THE FOUR PILLARS OF UNICEF’S PROCUREMENT PROCESS

QUALITY
PRICE
SPEED
ETHICS
UNICEF PROCUREMENT ETHICS

- Compliance with UNICEF Financial Rules and Regulations
- Compliance with Public Procurement Principles
  - Integrity
  - Transparency
  - Fair competition
  - Equal Treatment
  - Best value for money
  - Organizational Objectives
- Apply procurement strategy that supports a healthy development of the market
Procurement process is governed by UNICEF Financial Rules and Regulations and includes appropriate segregation of duties.
UNICEF SD serves many programmes with different requirements, and needs to plan for these through:

Continuous review of products needed
- Essential Drug List and Treatment Guidelines
- Programme priorities
- Specific programme needs (e.g. set packs/kits)

Appropriate procurement strategies
- Customers, Products, Suppliers
- Programme context
- Warehousing/Direct delivery

Quantification of needs
- Specific programme/country needs and procurement plans
- Other estimates
Procurement pattern subject to variations due to peaks in demand (emergencies, urgent projects)

Procurement of Medicines for Warehouse (2007 up to Aug 2010)
Forecast: Historical data and projections when no other data available

Procurement of Albendazole 400mg, PAC-100 (2005 up to Aug 2010)
Forecast: Historical data and projections when no other data available

Procurement of Mebendazole 500mg tabs, PAC-100 (2005 up to Aug 2010)

- **Predictable demand?**

- **Quantity (PACS) Millions**

- **2005**
- **2006**
- **2007**
- **2008**
- **2009**
- **2010**
UNICEF uses various methods for identifying sources of products so as to ensure access to sufficient relevant suppliers and increase competition.

**ACTIVE SOURCING**
- U.N. roster (UNGM - [www.ungm.org](http://www.ungm.org))
- Recommendations from other partners
- Contacts made at trade fairs, UN Business Days
- Requests for Expressions of Interest (REOIs)
- Market surveys
- Internet
- Sources and Prices

**PASSIVE SOURCING**
- The Suppliers contact the organisation wanting to do business:
  - writing an email introducing their company
  - expressing interest in invitations to bid (for ex. to e-published Tender Calendars)
  - registering in the UNGM

Sourcing is done independently by UNICEF or jointly with other partners (e.g. ACTs). For some medicines (e.g. ARVs) sources are limited by selection criteria.
Majority of procurement conducted through competitive bidding, but direct/sole source procurement also conducted under certain circumstances.

Overriding principle is to ensure competition and equal treatment.

Solicitation conducted through:
- Request for Quotation (RFQ)
- Invitation to Bid (ITB)
- Request for Proposal (RFP)
Common elements of solicitation documents

- Estimate of the quantities / volume required
- Specifications / terms of reference
- Mandatory requirements (Technical and Commercial)
- Evaluation criteria
- Additional terms and conditions
- Requirements for samples
- General Terms and Conditions

These can vary from tender to tender (even for same items) and must be read carefully.
Evaluation of offers

- **Technical Evaluation**
  - Technical characteristics and manufacturing quality

- **Commercial Evaluation**
  - Based on technical and QA reports received

  - ITB  “lowest evaluated bid”
  - RFP  “most responsive evaluated proposal”

  - Based on lowest acceptable offer, including landed cost and possible discounts for early payment (payment terms), lead times, minimum order quantities, etc.

  - Considers commercial risks (SEU evaluation)
KEY CRITERIA FOR CONTRACT AWARD

Price
Quality
Delivery Time / Speed

Availability/market development
Compliance

\{ \text{Best value for money} \}

\text{Healthy Market}

The tender outcome is reviewed by an internal independent body (Contracts Review Committee) who recommends approval to SD Director
Type of Contracts and Agreements

• UNICEF awards contracts (Purchase Orders) or establishes framework agreements (Long Term Agreements or LTAs) under which Purchase Orders are placed.

• LTAs can be time-bound (open quantity) or value targeted (specific quantity). Value targeted LTAs are established when there is confidence in forecast and consideration of multiple awards.

• Duration of LTAs vary from 1 to 3 year, with options for revision and renewal.

1. Establishment of Long Term Arrangements for supply for 1 to 3 years

2.
Long Term Agreements are established to:

- streamline the procurement process
- establish long term commercial partnership with selected supplier(s)
- ensure quality

Demand is monitored to determine when LTAs should be established.
Long Term Agreements

Long Term Agreements are for fixed prices/terms.

Requests for changes in prices/terms need to be justified sufficiently to allow evaluation against procurement objectives on which the LTA was established and Financial Rules and Regulation, and notified with sufficient time for review.

If changes can not be accepted then LTAs are terminated and if needed a new tender initiated.
Contract management is the process that enables both parties to a contract to meet their obligations in order to deliver the objectives required from the contract.

Key enabling factors:

Communication
Monitoring (including performance)
Feedback

UNICEF values the relation it has with suppliers, and makes a priority the establishing effective processes to manage it.
THANK YOU