UNICEF Involvement in Procurement of Nutrition Supplies

Nutrition Suppliers Meeting
3th-4th October 2011

Francisco Blanco
Chief, HIV&AIDS Health Centre
UNICEF Supply Division
PROCUREMENT IN SUPPORT OF NUTRITION PROGRAMMES: WHO WE WORK WITH

• Work with over 100 programme countries in 2009-2010.

• Work with wide range of partners and projects, from Governments to NGOs.

• Scope of activities linked to UNICEF priorities and cover from enhancing nutritional status of children and mothers through routine interventions to humanitarian response in emergencies.

• In 2010, of 292 humanitarian responses 60% were related to natural disasters, 24% to health/nutrition crisis and 16% to conflict/political instability. Close linkages with donors in support of humanitarian response (ECHO, Bilaterals).

• Engagement with 50 companies in 2010-2011.
PROCUREMENT IN SUPPORT OF NUTRITION PROGRAMMES: WHAT WE PROCURE

**Medical Response**
- Therapeutic Milk
- RUTF
- Resomal
- Nutrition Kits

**Supplementary Food**
- High Energy Biscuits
- Emergency Food Rations
- UNIMIX/CSB +
- RUSF

**Micronutrient Suppl.**
- Micronutrient powder
- Iodine Suppl./Food Fortif.

**Monitoring**
- Scales, Measuring boards
- MUAC tapes, ID bracelets

Procurement of Nutrition Products (up to mid-Sep 11)
WHO WE ARE: Organization of Supply Function for Pharmaceuticals and Nutrition

Supply Division

- Quality Assurance Centre
- The Logistics Centre
- Medicines and Nutrition Centre
- Normative Centre. GMP, GDP, Complaints
- Warehouse Management, Shipping, Emergency Response
- Essential Medicines
- HIV/AIDS and Malaria Medicines
- Nutrition
- Contracting/Procurement Services
- Technical
- Programme-Supply Integration
WHO WE ARE: Organization Medicines and Nutrition Centre

Medicines and Nutrition Centre
Francisco Blanco

Essential Medicines
David Muhia

HIV/AIDS and Malaria Medicines
Gitanjali Sakhuja

Nutrition
Jan Komrska

Contracting / Procurement Services
Tina Mortensen, Pablo Panadero
Celine Bracq

Karin Thomsen
Nina Tandrup, Niels Henningsen
Artur Kolesnyk, Belinda Berkamp

Josephine McCloskey
Maiken Roland, Jorgen Kofoed

Technical
Atieno Ojoo
Giorgia Paiella

Annika Schwenk
Anna Kistauri

Programme-Supply Integration
Noura Malau
Tifenn Humbert
Dima Hatuqa
HOW WE PROCURE: THE FOUR PILLARS OF UNICEF’S PROCUREMENT PROCESS

QUALITY
PRICE
SPEED
ETHICS
UNICEF PROCUREMENT ETHICS

- Compliance with UNICEF Financial Rules and Regulations
- Compliance with Public Procurement Principles
  - Integrity
  - Transparency
  - Fair competition
  - Equal Treatment
  - Best value for money
  - Organizational Objectives

- Apply procurement strategy that supports a healthy development of the market
UNICEF uses various methods for identifying sources of products so as to ensure access to sufficient relevant suppliers and increase competition.

<table>
<thead>
<tr>
<th>ACTIVE SOURCING</th>
<th>PASSIVE SOURCING</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.N. roster (UNGM - <a href="http://www.ungm.org">www.ungm.org</a>)</td>
<td>The Suppliers contact the organisation wanting to do business:</td>
</tr>
<tr>
<td>Recommendations from other partners</td>
<td>- writing an email introducing their company</td>
</tr>
<tr>
<td>Contacts made at trade fairs, UN Business Days</td>
<td>- expressing interest in invitations to bid (for example responding to e-published Tender Calendars)</td>
</tr>
<tr>
<td>Requests for Expressions of Interest (REOIs)</td>
<td>- registering in the UNGM</td>
</tr>
<tr>
<td>Market surveys</td>
<td></td>
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<tr>
<td>Internet</td>
<td></td>
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Sourcing is done independently by UNICEF or jointly with other partners.

In Nutrition, references from programme implementers is an important source of contacts.
Majority of procurement conducted through competitive bidding, but direct/sole source procurement also conducted under certain circumstances.

Overriding principle is to ensure competition and equal treatment.

Solicitation conducted through:
• Request for Quotation (RFQ)
• Invitation to Bid (ITB)
• Request for Proposal (RFP)
Common elements of solicitation documents

- Estimate of the quantities / volume required
- Specifications / terms of reference
- Mandatory requirements (Technical and Commercial)
- Evaluation criteria
- Additional terms and conditions
- Requirements for samples
- General Terms and Conditions

These can vary from tender to tender (even for same items) and must be read carefully.
Evaluation of offers

- **Technical Evaluation**
  - Technical characteristics and manufacturing quality

- **Commercial Evaluation**
  - Based on technical and QA reports received
    - ITB “lowest evaluated bid”
    - RFP “most responsive evaluated proposal”
  - Based on lowest acceptable offer, including landed cost and possible discounts for early payment (payment terms), lead times, minimum order quantities, etc.
  - Considers commercial risks (SEU evaluation)
KEY CRITERIA FOR CONTRACT AWARD

- Price
- Quality
- Delivery Time / Speed
- Availability/market development
- Compliance

\[
\text{Best value for money} \quad \text{Healthy Market}
\]

The tender outcome is reviewed by an internal independent body (Contracts Review Committee) who recommends approval to SD Director
Type of Contracts and Agreements

• UNICEF awards contracts (Purchase Orders) or establishes framework agreements (Long Term Agreements or LTAs) under which Purchase Orders are placed.

