UNICEF Vaccine Procurement for Developing Countries

Pre Tender Meeting
UNICEF Supply Division, 10-11 December 2008
Rob Matthews
UNICEF vaccine procurement continues to increase

Majority of growth in new routine vaccines and eradication+elimination programmes. Expected to reach $1B by 2010
Procurement value by funding types

Funding base has grown to help countries achieve the Millennium Development Goals (MDGs)
UNICEF procurement focuses on serving the poorest children

Developing Country Routine Vaccine Needs

<table>
<thead>
<tr>
<th>Classification</th>
<th>% of Birth Cohort covered by UNICEF Procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>High income: nonOECD</td>
<td>0%</td>
</tr>
<tr>
<td>High income: OECD</td>
<td>0%</td>
</tr>
<tr>
<td>Upper middle income</td>
<td>1%</td>
</tr>
<tr>
<td>Lower middle income</td>
<td>11%</td>
</tr>
<tr>
<td>Low income</td>
<td>52%</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>31%</strong></td>
</tr>
</tbody>
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<th>% of Birth Cohort covered by UNICEF Procurement excl India China and Indonesia</th>
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<td>25%</td>
</tr>
<tr>
<td>Low income</td>
<td>84%</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>48%</strong></td>
</tr>
</tbody>
</table>

Data Sources:
- Procurement Coverage Data: UNICEF Vaccine Forecast 2008
- Income Classification: World Bank

* Based on UNICEF Vaccine forecast 2008

UNICEF supports tiered pricing, enabling the poorest nations to have access to the lowest prices.
Assessment of effectiveness of UNICEF vaccine procurement Principles & Objectives?

<table>
<thead>
<tr>
<th>Objective</th>
<th>Assessment (2001-2007)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Continued, sustainable supply</td>
<td>1. No major interruptions / sufficient to meet demand (with adjustments for some campaigns)</td>
</tr>
<tr>
<td>2. Quality vaccines (WHO pre-qualification)</td>
<td>2. No major vaccine-caused AEFI</td>
</tr>
<tr>
<td>3. Multiple manufacturers per vaccine</td>
<td>3. Mixed, per product (some improving, some decreasing)</td>
</tr>
<tr>
<td>4. Affordable prices</td>
<td>4. Mixed, related to (3)</td>
</tr>
</tbody>
</table>
Feedback on positive elements of pooled procurement for countries

• WHO Pre-Qualified Vaccines
• Supporting a Vaccine Security Supply Strategy
• Large volumes, preferential prices
• Eliminating the need and additional timelines for countries to undertake their own tendering activity
• A reduced transaction cost for manufacturers
• Assurance of and timely payment of invoices
• A calming effect on variances in demand and improved forecast accuracy
Much support is needed in order to help countries achieve MDGs. Notably MDG4 - reduction of child mortality

Source: The Status of the World’s Children 2006
UNICEF and partners are looking for ways to accelerate the rate of MDG4 achievement…

1. New high-impact interventions

2. Increase efficiencies and effectiveness of internal processes

3. Support to middle-income country progress

4. Seeking to achieve more with limited funds

5. Focus on end-to-end & in-country logistics
1. Introduction of new high impact interventions

New vaccine products
- Hib, Pneumo, Rotavirus, HPV, Malaria…
- Plus other new health interventions (eg, therapeutic foods, ORS+Zinc)

New delivery mechanisms
- Integrated campaigns
- Child Health Days

New Financing mechanisms
- IFFIm
- Advance Market Commitment Donors
2. Increased effectiveness
As an example: Monitor & improve performance of on time delivery to the port of entry.
Monitoring on-time delivery of suppliers and Freight Forwarders performance

