Reflections from Suppliers on global Public Procurement Strategies for Medicines

Presentation by Palu Dhanani
Procurement is generally done by the following Bodies:

Governments

NGO’s

UN Bodies e.g. UNICEF

Donors

Amongst these Funds that are used are from the following:

Government Internal Budgets

PEPFAR / USAID

Global Fund

UN Bodies e.g. UNICEF

Donors
The Purchasing methodology:

Governments – Generally Price based with very little or no Major Quality aspects considered

NGO’s, UN Bodies and Donors – Quality being the Key Driver and the Price
Problems that we as Manufacturers face:

Very few organizations give accurate forecasting.

We also cannot plan productions.

When we quote we cannot be sure of being awarded so we do multiple quotations.

If we are awarded more than one tender then delivery scheduling becomes an issue.

We have to renegotiate deliveries.

**Mostly Urgent deliveries**

Stock holding becomes an issue as in Africa we rely on almost all items being imported, especially raw materials.

Prioritizing deliveries although we have to do this in conjunction with the purchaser.
Problems Cont...

**Stocks not being Picked up on Time due to several Challenges:**

We appreciate Regulatory Issues faced by Country delays like exemptions but we face the following Challenges:

a. Overcrowding of Our Stores
b. Cash Flow issues as we are only Paid on Deliveries
c. Causes Backlog on future deliveries due to the congestion

**Delays by Forwarding agents**

Mostly because of Communication issues between the Supplier and the Forwarder.

Sometimes negligence from Forwarder

**Transparency by Manufacturer / Supplier**

Many of us are sometimes not very Transparent and do not relay information to the Buyer
Experience as an African Manufacturer – especially since Africa has the highest burden
Challenges

Work Force and Other Costs:

Skilled Workforce and therefore we need continuous Training and loss of Skilled people due to level of training e.g Supervisor can become Head of Department in another Company

Cost and Availability of Senior Level Skills quite expensive and can be 3-4 Times as from the East

Certain Other Costs like Validation, Engineering & Calibration Services need to be Imported from Europe and or India
Challenges Cont...

Taxes and Rebates:

Taxes in many African Countries on Raw Materials as opposed to Imported Donor Funded Programs.

Export Rebates or Subsidies accorded by Governments to Manufacturers / Exporters unlike in Africa

Availability and if so Cost of Capital

Volumes – Not Capacity – Not Guaranteed

Price Criteria by most Buyers rather than Best Value
Advantages

Labour Cost on the Lower end quite Comparable to the East

Proximity within Sub Saharan Africa very easy between 2 – 15 Days Maximum

Where Production is Closer to the need Accessibility is always better otherwise a lot of Airfreight during delays and / or shortages

Emergency Supplies have been and can be handled more efficiently as has already been demonstrated on Various Occasions

Payment of Taxes

Creation of the much needed Employment

Ancillary Industry Growth

Possible Tech Transfer and better molecules
Recommendation

Forecasting if possible will help alleviate many uncertainties even if not full forecasting but 50% based on Historical figures

Long Term Contracts – will help in planning especially in Guaranteed Quantity Procurement which will help in planning and Pricing

Sustainability Consideration – For future developments and Innovation

Increase Transparency by Suppliers as well

Best Value to be considered during Purchasing

Governments to Consider Quality during Purchasing
Additional recommendation for African Industry

Help achieve being Sustainable especially for the SDG’s

Since in the future the drive is to make Countries more self-sufficient help build Industry and Capacity to enable smooth transition – e.g. AmFm Program currently 30/70 and most manufacturers have stopped manufacturing e.g. SP – availability was good when manufactured locally

Assist to Lobby Governments to make a level playing field for Local Manufactured Products
I would really like to appreciate UNICEF, WHO, USAID, Global Fund who have assisted the growth of the Pharma Sector in Africa through continuous support and Technical Help.

Without this assistance as far as Universal Corporation Limited is concerned it would be very difficult for us to have been Sustainable.
Thank you!