Review of Operations Related to Medicines

UNICEF SUPPLY DIVISION

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UNICEF Meeting with Manufacturers and Suppliers
Copenhagen
29 September 2016
## UNICEF expenditure by material groups, 2015

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vaccines</td>
<td>$1.725 billion</td>
</tr>
<tr>
<td>Medical supplies &amp; equipment</td>
<td>$110.4 million</td>
</tr>
<tr>
<td>Cold chain equipment</td>
<td>$75.6 million</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>$151.4 million</td>
</tr>
<tr>
<td>Bed nets &amp; insecticides</td>
<td>$58.7 million</td>
</tr>
<tr>
<td>Nutrition</td>
<td>$150.6 million</td>
</tr>
<tr>
<td>Construction</td>
<td>$102.3 million</td>
</tr>
<tr>
<td>Water &amp; sanitation</td>
<td>$96.4 million</td>
</tr>
<tr>
<td>Education</td>
<td>$66.1 million</td>
</tr>
<tr>
<td>International freight</td>
<td>$104.3 million</td>
</tr>
</tbody>
</table>

Approximately **$1.754 billion** is procurement on behalf of governments and partners.
Focus areas for medicines

Procurement focus that addresses UNICEF programmes, Emergencies and Procurement Services for governments

Follow and promote WHO recommendations on selection and use of medicines

Ensure availability of affordable essential medicines for primary health care and emergency relief

Develop sources and market for priority products

Ensure capacity to excel in procurement activities (quality assurance, selection, contracting, supply chain management)
Medicines: Essential Supplies for Health Programmes

Product category

Essential Medicines
- Medicines for Primary Health Care and emergency relief.

ARVs and antimalarials
- All medicines in treatment guidelines

Health Kits
- Development and supply of kits for delivery of basic services, including in emergencies
Medicines Product Selection: Sources

**EVIDENCE AND ADVOCACY**

1. **1st WHO Model List of Essential Medicines for Children, 2007**
2. **2nd WHO Model List of Essential Medicines for Children, 2010**
4. **Recommendations for management of common childhood conditions, 2012**

**Priority medicines for mothers and children** 2011

**Priority life-saving medicines for women and children** 2012

**ACTION**

- **United Nations Commission on Life-Saving Commodities for Women and Children**
- **Global Plan towards the elimination of new HIV infections among children by 2015, and keeping their mothers alive**

http://www.everywomaneverychild.org/resources/un-commission-on-life-saving-commodities
http://www.unaids.org/believeitdoit/the-global-plan.html
UNICEF procurement process

- Procurement Planning
- Requirement Definition (TOR / Specifications)
- Sourcing / (ReOI / UNICEF Vendor Roster / UNGM)
- Preparation and Issuance of Solicitation Documents
  - Request for Quotation (RFQ) → upto - USD 30,000
  - Invitation to Bid (ITB) → USD 30,000 and over
  - Request for Proposal (RFP) → no threshold
- Clarifications from bidders
- Receipt and Opening of Submissions
- Evaluation (Technical/Quality and Commercial)
- Adjudication & Award Recommendation
- Contract Finalization and Issuance
- Contract Management
Needs assessment/procurement planning

UNICEF SD serves many programmes with different requirements, and needs to plan for these through:

Continuous review of products needed
- WHO Essential Medicines List and Treatment Guidelines
- Campaigns, community case management
- Specific programme needs (e.g. kits)

Appropriate procurement strategies
- Customers, Products, Suppliers
- Warehousing/Direct delivery

Quantification of needs
- Programme versus Procurement Services needs
- Specific country needs
- Emergency preparedness

Source: UNICEF Supply Division
Procurement Methods & Solicitation documents

Mainly through competitive bidding solicited through;

Source: UNICEF Supply Division
Common elements of solicitation documents

- Estimate of the quantities / volume required
- Specifications
- Mandatory requirements (Technical and Commercial)
- For standard warehouse medicines; requirement to quote on DAP (Copenhagen) and FCA named port
- Evaluation criteria
- Additional terms and conditions
- Requirements for samples
- General Terms and Conditions

These may vary from tender to tender

Source: UNICEF Supply Division
Evaluation of offers

• **Technical Evaluation**
  – Quality: product characteristics and manufacturing GMP

• **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

Source: UNICEF Supply Division
Key Criteria for Contract Award

Quality
Price
Delivery Time / Speed

Market development
Supplier past performance

Best value for money

The tender outcome is reviewed by Contracts Review Committee who recommends approval to SD Director.

UNICEF SD publishes monthly contract awards online.

Source: UNICEF Supply Division
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.

Source: UNICEF Supply Division
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.

Source: UNICEF Supply Division
Guiding Procurement principles

• Promotion of objectives of UNICEF
  (fulfilling the mandate, goals and objectives)

• Fairness, integrity and transparency through competition
  (clear & appropriate regulations/rules applied to all suppliers, fair process, equal treatment of suppliers, transparent system)

• Economy and effectiveness
  (meet requirement in terms of quantity, quality, timeliness at the right place. Economy=minimize cost, Effectiveness=meet end-user interest)

• Best value for money
  (Consider the optimum combination of factors in meeting the end user needs)
Procurement compliance oversight

**Procurement strategies: planning for appropriate procurement**

Focus on strategic essential commodities, and managing risk. Procurement strategies established prior to procurement, to ensure stakeholder consultation informs the objective, scope and process.

**Checks & balances built into approval and procurement process**

Segregation of duties, independent review committee (CRC)

Table of Authority – based on value and risk

**Procurement compliance monitoring**

- Use of low value procurement process
- Segregation of duties
- Requirement for competitive bidding
- Internal and external audits
Sourcing

• Suppliers can contact us directly through emails etc.
• Our online tender calendar ([http://www.unicef.org/supply](http://www.unicef.org/supply))
• U.N. roster (UNGM - [www.ungm.org](http://www.ungm.org))
• Requests for Expressions of Interest (REOIs)
• Market surveys
• Internet
• Sources and Prices
• Contacts made at trade fairs
• Recommendations from other partners

Source: UNICEF Supply Division
Ensuring Equal Treatment, no bias and ethics

• Contracting staff are governed by UNICEF Financial Rules and Regulation
• During tender process communication with suppliers is formal in accordance with tender instructions
• Bids/proposals are received and validated by an independent ‘Bid Section’ not Contracting staff
• UNICEF does not accept manufacturers to fund trips, hotels or offer of gifts to UNICEF staff
• Business should be conducted during normal working hours
• Meetings should be with minimum two UNICEF staff members

Source: UNICEF Supply Division
Product selection: Considerations

- Transportation & Distribution (hard to reach areas)
  - Preference for dispersible tablets over liquids
  - Small pack sizes appropriate for community care settings (phasing out bottles of 1000 tabs)

- Hot climatic destinations
  - Temperature controlled shipments
  - Zone IVb stability testing

- Pediatric and caregiver friendly products
  - Easy to give/explain to caregivers
  - Colorful, pictorial labels
  - Improved flavour, taste, and ease of use
  - Co-packaged where appropriate (e.g. ORS/Zinc)

Source: UNICEF Supply Division
Thank you!