Supply in the UNICEF structure

Executive Director
Anthony Lake

Programme Group
Deputy Exec Director,
Geeta Rao Gupta

Programme Division
Ted Chaiban

Emergencies
Afshan Khan

Supply
Shanelle Hall

Partnerships Group
Deputy Exec Director
Yoka Brandt

Division of Communication
Paloma Escudero

Public Partnerships
Olav Kjorvan

Policy & Research
Jeff O'Malley

Private Sector Partnerships
Gerard Bocquenet

Management Group
Dep Exec Director
Martin Mogwanja

Financial Management & Admin
(incoming)

Human Resources
Richard Bridle

IT
(incoming)

Global Service Centre

Field Results Group
Dep Exec Director
Omar Abdi

Regional Directors (7)

Country Offices
UNICEF Strategic Plan 2014-2017- realizing the rights of every child, especially the most disadvantaged

SURVIVE FROM ARRIVAL

TO THRIVE INTO ADULTHOOD

1 HEALTH
2 HIV & AIDS
3 WASH
4 NUTRITION
5 EDUCATION
6 CHILD PROTECTION
7 SOCIAL INCLUSION

Realizing the Rights of Every Child
While headquartered in Supply Division (Copenhagen), the Supply Function is a core area of work for UNICEF in 98 countries, plus 60 sub-offices,
66% of UNICEF Country Office have plans to support the strengthening of Government supply chains

98% of the 102 participants responded
Supply chain strengthening engagement covers range of supply chain aspects

- Procurement
- Emergency preparedness & response
- Warehousing
- In-country logistics
- Needs assessment
- Quality assurance/technical standards
- Preventing stock-outs of key products
- Overall supply chain for district and/or sector
- Monitoring/fit-for-purpose
- Customs/import clearance
- Inspection of goods
- Policy advice
- Other
Supply chains for health sectors receive greatest focus

- Nutrition
- Immunization
- Health
- Cold chain
- Essential medicines
- Education
- WASH
- Other

98% of the 102 participants responded
66%, provided sector information

- COs work with a variety of partners: public & GVT, UN agencies, MSF, CHAI, PATH, JSI...
UNICEF country offices have product innovation planned across programmes

- Nutrition
- Health
- Cold chain
- Immunization
- WASH
- Education
- Essential medicines
- Other

- On-going in SD
  - Temperature Control in-transit
  - Thermal energy for Cold Boxes

- On-going in SD
  - Real-Time e-coli Testing
  - Automatic Chlorine Generator
  - Improved Jerry Can
  - Latrine Slab
  - Menstruation Care for Adolescent Girls

- On-going in SD
  - Design of School Furniture

- On-going in SD
  - ORS/Zinc Repackaging
  - Amoxicillin Dispersible

- On-going in SD
  - Birth Registration
  - Vaccines stock-out visual data
  - Emergency Tents
  - Emergency Packaging & Labeling
Country Offices note product and market issues key to access at global and local levels

Market Access Issues

Global (47 respondents; 46%)
- Availability
- Pricing
- Quality
- Packaging
- Financing
- Licensing
- Market Situation & Capacity

Local/Regional (31 respondents; 30%)
- Availability
- Pricing
- Quality
- Packaging
- Financing
- Licensing
- Market Situation & Capacity
SUPPLY DIVISION
& IMMUNIZATION SUPPLIES
UNICEF Supply Strategies 2014-2017

UNICEF Outcome Areas
- Health
- HIV/AIDS
- WASH
- Nutrition
- Education
- Protection
- Inclusion

UNICEF Global Supply Strategies
- Service Delivery
- Emergencies
- Strengthening Supply Chains with Governments
- Influencing Markets
- Product Innovation
- Monitoring
- Supply Community
- Optimising UNICEF Supply Working
- Together for Results
- Evaluation
- Partnerships
Supplies are a key component to achieve programme results—major commodity groups

2013: $2.9 billion in supplies and services

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vaccines</td>
<td>$1,286</td>
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<tr>
<td>Pharmaceuticals</td>
<td>$197</td>
</tr>
<tr>
<td>Nutrition</td>
<td>$166</td>
</tr>
<tr>
<td>Medical supplies and equipment</td>
<td>$111</td>
</tr>
<tr>
<td>International freight</td>
<td>$101</td>
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<tr>
<td>Bed nets</td>
<td>$91</td>
</tr>
<tr>
<td>Construction</td>
<td>$70</td>
</tr>
<tr>
<td>Water &amp; Sanitation</td>
<td>$91</td>
</tr>
<tr>
<td>Education Supplies</td>
<td>$57</td>
</tr>
<tr>
<td>Printing</td>
<td>$42</td>
</tr>
</tbody>
</table>

Approximately $1.4 billion via Procurement Services
Procurement on behalf of governments and other partners, including GAVI (approx. $.8B).

