Procurement Overview and Tender Process

10th December 2008
UNICEF Supply Division
Katinka Rosenbom
Topics

UNICEF vaccine procurement principles, objectives and process

UNICEF Vaccine Procurement Principles, Objectives and Process
Our work is still…

..Guided by and committed to Vaccine Security
..Believing in a continued dialogue with industry
..Ready to change in facing new demands and situations
..Ready to take on new challenges that brings vaccines and healthy life to children
..cautious to safeguard advancements made

…to better children’s lives
UNICEF Vaccine Procurement Objectives

- Vaccine Security: Ensure an uninterrupted, sustainable supply of affordable, quality vaccine
- Compliance to UNICEF Vaccine Procurement Principles
- Compliance to UNICEF Financial Rules and Regulations
- Compliance to Public Procurement Principles
  - Integrity
  - Competition
  - Client Service
  - Equal Treatment
  - Organizational Objectives
Additional specific GAVI tender objectives

- A healthy market: ensuring the sustainable quantity of supply through a diverse supplier base

- Select products and presentations that best meet the need of client countries

- Achieving a long-term affordable price that countries can eventually finance in a sustainable manner
GAVI vaccine Procurement Principles

In 2005 the GAVI Board updated the vaccine procurement principles applicable for GAVI.

- incorporate and expand on the UNICEF’s principles
- Are not conflicting

As a procurement agency on GAVI’s behalf for a number of vaccines, UNICEF is guided by the GAVI principles for the GAVI funded vaccines.
General parameters of UNICEF vaccine procurement

**Type:** RFP for multi-year tenders; ITB for single-year tenders

**Duration:** 1-year tender for ad hoc needs; Multi-year tenders for planned needs

**Invitees:** WHO PQ mfrs for 1-year tenders; All interested mfrs for multi-year tenders. Process for considering manufacturers that become WHO PQ in the midst of an award remains the same.

**Tenders issued for specific product ranges:**
- 2010-12 Traditional EPI Vaccines
- 2010-12 Hepatitis B & Hib vaccines in combination
- 2010-12 YF vaccine: routine, preventive campaign and stockpile
- 2009-2035 AMC Pneumococcal
- *TBD* Hepatitis B & Hib vaccines in combination for middle income countries
- 2009 -? Rotavirus

*Already issued:*
- 2009-11: Separate tender: Meningitis polysaccharide vaccines
- Separate tender for polio vaccines: Large volumes, changing demand
- Ad hoc tender ‘specials’: eg, Rabies, IPV, etc.
The tender process (develop, issue, receipt)

1. Development of procurement strategy and objectives
2. Demand / Forecast development
3. Development of draft tender document *with PRG*
4. Pre-tender meeting with industry
5. Feedback from industry and finalization of tender document
6. Issuance of tender
7. Clarifications
8. Receipt of proposals (Validity)

*PRG: Procurement Reference Group established for some GAVI supported vaccines*
The tender process (evaluation and award)

9. Technical review (by WHO)
10. Quantitative and Qualitative review
11. Clarification meetings with suppliers
12. Evaluation of proposals per Evaluation Criteria & Procurement Objectives
13. Consultation with PRG
14. Recommendation of awards based on evaluation
15. UNICEF internal award approval process
16. GAVI approval, and provision, of any financial requirements
17. Information of outcome to PRG
18. Notification of awards to proposers
19. Public posting of awards (www.unicef.org)
20. Debriefing
21. Establishment of Arrangements

*PRG: Procurement Reference Group established for some GAVI supported vaccines
The expected tender outcome

Establishment of 3 year supply arrangements for vaccines included in these tenders

- Current Arrangements cover supply through 2009
- Next Arrangements will cover 2010-2012

Long Term Arrangements (LTAs)

- Purpose: To establish forecasts between manufacturer and UNICEF on quantities to be produced and quantities to be bought over the time period;
- Defines Technical, Quality and Commercial requirements
Post-award Debriefings
“What can we know about our competitor’s offer?”

