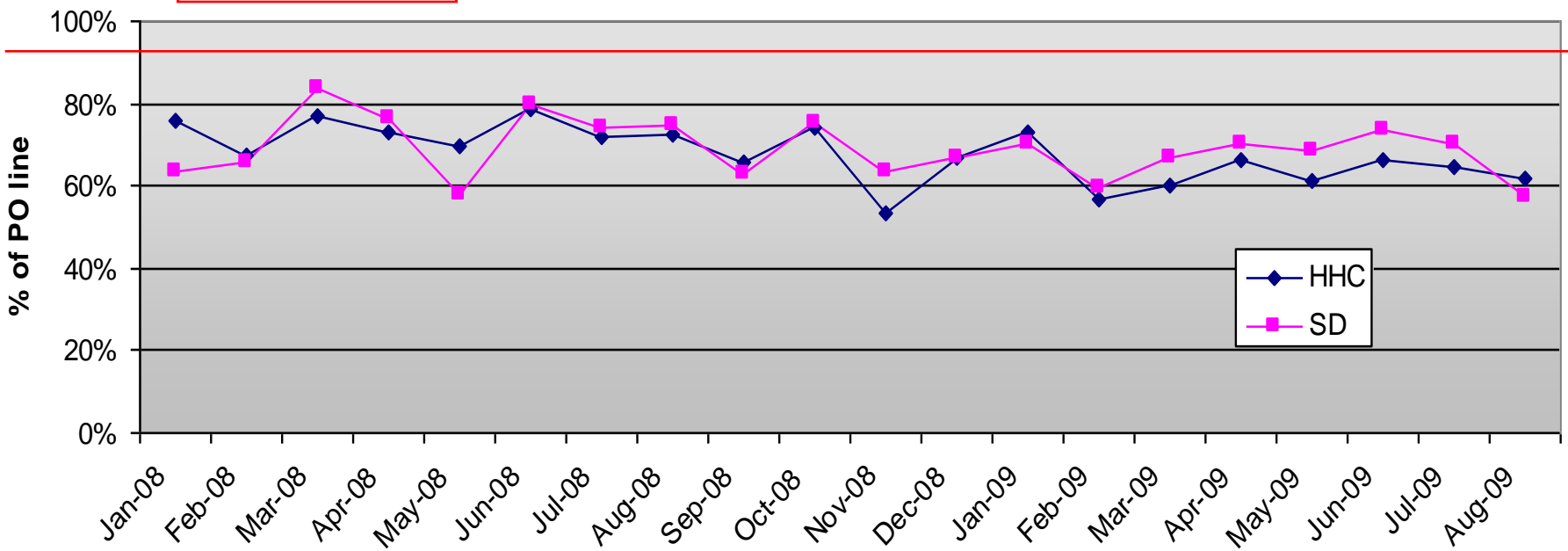
# Reasons for KPI 3 not being met

- Unrealistic TAD
- TAD not being updated
- Freight Forwarder
- Unknown
- Other
- Supplier

# KPI 4

## Suppliers on time delivery

Target: 95%



How do you measure your performance?

Thank you !