UNICEF Procurement Process and Control Oversights

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Objective of Session

• UNICEF Procurement Framework
• Tendering Process
• Tender Document and Proposals Review
• Establishment and Management of LTAs
UNICEF 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, 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; BVM does not mean lowest cost but best ROI)
UNICEF Procurement Process

- Procurement Planning
- Requirement Definition
- Sourcing/Invitee list (REOI / UNICEF Vendor Roster / UNGM...)
- Preparation and Issuance of Solicitation Documents
  - Request for Quotation (RFQ) → USD 1,000 - USD 30,000
  - Invitation to Bid (ITB) → USD 30,000 and over
  - Request for Proposal (RFP) → no threshold
- Receipt and Opening of Submissions
- Evaluation (Technical/Quality and Commercial)
- Adjudication & Award Recommendation
- Contract Finalization and Issuance
- Contract Management
Bidding Options Available within UNICEF

- 'Shopping'
  - >$2,500 where competitive tendering waived.

- Request for Quotation (RFQ)
  - A solicitation document used for requirements that can be clearly specified for a total value of over US$ 2,500 and up to US$ 30,000.

- Invitation to Bid (ITB)
  - A solicitation document for procurement over US$ 30,000. The ITB describes requirements that can be clearly specified, allowing suppliers to submit bids on the same basis.

- Request for Proposal (RFP)
  - A solicitation document to satisfy a requirement that cannot be described in a complete or definitive manner. An RFP seeks the proposal that offers the best value in accordance with the stated evaluation criteria and method. A public bid opening is not required. Negotiations are allowed with the suppliers whose proposals have been evaluated and determined as meeting the mandatory and minimum requirements.
UNICEF SIE Procurement Framework

• UNICEF Procurement Strategy for Safe Injection Equipment

• Compliance to UNICEF Financial Rules and Regulations

• Compliance to Public Procurement Principles
  – Integrity
  – Competition
  – Client Service
  – Equal Treatment
  – Organizational Objectives
UNICEF Procurement Strategy Objectives for SIE

• To ensure an uninterrupted sustainable supply of affordable products that are in compliance with the required quality and technical requirements

• To strengthen injection safety by reducing the risk of re-use.

• Maintain a healthy market with multiple suppliers in the markets

• Engage Industry to address programmatic and supply challenges.

• Reduce the overall cost to programs (Landed cost).

• Move towards a more sustainable procurement approach.

• Support Bundling of vaccines and injection devices in an efficient manner.

• Improve the efficiency of the tendering and procurement processes.
The Tender Process
Develop, Issue, Receipt

1. Development of procurement strategy and objectives
2. Demand / Forecast development
3. Development of draft tender document
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
9. Technical and quality review
10. Quantitative and Qualitative review
12. Evaluation of proposals per Evaluation Criteria & Procurement Objectives
13. Recommendation of awards based on evaluation
14. UNICEF internal award approval process
15. Notification of awards to proposers
16. Public posting of awards (www.unicef.org)
17. Establishment of Arrangements.
18. Debriefing
Consultations with Industry and Partners

- Industry Consultation prior to large tenders
- Hosted at Supply Division
- SIE industry invited to attend
- Reviews & Market updates
- Tender Strategy and Objectives
- Quality and technical requirements
- Forecast demand requirements
- Tender Documentation
- Q & A Session
- All presentations posted on the UNICEF website
Request for Proposal (RFP) vs. Invitation to Bid (ITB)

- The RFP is found most appropriate for tendering for products that are complex and where the evaluation will be considering various factors.
- The RFP provides manufacturers with the opportunity to develop a proposal incorporating all factors that are needed for their equipment to be produced and sold.
- The RFP allows the flexibility for the proposers to submit innovative proposals to meet UNICEF demands.

For SIE tendering, UNICEF is opting for: RFP
Proposals – Opportunity to Provide Innovative Proposal Features to Help us Achieve Exceptional Results.

• UNICEF is inviting proposers to offer alternative terms that bring real value to the proposer and thereby enable a more attractive offer.

• This could be elements such as currency, bundling, pricing structure.

• Scenarios on when alternative would be considered by UNICEF:
  Exceptional and considered in cases were the benefit was substantial and could justify the additional risk/commitment.

• UNICEF requirements:
  • attractive offer, enabling to meet the tender objectives
  • financial and non-financial risk analysis to be conducted available mitigation measures
Invitee List

- WHO PQ manufacturers.
- Registered UNGM SIE producers
- Suppliers who expressed interest.
- Previous and current LTA holders.

For SIE tendering, UNICEF is in general opting for:

Single-year or single delivery tenders: Manufacturers of WHO PQ
Multi-year tenders: Wider pool
Product Range

- SIE products in one tender vs. Separate tender for each product
  - Most of SIE have linkages - in forecast if not all.
  - SIE tenders are large and terms and conditions - lengthy documents
  - Lengthy tender process when establishing 2-year arrangements
  - Specific tender objectives and processes for SIE

For SIE new tender, UNICEF is opting for all forecast SIE in one tender:
- AD syringes
- RUP syringes
- Disposable syringes and needles.
- Safety boxes
Evaluation Criteria Options

• Various options to evaluation criteria:

• Option a) Lowest price is awarded full offered quantity, then second lowest, etc, until required quantity is fulfilled.

• Option b) Pre-defined weightings of each factor (past on-time delivery performance, price, delivery schedule, future production plans, shelf-life, ability to maintain buffer stock, timeline for emergency response (packaging), shipping performance, etc.)

