LEVERAGING SUPPLY TO GAIN BETTER RESULTS FOR PROGRAMME

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Introduction

- Every year, UNICEF supports the procurement of vaccines, safe injection equipment (SIE), cold chain equipment and other immunization supplies, on behalf of some 100 countries.
- Auto disable (AD) syringes are the main device used in immunization programmes. UNICEF procurement of 0.5 ml AD syringes represents 47% of the total market share, based on volume or 70% market share excluding India demand.
- Compared to vaccines, the procurement value of SIEs is small. However, delays in delivery have a significant negative impact on programmes.
- A major challenge in SIE delivery is the long lead time for shipping. Reducing transportation times reduces risks (and increases cost effectiveness) in delivery.

Objective

- Supply Security, influencing the market to ensure an uninterrupted, sustainable supply of affordable, quality assured safe injection equipment
- Achieve delivery efficiencies and improve programme implementation

Methodology

- An innovative procurement approach for SIEs was applied in the UNICEF tender covering the 2016 – 2017 demand. UNICEF actively engaged different levers including (i) changed procurement modalities, (ii) engaging industry and (iii) large volume commodities within the procurement strategy to achieve the objective.

Key results

The awards made resulted in:
- A 9% reduction in the weighted average price (WAP) resulting in anticipated savings of over $5.50 million for programmes.
- Healthier markets for key commodities.
- Improved delivery and transaction efficiency through the bundling of syringes and safety boxes (in 40% of the awards made).

UNICEF role in Influencing market

1. Product development
In the past 20 years, UNICEF and partners focused on safe injection within immunization by creating injection safety policy and implementing safety standards.

2. Scale-up
Since 1999, UNICEF has worked with key partners to develop the AD syringe market and expanded its supplier base. UNICEF sought to move away from a near sole-source market to one characterized by multiple suppliers with WHO prequalified products

Efficiency gains achieved

UNICEF identified that there were efficiency gains to be achieved through:
1. Awards of bundled supplies of syringes and safety boxes per supplier.
2. Changing the business processes to reduce the number of deliveries to countries as well as the reducing transactional workload.
3. Changing the approval framework, reducing the transactional work load by up to 51% for GAVI funded SIE procurement transactions.

1. Through bundled awards of SIE per supplier
Bundling awards of SIE per supplier provides the opportunity to ship all goods from one supplier to a country instead of having multiple deliveries from various suppliers. By awarding bundled contracts, the purchase orders are reduced resulting in reduction of workload at Supply Division and a subsequent decline in the overall number of shipments to countries.

2. Through changes in the business processes
Consolidation of orders for GAVI-funded devices has resulted in a decline in the overall number of shipments to countries. In 2015, the number of GAVI funded shipments in was reduced by over 30% (compared to 2013). While reductions were achieved in consolidating the receipt of SIEs and enabled bundled in-country distribution, the transactional workload however remains the same.

3. Changing the approval framework

Conclusions

- In 2016-2017, leveraging supply to gain better results for programmes resulted in: increased transactional efficiency, programme cost reduction and supply delivery efficiency.
- In the next 2018-2019 tender, UNICEF will continue leveraging supply by:
  - Changing the Approval Framework implemented by GAVI for 2017 approvals.
  - Increase bundled awards to gain greater transactional and delivery efficiency.
  - Inclusion of sustainable procurement (SP) targets.
  - Target: 20% of awards made to new local manufacturers by 2021.