- All manufacturers are advised of the outcome of their proposal
- Manufacturers receiving an award are invited to a formal debriefing
- Manufacturers not receiving an award may request a debriefing
- During a debriefing session, the strengths and weakness of the manufacturer’s proposal may be discussed. Details concerning the evaluation, results of a competitor will not be discussed, other than to indicate that which is publicly available.
Ensuring equal treatment, no bias and ethics

- Contracting staff are governed by Financial Rules and Regulators, and procedures related to ethical behaviour.
- During the tender period, communication is more formal and written, in accordance with the tender instructions.
- Bids/proposals are received and validated by an independent ‘Bid Section’ (QA) and then transferred to Contracting staff.
- UNICEF does not accept manufacturers to fund trips, hotels, etc. or gifts.
- Business should be conducted during normal working hours.
- Meetings should be with a minimum of two UNICEF staff members.
- Suppliers not invited to UNICEF staff offices.
Strategic Issues on the upcoming tenders
Three tenders for 2010-2012

1. Traditional EPI vaccines: DTP, TT/DT/Td, Hepatitis B, Measles, MMR, MR, BCG

2. Hepatitis B and Hib containing vaccines in combination for GAVI eligible countries

3. Yellow Fever: routine, preventive and stockpile

Issued separately, but with the same timeline.
**Timeline**

**October – December 2008:** Review and Development
- Strategy
- Quantities / Forecast
- Commercial and Technical Terms and Conditions
- Feedback and input received from partners

**December 2008: Pre-tender meeting with manufacturers (10\textsuperscript{th}-11\textsuperscript{th})**
- Provide programmatic update
- Present tender process, terms, quantities, to manufacturers
- Manufacturers provide feedback
- Adjustments are made as necessary

**Mid January 2009:** Tender Issuance

**End February 2009:** Closing of Tender; target 6 weeks response time

**March - May, 2009:** Evaluation of offers

**June 2009:** Issuance of awards

**July-August 2009:** Debriefings

**January 2010:** Deliveries commence
Middle Income countries (MICs)

Some MIC quantities are included in the EPI tender
- Countries were UNICEF has a history of procuring on their behalf through (Morocco and Philippines)

Additional MIC forecasts received for combination vaccines.
- Currently being assessed
- Will be identified as MIC/non-GAVI eligible country demand or tendered for separately

Feedback from industry on UNICEF’s role in supplying MICs is welcome.
Currency of proposals – USD vs. EURO

Background:
UN and UNICEF accounts in USD.

EURO contracts require higher degree of internal & external funds management, planning and coordination with countries to keep up with effect of currency changes.

Some manufacturers have requested the possibility of quoting in EURO.

UNICEF in response to requests:
• Proposers are required to quote in USD.
• If they wish Proposers may provide a quote in both USD and EURO.
• UNICEF will evaluate the USD FCA price or the EURO price, whatever is in the interest of UNICEF, but UNICEF reserves the right to award in USD only. For evaluation purposes the EURO offer will be converted to USD using the UN rate of exchange on the day of the closing of the bid.
• If a EURO offer is awarded, the resulting LTA will be in EURO throughout its duration.
• To be an attractive alternative for UNICEF a EURO offer must therefore be lower than the alternative USD offer.
Forecasting Demand
## Forecasting: Strategic and Operational

<table>
<thead>
<tr>
<th>Aggregated Strategic Forecast</th>
<th>Operational Forecast</th>
</tr>
</thead>
</table>
| Consolidates total expected demand, based on:  
  • Aggregated historical demand  
  • Programmatic projections | Based on actual country uptake |
| Is the basis for our multiyear tendering, supply arrangements and strives to inform production planning of manufacturers | Guides our day-to-day supply and demand matching and management, and informs suppliers production scheduling |
| Is updated annually and presented in plenary sessions with industry | Is updated monthly to LTA holders |
2009-2012 Strategic Forecast Methodology

• All countries requesting procurement of vaccines and devices through UNICEF are requested to provide a forecast that project their 5-year needs for both routine and supplemental immunization activities.

• Each country-driven forecast was coordinated by UNICEF country office and the National Government and was requested to be reviewed by the Interagency Coordination Committee (ICC) on Immunization.