• LTAs can be time-bound (open quantity) or value targeted (specific quantity). Value targeted LTAs are established when there is confidence in forecast and consideration of multiple awards.

• Duration of LTAs vary from 1 to 3 years, with options for revision and renewal.

1 Establishment of Long Term Arrangements for supply for 1 to 3 years

2 Purchase Order

Purchase Order

Purchase Order

Purchase Order
Long Term Agreements

Long Term Agreements are established to:

- streamline the procurement process
- establish long term commercial partnership with selected supplier(s)
- ensure quality

Demand is monitored to determine when LTAs should be established
Long Term Agreements

Long Term Agreements are for fixed prices/terms.

Requests for changes in prices/terms need to be justified sufficiently to allow evaluation against procurement objectives on which the LTA was established and Financial Rules and Regulation, and notified with sufficient time for review.

If changes can not be accepted then LTAs are terminated and if needed a new tender initiated.
‘Contract management is the process that enables both parties to a contract to meet their obligations in order to deliver the objectives required from the contract.’

Key enabling factors:

Communication
Monitoring (including performance)
Feedback

UNICEF values the relation it has with suppliers, and makes a priority the establishing effective processes to manage it.
Nutrition - Strategy

Securing availability for programmes of **therapeutic food** (RUTF, F75/100 milks), **supplementary food** (CSB+, HEB, EFR), **micronutrients** (MNP, Vitamins and Minerals), **anthropometric equipment** (scales, boards, MUAC tapes) and other nutrition supplies (salt iodization, food fortification)

Strategy to increase availability of quality and affordable Ready to Use Therapeutic Food (RUTF).

Arrangements (LTAs) for direct delivery and for establishment of stock in Supply Division (anthropometric equipment, Micronutrients). **Local procurement for RUTF.**

Technical capacity for assessment of nutrition supplies and link procurement to program needs.

Improve capacity to plan and manage supplies in countries (**forecasting**, stock management, …)
ANTHROPOMETRIC EQUIPMENT

- Over 80% of procurement managed through Copenhagen Warehouse.

- Wide range of order sizes, from under $100 to large requests for health rehabilitation projects (MoH/WB/GAVI/GF).

- In 2009-2010, 25% of procurement value through Procurement Services, for over 50 countries.

- Increase in number of suppliers of length/height measurement instruments, which have allowed to cope with demand.

- Active area for product development and innovation
Significant increase in 2010 due to large scale projects (Kyrgyzstan, nationwide coverage) and Emergency/Post-emergency response (Haiti, Pakistan, Afghanistan)

Manufacturing capacity insufficient to meet current needs for emergency and routine programming
• Procurement of F-75 increasing slowly and F100 largely estabililized
• Continuous increase in demand for RUTF, linked to expansion of Community Management of Acute Malnutrition (CMAM) and use wider use in emergency response
Strategies to develop the market for priority products: RUTF

Procurement of RUTF

<table>
<thead>
<tr>
<th>Year</th>
<th>Local</th>
<th>International</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>2004</td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>2005</td>
<td>1</td>
<td></td>
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<tr>
<td>2006</td>
<td>1</td>
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<tr>
<td>2007</td>
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<td>2</td>
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<td>2008</td>
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<td>2009</td>
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<tr>
<td>2010</td>
<td>7</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>2011</td>
<td>8</td>
<td></td>
<td>11</td>
</tr>
</tbody>
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MT

Countries

[Graph showing the procurement of RUTF from 2003 to 2011, with data points indicating the amount of MT and the number of countries for local and international procurement.]
## RUTF: Achieving increased quantities, increased competition and decreased prices

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<tbody>
<tr>
<td>SD reference</td>
<td>ITB 16012</td>
<td>RFP 500418</td>
<td>RFP 500890</td>
</tr>
<tr>
<td>Tender Quantity</td>
<td>2,760 MT</td>
<td>20,000 MT</td>
<td>39,000 MT</td>
</tr>
<tr>
<td>Offer received</td>
<td>1</td>
<td>13</td>
<td>27</td>
</tr>
<tr>
<td>LTAs for global supply established</td>
<td>1</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>Annual production capacity at approved RUTF suppliers</td>
<td>13,000 MT</td>
<td>37,000 MT</td>
<td>83,000 MT</td>
</tr>
<tr>
<td>Average weighted price global suppliers (USD/carton)</td>
<td>55.05</td>
<td>50.44</td>
<td>48.91</td>
</tr>
</tbody>
</table>
Enabling actions

- **Programme guidance and support to scale-up of use for SAM**
  - Community-based management of severe acute malnutrition: A Joint Statement by the World Health Organization, the World Food Programme, the United Nations
  - Planning and forecasting- since 2008
  - Programme evaluation

- **Continued dialogue with industry**
  - International meetings and conferences, Supplier meetings.

- **Setting of standards for RUTF**
  - Manufacturing Standards and Inspection (UNICEF, MSF, WFP)
  - Product Specifications, aligned for major procurers (UNICEF, WFP, MSF, USG)

- **Country and donor engagement**
RUTF: Priorities in programme and supply

• **Programme**
  - Reduce need for RUTF, through increased success in interventions to prevent SAM
  - Strategies for management of SAM at country level
  - Planning
  - Funding

• **Supply**
  - Achieve efficiencies in production and procurement to **reduce costs of product and delivery**
    - Forecasting and supply chain optimization
    - Establishment of buffer stocks
    - Evaluation of options for procurement that would reduce price.
  - Increase local manufacturing capacity that meets country needs
  - Development of new products

• **Country and donor engagement**
  - Increase funding and procurement by Governments
  - Mobilize funding to support scale-up and market interventions
THANK YOU