Introduction of new suppliers to UNICEF procurement mechanisms

Vaccine Industry Consultation 2017
Outline

• Supplier Registration
• Supplier Performance Monitoring
• Requirements for considerations for awards
• Guiding procurement principles and procurement compliance oversight
• Vaccine procurement process overview
• Ethics: UNICEF staff and manufacturers
• Transparency: awards and prices
Supplier Registration

• UNICEF is interested in diversifying its supplier base and in finding new suppliers that can provide quality goods at competitive prices.
• As a principal, UNICEF Supply Division (SD) only procures vaccines that are WHO pre-qualified.
• All applications to become a supplier with UNICEF must be made via the United Nations Global Marketplace (UNGM) website www.ungm.org
• Before the issuance of contractual instruments, Supplier Evaluation Unit in the Quality Assurance Centre (QAC) evaluates suppliers against a range of criteria.
• Financial, ethical and statutory incorporation/registration status are assessed while evaluating suppliers in order to identify and potentially mitigate risks to UNICEF of contracting with unstable suppliers.
Supplier evaluation includes

**Legal registration**
- Legal registration - Certification of Incorporation,
- Legal structure - parent companies, subsidiaries

**Ethical principles**
- No unethical, unprofessional or fraudulent activities
- Not suspended, debarred, or otherwise identified as ineligible by any UN Organisation or the World Bank Group for reasons related to unethical behaviour
- Completed UNGM/signed SPF with submitted documentation

**Financial viability**
- Financially stable and able to deliver on time
- Financial statements with comparative figures for the previous year. Auditor Report, Income statement, Balance sheet, Cash flow, Notes
Supplier Performance Monitoring

- UNICEF SD contracts with a wide range of suppliers, who play an integral role in SD’s ability, to constantly provide products of the appropriate standards to our customers. In order to ensure a consistent level of excellence is maintained by our suppliers, periodic evaluation of their performance is necessary.

- UNICEF requires that its vendors support UNICEF core values by conducting business with integrity, treating others with respect, striving for performance excellence and accepting accountability for their conduct. All vendors are therefore expected to adhere to the provisions of UNICEF’s Policy Prohibiting and Combatting Fraud and Corruption – see CF/EXD/2013-008
Requirements for consideration for UNICEF Awards

• Meet all mandatory requirements in Request for Proposal, e.g. registration to UNGM; submission of most recent Audited Financial Statement; technical requirements – and submit to correct address in timely manner

• Prequalification of vaccine: a service provided by WHO to UNICEF and other UN agencies purchasing vaccines, ensuring the acceptability, in principle, of vaccines from different sources based on quality, safety and efficacy
Requirements for consideration for UNICEF Awards

• Question: Should a manufacturer submit a proposal if its vaccine is not yet prequalified?
  
  • Yes!
  
  • If a vaccine is close to prequalification or expected to be prequalified during the tender period, a manufacturer should submit a proposal including timelines for expected prequalification. UNICEF may decide to leave quantities unawarded or make an award conditional to prequalification.
Guiding Procurement Principles

• Promotion of objectives of UNICEF: to advance children’s rights to survival, protection, health, development and participation
  (fulfilling the mandate, goals and objectives)

• Fairness, integrity and transparency through competition
  (clear & appropriate regulations/rules applied to all suppliers, fair process, equal treatment of suppliers, 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)
Procurement Compliance Oversight

• **A Contracts Review Committee** (CRC) is an advisory body to Authorized UNICEF Officials to provide a competent, independent and unbiased review of the process leading to proposed contract award recommendations – final approval by Director.

• Principles of the review
  
  ➢ a clear and transparent process followed to identify bidders (i.e. eligible bidders are given equal access and a fair opportunity to compete for the contracts)
  
  ➢ the solicitation process was compliant with UNICEF procurement policies & procedures and relevant Financial Regulations and Rules
  
  ➢ offers were assessed based on clear and transparent commercial, technical and quality criteria as well as value for money
Types of Competition

• Open
  – Open competition / Maximized access
  – Public advertising of a tender
  – All qualified can participate

• Limited
  – Predetermined qualifications for participation in the tender
  – Short listing

• Direct procurement
  – Waiver of competition / Single source / Sole source

The specific approach is determined by value, product requirement, procurement scope, situation, market, risk etc. as considered in a product specific procurement strategy

Bidding opportunities: http://www.unicef.org/supply/index_25947.html
UNICEF Issues Formal Tender and Evaluates Offers

Establishment of Long Term Arrangements for supply of vaccines for multiple years

Placement of orders

Shipment by freight forwarder from Manufacturer

Country inspection

Invoice payment

Vaccine Security (forecasting, funding and contracting)

Ensure an uninterrupted, sustainable supply of affordable, quality vaccine
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
The tender process: Evaluation, Award

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*PRG: Procurement Reference Group established for some Gavi supported vaccines
Ensuring equal treatment, no bias and ethics

- Contracting staff are governed by UNICEF Financial Rules and Regulation and procedures related to ethical behaviour

- During the time when a tender is open (from tender issuance to closing) - communication with suppliers is more formal and written, in accordance with 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 minimum two UNICEF staff members

- Suppliers not invited to UNICEF staff offices
Ethics required from Suppliers

- UNICEF requires that all suppliers associated with any Procurement Arrangement(s), observe the highest standard of ethics during procurement and execution of the work – to immediately notify UNICEF in case of any allegations of fraud.

- The supplier should not be suspended, debarred, or otherwise identified as ineligible by any organisation within the World Bank Group or any other International or UN Organisation – to notify UNICEF in case.

- Supplier represents and warrants that neither it or any of its affiliates are engaged in:
  - Child labour
  - Sale or manufacture of antipersonnel mines or components
UNICEF establishes “framework” Supply Arrangements called Long Term Arrangements (LTA’s) - good faith based on accurate forecasting, but treated as ‘contracts’

- Purpose: To establish forecasts on quantities to be produced and quantities to be bought over the LTA duration
- Defines Technical, Quality and Commercial requirements for the Purchase Orders that are then placed against the LTA

- LTAs can be for single or multi year depending on the vaccine and objectives of tender strategy

- Tenders issued with the aim to allow for appropriate planning before first supply – aiming at having awards latest 6 months before
Transparency on Awards

• After awards, all Proposers will receive 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 a supplier, with listing of included vaccines

• UNICEF has standard procedures for publication of awards on website:
  ➢ Tender, duration, total value, material(s), supplier name

  • http://www.unicef.org/supply/index_27009.html
Transparency on Vaccine Prices

- Supporting countries to make informed decisions

- As a public procurement agency, recognising the need for increased transparency
  
  ➢ Historically, UNICEF has posted weighted average pricing for current year and projected quantities
  ➢ Specific country pricing provided in response to the forecast at the onset of the year
  ➢ Since January 2011 posted all historic pricing contracted under LTA from 2001, and now also future prices through to LTA expiry
  ➢ Next step – moving to publication of MIC prices by country by product presentation and supplier
Information available on the UNICEF website

Address: http://www.unicef.org/supply/index_inmunization.html

Presentation materials from previous pre-tender meetings are available on this website

Other important information available on this website is as follows.

- UNICEF engagement in MIC country procurement
- Historical annual procurement values and volumes: http://www.unicef.org/supply/index_38554.html
- Current Weighted Average Prices: http://www.unicef.org/supply/index_7991.html
- Vaccine Price Data by suppliers: http://www.unicef.org/supply/index_57476.html