• The forecast includes information on the target populations to be vaccinated, wastage rates, coverage rates, shipment plans, current stock levels, funding requirements and anticipated funding sources. Over 100 countries submitted forecasts.

• Forecast data is then shared and reviewed with the Global accelerated disease control programs for measles and tetanus to ensure their planning was incorporated in the forecast figures.

• The forecasts are reviewed in Supply Division against historic procurement, forecast accuracy, funding issues, aggregate demand

• The final result is a forecast that has had input from UNICEF Supply Division, UNICEF Country Offices, UNICEF Programme Division, National Governments, WHO and ICC’s.
Specifically for GAVI funded vaccines

Based on country forecasts and country reports, regular updates from Regional offices, GAVI applications and approval letters, long term estimations by advisors, and in the case of YF; the investment case submitted to GAVI.

The forecasts have been reviewed with WHO and GAVI Secretariat as essential partners.
There are a number of activities undertaken to support Strategic and Operational Forecast accuracy

• **Dedicated Unit** within UNICEF Supply Division focusing on Vaccine forecasting
• **Historical Forecast Accuracy Database** – enabling a comparative review of the country’s forecasting ability
• **Forecast Accuracy Reports** sent to Regional and Country Offices to monitor forecast performance and encourage improvement
• **Budgets (Provisional Plans)** sent to countries, providing countries with an overview of the financial requirements for the forecasted vaccine procurement for the year ahead
• **Reviews of the Top 20 Countries** forecasted demand requirements - their demand amounts to approximately 70% of the total demand
• **Vaccine Security Missions**, on invitation to advise countries on vaccine security, the vaccine market and vaccine forecasting
• **Program and Donor Meetings**, obtaining updates on program initiatives and donor funding
• **Continuous Forecast Updates** received from Countries and Global Initiatives enabling
• **Monthly Supplier Updates** of Forecast Demand to be issued providing manufacturers with an updated overview of the calendar years’ forecast requirements
Forecast Challenges

Variances in demand are due to a number of issues including:
• Delay or lack of Funding
• Independent (un-forecasted) activities
• Outbreaks and emergency response
• Political factors & in country capacity
• Slow uptake of new vaccines
• Epidemiological development
• Supplementary activities make up the largest volumes and have the highest variance
• Specific challenges for each vaccine

Continuous dialogue with countries, programmes and suppliers is critical.

*Forecasting is never an event, but an ongoing activity*
Supply Management

The continuous changes in both supply and demand creates a dynamic market that requires continuous monitoring and management.

\[\begin{align*}
\sim 40 \text{ Vaccines from } \sim 16 \text{ Suppliers} \\
\sim 14 \text{ Immunization devices from } \sim 8 \text{ Suppliers} \\
\end{align*}\]

80-100 countries

Systems are in place to monitor demand against supply and to report regularly both to manufacturers, countries and partners.

UNICEF has the capacity to reallocate demand and supply between Countries and Suppliers, to avert crisis and reduce the impact of demand or supply fluctuations.
Three tenders for 2010-2012

1. Hepatitis B and Hib containing vaccines in combination for GAVI eligible countries

2. Yellow Fever: routine, preventive and stockpile

3. Traditional EPI vaccines: BCG, DTP, DT/Td, Hepatitis B, Measles, MMR, MR, TT

Issued separately, but with the same timeline.
Thank you !
Overview of 2010-2012 Tender Document

Some changes in the structure of the document, but any important content changes will be highlighted in the background section

5 Main Sections:

1- Purpose
   • The objectives of the tender

2- Background
   • Procurement Principles
   • Forecasting Methodologies
   • Programmatic background relevant to understand the requirement
   • Information highlighting changes or specific points such as; scenarios for vaccines, and USD/EURO description

3- Instruction to proposers
   • How to make and submit a proposal
   • Information on how UNICEF will handle proposals
   • Information on how UNICEF will debrief and share result of tender outcome.
Overview of 2010-2012 Tender Document

4- Terms and Conditions (not exhaustive)

