UNICEF’s approach to influencing markets

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Realizing the rights of every child, especially the most disadvantaged

5. LEVERAGING THE POWER OF BUSINESS AND MARKETS FOR CHILDREN

The private sector has a critical role to play in helping to improve the lives of children around the world. Over the next four years, UNICEF will deepen our engagement and strengthen our ability to leverage the power of business and markets to benefit children.

Under the Strategic Plan, we will:

- Deepen our partnerships in the private sector – leveraging their core business and innovation to better serve the needs of hard-to-reach children.
- Influence global and local markets for children – breaking down market barriers that inhibit children’s access to essential supplies and pursuing a research and development pipeline of vaccines, medicines and technologies to drive progress towards the achievement of the SDGs.
Change Strategy #5 – Leveraging business & markets for children

**Deepen** our private-sector partnerships, understanding their core businesses, innovation and advocacy to improve children’s lives.

**Create** healthy global and local markets – Influencing to break down market barriers that inhibit children’s access to essential supplies.

**Pursue** a research and development pipeline of vaccines, medicines and technologies to drive progress for children.
UNICEF’s Healthy Market Framework

The conceptual **Healthy Market** Framework represents a set of market (predominantly supply-side) attributes to measure the overall health of a market.

**TIER 4**
- Long term competition
- Diverse and local production base
- Product innovation

**TIER 3**
- Back-up supply capacity
- Individual supplier risks
- Quality Assurance risk

**TIER 2**
- Accommodate country product preferences & affordability

**TIER 1**
- Supply meets demand

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- **Final tier addresses longer term market objectives and sustainability.**
- **Next tier reflects risks that can be addressed by procurement tactics & other interventions.**
- Second building block is basic affordability and that relevant country preferences (presentation, packaging requirements, etc.) can be met.
- Foundational building block of a healthy market is supply meets demand.
- Markets that do not meet demand are not healthy.
Interagency Statement on Promoting Local Production of Medicines and other Health Technologies

• Launched during 72nd WHA technical briefing

• Six International Organizations, including UNICEF, aiming to work in a strategic and collaborative manner, in collaboration with governments and other stakeholders, to promote local production of medicines and other technologies.

• Local production can support achieving universal health coverage (UHC), and broader developmental objectives of the SDGs.
UNICEF’s approach to influencing markets

What we are aiming to achieve:

• To encourage existing and new suppliers to operate more actively/efficiently in global and local markets

• To mitigate misalignments in the market (and improve availability, affordability, quality, acceptability, sustainability, VfM, etc.)

• To incentivize developers to invest in appropriate production, and/or accelerating R&D and scale-up of innovative products

Ultimately, to create healthy markets whose goods and services can improve the lives of all children

Adapted from USAID, HEALTHY MARKETS FOR GLOBAL HEALTH: A Market Shaping Primer
Selected market influencing levers

**Pooled procurement**
- Enhanced economies of scale through larger order sizes
- Greater forecast accuracy from more predictable (smoothed) demand, enabling suppliers to better plan capacity

**Variant optimization**
- Reduces transaction costs by streamlining demand into rationalized set of product variants
- Economies of scale (through reduction of production lines, larger orders and more efficient production schedule)

**Harmonized QA standards**
- Lowering the barriers to entry for new suppliers by applying specific, uniform and transparent quality requirements.

**Special Contracting**
Contracts negotiated with suppliers, employing non-standard terms, typically with accompanying financing structures, to secure improved pricing (resulting in savings) and accelerated availability of supplies.

**Pull Incentives**
- Advance Market Commitment (AMC)
- Advance Purchase Commitment (APC)

**Demand forecasting**
- Greater demand transparency, enabling suppliers to shorten lead times and provide more stable availability
- Increased predictability of funded demand
- Aligned market size perceptions
- Suppliers can make more informed decisions around buying raw materials, planning for production, investing in future capacity and promoting their products.

**Information communication**
- Availability of market information for all actors thereby reducing information asymmetries and allowing more informed program and procurement decisions.
- Specific & bold targets that reflect market planning horizons

**Local industry engagement**
Incl. expanded use of technology transfers, licensing, franchising models etc.

**Supplier Financing**
Facilitated access to affordable working and growth capital

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Adapted from USAID, HEALTHY MARKETS FOR GLOBAL HEALTH: A Market Shaping Primer
Thank you!
Selected market influencing levers

**Special Contracting**

- **Aim**: Exceptional returns in terms of lower prices (resulting in savings) and/or accelerated availability of supplies / access to secured quantities.

- Contracts negotiated with suppliers, within a tender/bidding exercise, employing non-standard terms

- Contracts typically accompany financing structures, and examples include:
  - Firm Contracts
  - Pre-payments
  - Partial Firm Contracts
  - Pre-payment equivalent of firm contract
  - Option-based contracts

**Collaborate with governments, donors and development partners**

- Reduce transaction costs
- Increase market information
- Improve access to finance & technology
- Balance supplier and buyer risks

**Deepen partnerships**

Adapted from USAID, HEALTHY MARKETS FOR GLOBAL HEALTH: A Market Shaping Primer
Market Influencing

A strategic focus on essential supplies

UNICEF focuses on commodities that are essential for the needs of children and contribute to the achievement of the Sustainable Development Goals (SDGs). Some commodities are easily available and affordable, while the availability of others is limited, or in some instances, non-existent, in terms of quality and price required. UNICEF places a strategic focus on these supplies to shape healthy markets. UNICEF seeks to influence the market to achieve affordable prices, diversified supplier bases, competitive market landscapes, and quality products, fit for purpose, and in the right form for children.

UNICEF seeks to reduce the market barriers and constraints for existing and future products, as well as help develop new products to meet the programmatic needs of children, and build local level capacity to sustain development. Influencing markets requires an understanding of market forces, accurate forecasting, analysis, information transparency, engagement with industry, and a drive to achieve the best possible outcome for children.

Some of UNICEF’s Key Market Information Resources

- Market Notes
- Market Dashboard
- Price Database
- Supplier financing

- Key product and market information analysis
- High-level analysis of 69 key supply markets
- Price transparency based on commercial terms
- Financing options and sources in support of SMEs

- Product Innovation
- Validated List of Products

- Driving product development
- Validated list of health and nutrition products
UNICEF Market Notes - Communication with market actors

**Market notes & Manufacturer specific pricing**

[https://www.unicef.org/supply/index_54214.html](https://www.unicef.org/supply/index_54214.html)

**92 market notes published** during 2013-2019 (June) covering 38 essential commodities/groups

**Format:** Notes take variety of forms
- Market & Supply Updates
- Product Specifications
- Information and Guidance

**Aims**
- To inform demand (e.g. COs, suppliers, partners)
- Provide market signals (to suppliers, product developers)

**Content**
- Programmatic context / background
- Product requirements / standards / specifications
- Market trends (demand / supply / pricing / availability)
- Market / product issues / challenges / deficiencies - to be addressed

Updated –according to market dynamics / ideally 1x year / 1x 2 year – or 6 months as needed…