Not subject to regular UNICEF recovery (5-8%) but a fee to defray costs. For vaccines ~1.3% - 4%.
Supply Division - the Organisation

Programme & Market Expertise
- Deputy Director Supply Programme
- Medicines & Nutrition Centre
- Health Technology Centre
- Vaccine Centre
- Procurement Services Centre
- Water Sanitation & Education Centre
- Innovation

Normative & Supply Chain
- Deputy Director Supply Chain
- Contracting Centre
- Emergency
- The Warehouse
- The Transport Centre
- Quality Assurance Centre
- SD Supply Chain Optimisation

Operations
- Deputy Director Operations
- Operational Analysis & Technology Centre
- Human Resources Centre
- Financial Management & Administration Centre
- Evaluation Manager

Cross-cutting & Catalytic
- Market, Finance & Data
- Supply Chain Strengthening
- Knowledge Sharing and Solutions Unit

2014 (P5-D1-D2)
52% female
42% programme country
70% of flights to Africa arrived after 20:00
80% of flights met by UNICEF CO staff
UNICEF procuring range of immunization supplies on behalf of 80-100 countries annually


Safe Injection equipment

Cold Chain Equipment

Vaccines Supplies: US$ 1.285 billion  
2.79 billion doses  
2,185 deliveries

Countries UNICEF procures on behalf of

- Blue: Full EPI schedule
- Red: Partial EPI schedule
## GNI classification of countries procuring through UNICEF

**Bar Chart: No. of Countries in WB income income category**

<table>
<thead>
<tr>
<th>Year</th>
<th>HIGH INCOME</th>
<th>MIDDLE INCOME</th>
<th>LOW INCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
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<td>31</td>
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<td>28</td>
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<tr>
<td>2013</td>
<td>1</td>
<td>56</td>
<td>36</td>
</tr>
</tbody>
</table>
Annual vaccine procurement value has increased significantly since 2000

Recent increases in value driven by new vaccine introduction

2010: decrease due to price reductions and India self-procurement of OPV

Campaign activities (polio, measles), new vaccines, price increases, boosting routine activities

Source: UNICEF Supply Division
A considerable portion of vaccines procured by UNICEF come from emerging market country manufacturers

2013: 1.55 billion doses with a value of $507 million

Source: UNICEF Supply Division
INFLUENCING MARKETS
Influencing Markets and Policies for Strategic Essential Supplies

Objectives:
• Availability
• Quality
• Affordability
• Sustainability
• Innovation
• Competitive markets

Via different strategies:
• Transparent markets
• Forecasts
• Industry Forums
• Innovative Financing
• Collaboration with partners
• Tender duration
• Local production/markets
• Pooling demand

Projected decreasing cost of vaccines: DTP, Hib, HepB, Rotavirus, Pneumococcal per fully immunised child

Target: MIC have access to new vaccines, at prices approx. 20% above LIC

Target below $19 by 2017
Projected minimum savings of $810 million 2012-2017

2012 savings: $197 million

- Bed nets $7.5 million
- Oral polio vaccine $12.8 million
- Rotavirus vaccine $51.2 million
- Anti-retrovirals $12.7 million
- Pentavalent vaccine $108 million

2013 savings: $170 million

- Bed nets $16.8 million
- Pentavalent vaccine $19.8 million
- ARV medicines $28.6 million
- Rotavirus vaccine $108.4 million
- Oral polio vaccine $7.7 million
- Medical equipment $7.7 million

*Savings to Governments, GAVI, UNICEF, etc.
Safe injection

AD Syringes
Reduction in the WAP by 11%, estimated savings >$5m for tender period 2014-2015
Implementation of Landed cost evaluation
Quality Assured supply base
Healthier market, 4 suppliers, more balanced
Injection Safety
  Programmatic Preference for disabling technology implemented on activation of Device
The Markets Dashboard

Taking inspiration from UNITAID's Market Dynamics Dashboard, UNICEF developed and began publishing its own Markets Dashboard during 2013. The Dashboard monitors the market dynamics of more than 50 essential commodities for women and children. It provides a qualitative assessment of the determinants of a healthy market, including:

- Availability
- Affordability
- Competition
- Quality
- Acceptability
- Delivery
- Funding security

This qualitative assessment helps to identify elements that contribute to gaps between supply and demand of particular products and suggests opportunities to catalyse frameworks and interventions that will achieve a more balanced market.

