Overview of UNICEF’s Procurement of LLINs

......... Successes and Challenges

UNICEF LLIN Suppliers’ Meeting
UNICEF SUPPLY DIVISION
28 October, 2010
Overview

- Introduction
- UNICEF contribution to global demand
- Reflections: 2010 achievements and challenges
**HTC – The New Technology Health Centre**

In 2010 SD reorganised from 2 to 3 Health Centres
Responsible for range of supply chain issues for group of products, including enabling and partnerships.
Plus each Centre has special coordination emphasis.

<table>
<thead>
<tr>
<th>Vaccines</th>
<th>Medicines &amp; Nutrition</th>
<th>Health Technologies</th>
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</thead>
<tbody>
<tr>
<td>• <em>all vaccines + biologicals</em></td>
<td>• <em>all medicines + nutrition</em></td>
<td>• <em>bed nets, RDTs, cold chain, medical devices + equipment</em></td>
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<tr>
<td>• Forecasting w/ CO</td>
<td>• UNITAID</td>
<td>• Maternal &amp; Neonatal Health innovations</td>
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<td>• GAVI</td>
<td>• GFATM (incl. MDC)</td>
<td>• PMNCH</td>
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<td>• Campaign/CHD Coordination</td>
<td>• Technical function convening</td>
<td>• Continuum of Care</td>
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New
Promotion of use of insecticide treated nets (ITNs) is a key malaria prevention strategy supported by UNICEF.

UNICEF is one of the major buyers of Long Lasting Insecticide Treated Nets (LLINs).

Since the introduction of LLINs, UNICEF has worked with manufacturers to ensure quality and timely availability.

UNICEF works with donors and partners, UNITAID, World Bank, Global Fund, Government of Japan, USAID, EU and others.
Managing the procurement process

1. Accurate forecast and planning of requirements (including funding needs) is the first step to ensure availability of LLINs.

2. A procurement strategy that considers needs of programme requirements and capacity of industry enables greater efficiency.

- UNICEF is committed to work with countries and industry to reduce the bottlenecks in the supply chain.
Procurement of LLINs in 2010

- UNICEF used the forecast and updated information from countries to establish the best options for procurement with LTA holders.

- Introduction of LTAs with target allocations was a major shift in strategy for 2009 procurement.

- UNITAID LLIN Scale-up Project contributed greatly towards timely and efficient planning and efficient procurement.
Procurement of LLINs in 2010

- The flow of information is still not optimal - unplanned requirements

- The flow of funds is still not optimal – pledges vs guaranteed funding, delayed release

- Focus on bottlenecks in the supply chain to increase the efficiency of the procurement process

- Importance of Quality Assurance
UNICEF contribution to date
10 years of net procurement ……

Total Volume of All Nets Procured 2000 - 2010

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</thead>
<tbody>
<tr>
<td>Untreated</td>
<td>30.53</td>
<td>242.2</td>
<td>2,486</td>
<td>3,028</td>
<td>5,178</td>
<td>1,983</td>
<td>1,500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LLIN</td>
<td>310.3</td>
<td>1,281</td>
<td>3,467</td>
<td>10,70</td>
<td>23,11</td>
<td>16,28</td>
<td>19,39</td>
<td>43,26</td>
<td>15,19</td>
<td></td>
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</tbody>
</table>
UNICEF Procurement Volumes 2002 - 2010

Total Quantities - LLINs 2002 - 2010

<table>
<thead>
<tr>
<th>Year</th>
<th>WH</th>
<th>PS</th>
<th>PROG</th>
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<tbody>
<tr>
<td>2002</td>
<td>382.7</td>
<td>16.0</td>
<td>310.3</td>
</tr>
<tr>
<td>2003</td>
<td>659.5</td>
<td>889.7</td>
<td>1,918</td>
</tr>
<tr>
<td>2004</td>
<td>80.14</td>
<td>3,299</td>
<td>7,327</td>
</tr>
<tr>
<td>2005</td>
<td>1,125</td>
<td>12,15</td>
<td>9,831</td>
</tr>
<tr>
<td>2006</td>
<td>1,600</td>
<td>5,005</td>
<td>9,680</td>
</tr>
<tr>
<td>2007</td>
<td>1,100</td>
<td>6,518</td>
<td>11,77</td>
</tr>
<tr>
<td>2008</td>
<td>1,605</td>
<td>36,66</td>
<td>4,991</td>
</tr>
<tr>
<td>2009</td>
<td>2,063</td>
<td>6,369</td>
<td>6,759</td>
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</tbody>
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2010 estimate: 30-35 million nets
UNICEF contribution to Global Deliveries

<table>
<thead>
<tr>
<th>Year</th>
<th>Global Deliveries**</th>
<th>UNICEF Deliveries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>43,805,000</td>
<td>13,998,369</td>
</tr>
<tr>
<td>2008</td>
<td>60,151,197</td>
<td>10,583,935</td>
</tr>
<tr>
<td>2009</td>
<td>88,472,737</td>
<td>32,725,814</td>
</tr>
<tr>
<td>2010*</td>
<td>105,617,584</td>
<td>13,333,668</td>
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</tbody>
</table>

2007-2010 Total: 298,046,518
2007-2010 UNICEF: 70,641,786

Global deliveries include UNICEF
(UNICEF 24.12% of Total Deliveries)
Looking back - 2009, 2010 ....
Number of Suppliers since 2002 ....

Total WHOPES Suppliers

- 1 supplier in 2002
- 1 supplier in 2003
- 2 suppliers in 2004
- 3 suppliers in 2005
- 3 suppliers in 2006
- 4 suppliers in 2007
- 7 suppliers in 2008
- 7 suppliers in 2009
- 8 suppliers in 2010

Sources: [Graph data provided by the company]
Patterns of Commonly procured Shapes and Sizes

Six Groups (Bands) of commonly procured LLINs have been identified as follows (based on procurement volumes):

1. Band I - Rectangular - 190x180x150cm - Common LLIN
2. Band II - Rectangular - 180x160x150cm - Common LLIN
3. Band III - Conical - 2 Sizes - Common LLIN Band
4. Band IV - Conical - 1 Size - Common LLIN Band
5. Band V - Rectangular - 150cm > (H) < 200cm
6. Band VI - Rectangular - (H) > 200cm
Evaluation of Weighted Average Prices
Prices of LLINs have remained largely stable through the scale-up:

- Continued increase in demand and entrance of new manufacturers are enabling a more competitive market.
- Lower prices in 2008 is linked to increases in capacity
- UNICEF RELIES ON FURTHER REDUCTION THROUGH TRANSPARENCY, APPROPRIATE AGREEMENTS WITH MANUFACTURERS AND INCREASED MARKET COMPETITION
Analysis of actual prices
Regular updates of the forecasts are essential.
2010 Forecast vs 2010 Actual – Dimensions - Size
2010 Forecast vs Actual – Colour

- White: 32%
- Blue: 65%
- Green: 3%

- White: 61%
- Blue: 39%
- Green: 0%
Thank you!