• Mandatory technical requirements WHO Technical Requirements
• Mandatory financial and commercial requirements, such as:
  • UNGM registration
  • Financial Requirements / Approval by UNICEF Supplier Evaluation Unit
• VVM, Shipping and Packaging Instructions, ETTMD, Vaccine Arrival Report, weight and volumes, samples
• Commercial Requirements; currency, MFN, Incoterm
• Account Management, past performance, affordable prices, monthly Allocations, Emergency response preparedness
• Special terms and conditions; ethical clauses
• General Terms and Conditions
• Evaluation of proposals and basis for awards
  • Methodology, process and criteria
Overview of 2010-2012 Tender Document

5- Answering sheets

- RFP Proposal form
- Qualitative Proposal sheets – for guidance
- Quantitative Proposal sheets – one for each vaccine, and alternative offered
  - 2010-2012 Tender Quantities
  - Presentation specific
  - Requested information: Quantities, price, currency, commercial factors, lead time, packaging/weight/volume, VVM
Overview of 2010-2012 Tender Document

Annexes

- UNICEF General Terms and Conditions
- Shipping Guidelines
- VVM Specifications
- WHO Model Inserts
- UNICEF Supplier Financial Evaluation Form
- Vaccine Arrival Report
Why are they arrangements for what is forecasted and not more firm?

UNICEF is fully funded by voluntary contributions

- Roughly 2/3 Governments and 1/3 Private

UN Financial Rules and Regulations

- UNICEF to fiscal policy to be zero risk
- UNICEF cannot make external financial commitment without having internal committed commensurate funding

Funding and Budgetary Cycles of vaccines

- Over 500 funding streams for vaccine procurement each year
  - Normally arrives 4-12 weeks prior to delivery
- Funding changes from year-to-year (one donor is not
- Government budgets are annual and subject to their release cycles
- Working on behalf of the poorest countries
Why not ‘conditional awards’ for non-WHO PQ products?

UNICEF attempted this in 2001-2003 period

Experience:

• We were not good at ‘picking winner’
• None of conditional award timelines were met (projected time for WHO PQ and production start-up)
• Several were not met even during the 3-year period

Change in approach:

• We no longer issue conditional awards
• When a manufacturer product becomes WHO PQ, then award process is initiated (if applicable)
• Let competitive process determine the ‘winner’ (in terms of timing)
Proposals from Manufacturers

Manufacturers are invited to submit a comprehensive proposal

- Responsive to projected quantities for each product presentation
- The type of vaccine being proposed, and specifications
- Unit price per vial and per dose
- Annual and monthly production for first year
- Alternative vaccine presentations/products
- Comply with all MANDATORY REQUIREMENTS
- Comply with the INSTRUCTIONS TO PROPOSERS and information requested there within
- Provide explanations to any request for exceptions or clarification on the RFP PROPOSAL FORM

UNICEF and WHO will review the proposal and hold discussions with manufacturers
Proposal Evaluation Process

Review of Mandatory Requirements

- WHO Pre-qualification
- Financial Review by UNICEF Supplier Evaluation Unit (SEU)
- Compliance to UNICEF General Terms and Conditions

Quantitative Review of Proposal

- Products offered, quantities, price, delivery schedule, lead-times, ability to maintain buffer stock, shelf life, VVM

Qualitative Review of Proposal

- Proven experience and past performance
- Ability to perform account management / good communication
- On-time delivery performance
Technical Review of Proposals

All proposals are reviewed by WHO

Key areas that WHO review are:

• compliance to mandatory technical requirements
• compliance to preferred technical requirements
• for products not WHO pre-qualified at time of offer, WHO conducted an assessment of timeline given for pre-qualification
• other technical issues (Regulatory oversight, etc..)
Public Notification of Awards

UNICEF has standard procedures for publication of awards on website:

• Tender, duration, total value, material(s), supplier name
• This is UNICEF standard procedure (not just immunization)

To meet request for information sharing, all Proposers will receive, after awards are made a letter including the following information:

• Total vaccine quantity awarded per year per presentation at an aggregate level
• Number of suppliers awarded per year per vaccine presentation
• Yearly awarded weighted average price (WAP) per vaccine presentation
• Total contract value awarded to each supplier, with listing of included vaccines.

Annual awarded weighted average price for each vaccine presentation will be posted on the UNICEF web-site.