For example, some market shortcomings may call for engagement on a traditional procurement strategy basis where UNICEF may pool demand to achieve improved scale purchasing and better visibility for manufacturers.

Other contexts may suggest that UNICEF should support Country Offices in developing a quality local supplier base from which it can source the commodity. Where there are gaps in quality standard-setting, UNICEF may be well positioned to positively influence market dynamics by collaborating with partners and publishing the normative guidelines that it follows.

The Markets Dashboard is updated and published twice a year. Placing the analysis in the public domain informs debates amongst stakeholders who include governments, international procurement agencies and manufacturers. The outcome of these discussions and ideas can underpin UNICEF's policies, and approaches to make products more available and affordable for children. Additionally, these new insights provide UNICEF with an opportunity to challenge the assumptions underlying its own procurement decisions and strategies.

UNICEF is increasingly disclosing high-level strategies within this context to continue to spur debate and build on transparency initiatives. Feedback is welcome and can be provided via the links at the UNICEF Supply website.

See the latest UNICEF Markets Dashboard at: http://www.unicef.org/supply/index_70578.html
Publications on **Products & Markets** for key supplies for children

Communication pieces issued on various market situations of Health Products including to support Government knowledge:

VACCINE FINANCING
Financing needs are rapidly increasing

**UNICEF currently has a bridge financing request run-rate of $100 million annually**

- More than 60% of these requests were for vaccines.
- UNICEF was able to accommodate bridge financings for $61 million of these requests, but at a cost, as it temporarily made other funds (including RR and OR) unavailable to their originally purposed uses.

**The #1 reported cause for vaccine stock-outs in 2012-2013 was a delay / lack of funding.**

- In cases where Governments have fully resourced their immunization spending, there are often delays in the budget being released.
- Countries (recent examples include DRC, Nigeria, Malawi, Ukraine) have also been experiencing an accelerating number of Routine Immunization (RI) stock-outs (or near-stock-outs) on account of funding delays.

**Country example:** Nigeria Routine Immunization represents a substantial need which will require significant financing during 2015 (likely $50 million of financing), in addition to expected financing required for the next polio agreement implementation (JICA).

**Some Countries are not meeting their GAVI co-financing obligations on time** (26 were in default at January 2014 and 14 were still in default at June 2014).
Revitalizing a financial mechanism for immunization - the Vaccine Independence Initiative

• A financial mechanism to ensure a systematic, sustainable vaccine supply for countries which can afford to finance their own vaccine needs but may require certain support services

• Flexible credit terms which enable the country to pay after the vaccine is received, and UNICEF can accept local or hard currency payment

• VII right-sizing- for decision at UNICEF Executive Board in February 2015
  – Increase Capital base from $10M to $100M
  – Review of subscribing country ceiling including to maximise turns
  – Potential product scope covered to reflect countries’ current health and other commodity needs
Financing key across Decisions letters and important trigger for country planning and procurement actions: timing of GAVI approvals

The percentages indicate the proportion of the total number of GAVI decision letters for the specific approval year received per month / quarter.
MIDDLE INCOME COUNTRIES
UNICEF strategy for Middle Income Countries supporting access to new vaccines

- Aggregate multi-year demand forecasts for new vaccines to provide better visibility to industry.
- Pool new vaccine procurement on behalf of interested MICs to improve predictability, reduce transaction costs and improve pricing.
- Providing financing options to countries (e.g., VII)
- Support in-country advocacy

Coordination of MIC support activities with partners:
- WHO global policy and coordination framework
- V3P project: information sharing platform on vaccine prices and procurement methodologies to provide increased transparency
- GAVI support to graduating countries
- Advocacy (MSF, Save the Children)

- Share knowledge of (i) the global vaccine market, (ii) Vaccine Security and underlying elements of forecasting, funding and appropriate contracting, (iii) vaccine procurement.
  - Issue market analyses to inform governments on the availability of new vaccines.
  - Publish Reference Prices to serve as a benchmark for bilateral negotiations.