<table>
<thead>
<tr>
<th>Owner Category</th>
<th>Indicator and target</th>
<th>Frequency/Timing</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>TLG</td>
<td>T100% rapid response orders shipped within 48 hours of sales order release</td>
<td>Monthly</td>
<td>44%</td>
<td>44%</td>
<td>n/a</td>
<td>100%</td>
<td>88%</td>
<td>85%</td>
<td>86%</td>
<td>86%</td>
<td>80%</td>
<td>78%</td>
<td>70%</td>
<td>60%</td>
<td>55%</td>
</tr>
<tr>
<td>DO and CO</td>
<td>85% of global throughput for strategic-essential supplies</td>
<td>Quarterly</td>
<td>98%</td>
<td>96%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>97%</td>
</tr>
<tr>
<td>IC</td>
<td>95% of all international supplier deliveries are delivered on time</td>
<td>Quarterly</td>
<td>44%</td>
<td>61%</td>
<td>81%</td>
<td>77%</td>
<td>77%</td>
<td>86%</td>
<td>83%</td>
<td>86%</td>
<td>75%</td>
<td>69%</td>
<td>69%</td>
<td>62%</td>
<td>78%</td>
</tr>
<tr>
<td>IC</td>
<td>Increase inspection of goods on arrival, by consensus: 80% of vaccine shipments to be inspected</td>
<td>Quarterly</td>
<td>74%</td>
<td>50%</td>
<td>62%</td>
<td>54%</td>
<td>80%</td>
<td>75%</td>
<td>86%</td>
<td>81%</td>
<td>86%</td>
<td>66%</td>
<td>66%</td>
<td>75%</td>
<td>74%</td>
</tr>
</tbody>
</table>

**Definition / Required Follow-up:**
- Green: Target was met.
- Yellow: Target was not met, but within 10% of target (e.g., if target is 80%, then 80 ± 8% = 72%–88%). Centre to review.
- Red: Target was not met, and not within 60% of target. Centre Chief to provide review to DO.

### Key Division wide performance indicators monitoring various stages of the supply chain

**Targets raised from 80% to 95%**

**Regular feedback and dialogue with individual manufacturers will occur from 2009**
3. Support to Middle Income Countries

Current concern amongst partners and countries relating to the lack of introduction of new vaccines into Middle Income Countries (MICs)

Preliminary analysis on Causation:
- Lack of disease burden data
- Conflicting priorities
- Lack of funding
- Lack of procurement expertise
- Cost of vaccines

UNICEF could have a role to play in the procurement of these vaccines
When has UNICEF undertaken procurement of vaccines on behalf of MICs?

Situation:
- Country in stock-out
- In support of UNICEF programme initiatives & partnerships
  - Eg, Morocco, Measles Init.. GAVI
- Countries ‘graduating’ from LIC classification
- Emergency Response
- UNICEF has local presence and programme with the Government

In 2007: 5% volume, 8% value
- GAVI Supported Vaccines $13.7m
- Campaign Activities $ 18.8m
- Prior VII countries $ 11.9m
- Other $ 6.8m
Considerations for UNICEF to undertake procurement of new vaccines for MICs

• The need for timely introduction of new vaccines to achieve MDG 4 (reduction in child mortality)

• Help countries begin the procurement

• Pooled procurement provides economies of scale

• Difficult legislative environment for countries to undertake pooled procurement together

• Leveraging UNICEF capacity – overcoming current constraints to new vaccine introduction and share know-how with Governments
Considerations for UNICEF to undertake procurement of new vaccines for MICs

• Conditionality required by UNICEF if offering this support

• Not replace existing procurement mechanisms

• Only for new vaccine introduction (potentially only for Hib introduction?)

• Tiered Pricing option for manufacturers

• Capacity Building Elements within any UNICEF involvement

• Clear Exit Strategy to be included

*Industry feedback on this will be requested through the questionnaire issued at the pre tender meeting*
4. Seeking to achieve more with limited resources

*An example*: product pricing

Finding the balance between

Affordability and the covering supplier costs, plus some profit.

*The amount of profit should be reasonable and not at the expense of the poorest children.*

Looking for alternative innovative solutions
5. Supporting countries with their end-to-end supply chain and in-country logistics

Perhaps the most complex element of ensuring children are immunized.

<table>
<thead>
<tr>
<th>Planning</th>
<th>Procurement</th>
<th>Logistics &amp; Delivery</th>
<th>M&amp;E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definition of Need (spec, timing, qty)</td>
<td>Budgeting and Planning</td>
<td>Procurement</td>
<td>Delivery &amp; Clearance</td>
</tr>
<tr>
<td>Inspection</td>
<td>Warehousing &amp; Distribution &amp; Re-order</td>
<td>national, provincial, district, community</td>
<td>Utilization by Beneficiary</td>
</tr>
<tr>
<td>Monitoring &amp; Evaluation</td>
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Much attention has been given to ‘upstream’ elements.

Attention is now needed on ‘downstream’ elements if MDGs are to be met.
Thank You!
Additional Information

Historical annual procurement values and volumes are available on the UNICEF website at
http://www.unicef.org/supply/index_38554.html

Current Weighted Average Prices are available on the UNICEF website at http://www.unicef.org/supply/index_7991.html

The List of Prioritization of Vaccines for WHO Pre-qualification is posted on the WHO Website at