• Option c) Quantitative and Qualitative review (of above factors) against Pre-defined procurement objectives and principles.

For SIE tendering, UNICEF is in general opting for:
  Single-year or single-delivery tenders: option (a)
  Multi-year tenders: option (c)
Who is Eligible for an Award?

• Meeting all mandatory requirements, including:

  • Commercial requirements
  • Technical and quality assurance compliance
  • UN Global Marketplace (UNGM) registration
  • Financial requirements / Approval by UNICEF supplier evaluation unit
Public Notification of Awards

• UNICEF has standard procedures for publication of awards on website: http://www.unicef.org/supply/index_27009.html.
  – Tender, duration, total value, material(s), supplier name
  – This is UNICEF standard procedure (not just immunization)

• After awards, all Proposers will receive a letters including one of the following information:
  – Total SIE quantity awarded per year per supplier
  – Reasons for none award

• Annual awarded prices will be posted on UNICEF web-site following link
  http://www.unicef.org/supply/index_62309.html
Post-Award Debriefings

• “What can we know about our competitor’s offer?”

• All Proposers are advised of the outcome of their proposal

• Proposers receiving an award may request a debriefing

• Proposers 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’s proposal will not be discussed, other than what is publicly available.
Examples of Controls and Oversight

• Internal Oversight
  – UNICEF Financial Rules and Regulations
  – UNICEF Procurement Procedures
  – Ethical Code
  – Contracts Review Committee (independent from contracting staff)
  – Procurement Training and Certification of contracting staff

• External Oversight
  – UN External Audit
  – UNICEF Internal Audit
Ethical Codes

1. Corrupt and Fraudulent Practices

UNICEF requires that all Proposers associated with this Request for proposal observe the highest standard of ethics during procurement and execution of the work. In pursuance of this policy UNICEF:

• (a) Defines for the purpose of this provision the terms set forth as follows:

• (i) ‘corrupt practice’ means the offering, giving, receiving or soliciting of any thing of value to influence the action of a public official in the procurement process or in the execution of a contract, and

• (ii) ‘fraudulent practice’ means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of the client, and includes collusive practice among Proposers (prior to or after bid submission) designed to establish bid prices at artificial non-competitive levels and to deprive the client of the benefits of free and open competition;

• (b) Will reject a proposal for award if it determines that the selected supplier / contractor have engaged in any corrupt or fraudulent practices in competing for the contract in question;

• (c) Will declare a bidder ineligible, either indefinitely or for a stated period of time, to be awarded a UNICEF-financed contract if at any time it determines that it has engaged in any corrupt or fraudulent practices in competing for, or in executing a UNICEF-financed contract.
2. **Unethical Behavior**
   - UNICEF strictly enforces a policy of **zero tolerance** concerning unethical, unprofessional or fraudulent acts of UNICEF Proposers. Accordingly, any registered bidder that is found to have undertaken unethical, unprofessional or fraudulent activities will be suspended or forbidden from continuing business relations with UNICEF.

3. **Officials Not to Benefit**
   - The bidder warrants that no official of UNICEF or the United Nations has received or will be offered by the bidder any direct or indirect benefit arising from this Invitation to Bid or the award thereof. The bidder agrees that breach of this provision is a breach of an essential term of the Invitation to Bid.

4. **Guidelines on Gifts and Hospitality**
   - Proposers shall not offer gifts or hospitality to UNICEF staff members. Recreational trips to sporting or cultural events, theme parks or offers of holidays, transportation, or invitations to extravagant lunches or dinners are also prohibited.
Liquidated damages

- For late delivery of items or items which do not meet UNICEF’s specifications and therefore rejected by UNICEF.

- UNICEF shall be entitled to claim liquidated damages from the successful Bidder.

- Deduction of -0.5% of the value of the items pursuant to the Purchase Order per additional day of delay, up to a maximum of 10% of the value of the Purchase Order.

- Signing of the acknowledgement copy of the Purchase Order establishes a contract with agreed delivery dates as stated in the PO and is the basis of the Liquidated Damages assessment.
The Expected Tender Outcome

- Establishment of multi year supply arrangements for SIE

- UNICEF establishes “framework arrangements” called Long Term Arrangements (LTA's)
  
  - Purpose: To establish forecasts of quantities to be produced and quantities to be bought over the LTA duration

  - Defines Technical, Quality and Commercial requirements

  - Based of forecasted requirements
What is a Long Term Arrangement (LTA)?

- A LTA is an arrangement entered with a supplier to *secure the supply* of a product or service *over a period of time*;
- Framework of mutually agreed terms and conditions (product, price, etc.)
- As a result of a competitive bidding process
- For procurement of goods, services or works for which the buyer has a repeated need
- Entered in good faith for a period of time
- Non-exclusive
- Not obligatory to order any minimum quantity
- Long term commercial partnership with selected supplier(s)
When to establish LTAs?

- High frequency of repeat orders
- Strategic and/or emergency items
- Products with precise specifications
- In-house technical capacity available
- High potential for business leverage
- To secure supply for a scarce market area
- Consider product life cycle – maturity of the market
- Consider stability/volatility of prices
Supply Management

- Quarterly supplier performance evaluation for all LTA holder.

- Evaluation conduct in a face to face meeting and/or teleconferences.

- Evaluation process consists of four indicators:
  - PO Acknowledgement Response Time
  - Notification of Goods Readiness Response Time
  - Declared On-Time delivery
  - Account Management
Thank you!