- GAVI graduating country transition planning
- Vaccine Procurement System Assessments
- Regional Vaccine Procurement Workshops
- Vaccine Procurement Practitioners Exchange Forum

Aggregate Demand, Pooled Procurement & Financing

Information

Capacity Building/Technical Assistance

Strategic Partnerships

Aggregate Demand, Pooled Procurement & Financing

Information

Capacity Building/Technical Assistance

Strategic Partnerships
UNICEF procurement for MICs is mainly to increase and sustain access. Approx. 20 countries ‘graduate’ from GAVI support through 2020

- Procurement via UNICEF will continue to be an option.
- Expectation is that pricing will be the same as GAVI pricing
- UNICEF hosting series of Procurement Practitioner exchanges with Gov’t buyers
- Expanding VII to help with financing
Analysis of markets over time serving MICs - example Pentavalent

• Post-2009/2010 inflection point in price reductions following substantial increase in ‘coverage’ marked by dominance of supply increase over demand increase

• Dip in overall ‘coverage’ due to de-listings, issues in 2011-2013 did not seem to generate negative impact to momentum

• Directional increase in ‘coverage’ is overstated as does not include non-penta, Hib-containing supply, so slope is likely much lower (but still positive)

• Note: Early years estimated demand based upon all ‘Hib-containing’ formulation / introduction
STRENGTHENING SUPPLY CHAINS
## Supply chain Strengthening with Governments

### Improving supply chain performance within different modalities

<table>
<thead>
<tr>
<th>Different modalities of Service-Delivery</th>
<th>Definition of Need</th>
<th>Budgeting &amp; Planning</th>
<th>Procurement</th>
<th>Delivery &amp; Clearance</th>
<th>Inspection</th>
<th>Warehousing, Distribution &amp; Reorder</th>
<th>Utilisation</th>
<th>Monitoring &amp; Evaluation</th>
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<tbody>
<tr>
<td>a</td>
<td>UNICEF</td>
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<td>Government</td>
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<td>Government</td>
</tr>
</tbody>
</table>

**Capacity Development:** Focus on sharing UNICEF added-value (expertise on markets, products, inventory, monitoring & convene STS (predominantly e)

**Strengthening together** (a, b, c, d)

**Optimising UNICEF** (a, b, c)

### Via

- Supply Chain as professional discipline
- Monitoring dashboards
- LMIS systems
- Investment
- Focus & political will

### Set Performance Targets e.g.,

- Reduce stock-outs
- Improve timeliness
- Supplies reach most remote locations
- Reduce long-held inventory
Ongoing support: Nigeria, DRC, Kenya, Afghanistan, Sierra Leone (pre-ebola), Niger, Namibia, Ukraine

New strategies: GAVI Immunisation Supply Chain, People that Deliver, WHO-UNICEF Hub

- Data & visibility
- People (every country should have dedicated iSupply Chain professionals)
- Practices (including exchanges between countries)
- Design (based on different needs, including within a country)
- Assessment tool- EVM

New tools:
- Cold Chain selection package, including focus on new Solar technologies
- Time-temperature monitoring, via SMS (DRC, Sierra Leone, etc.)
- Pilot: VIVA– visualisation of national stock levels & vaccine pipeline (Nigeria, Niger, DRC, Botswana)
- Pilot: e-Vaccine Arrival Reports (4 countries in Dec, incl. Nigeria)
- Pilot: barcoding for ease of receipt and on tracking
What does success look like for children?

- Polio eradication is on-track. Countries introduce new vaccines and sustain coverage with new and traditional vaccines in order to reduce mortality and morbidity from vaccine preventable diseases.

- Market are healthy & vaccine prices are lower:
  - New vaccine (PCV, Rotavirus, HPV, IPV) for Middle Income Countries
  - Full schedule of childhood vaccines for Low Income Countries (DTP, HepB, Hib, Measles/MR, BCG, Rota, PCV)

- Countries are able to sustain their own vaccine procurement processes

- Country immunization supply chains are measurably better performing
Thank you!