
Overview on Procurement and Supply Processes for LLINs

**RBM Procurement and Supply
Management Working Group**



Session Objectives

At the end of this session, participants will be able to:

- Identify the steps of the procurement cycle for LLINs
- Familiarize themselves with procurement and supply processes for LLINs
- Identify challenges and critical issues in procurement and supply of LLINs

Session Outline

- Definition of terms
- Procurement cycle
- Potential Procurement Players
- Objectives of a Good Procurement Program
- Operational Principles for Good Procurement
- Impact of Hidden Costs in Procurement
- Good Procurement Practices
- Planning for Procurement
- Procurement Process
- Procurement Methods
- Comparison of Methods
- Procurement Options for LLINs
- Benefits of Good Supplier Selection
- Procurement and Supply of LLINs – Challenges and Critical Issues

Definition of Terms

Conventionally treated net

‘a mosquito net that has been treated by dipping in a WHO-recommended insecticide. To ensure its continued insecticidal effect, the net should be re-treated after three washes, or at least once a year’

WHO GMP: Position Statement on ITNs, August 2007

Long lasting insecticidal treated net (LLIN)

‘a factory-treated mosquito net made with netting material that has insecticide incorporated within or bound around the fibres. The net must retain its effective biological activity without re-treatment for at least 20 WHO standard washes under laboratory conditions and three years of recommended use under field conditions’

WHO GMP: Position Statement on ITNs, August 2007

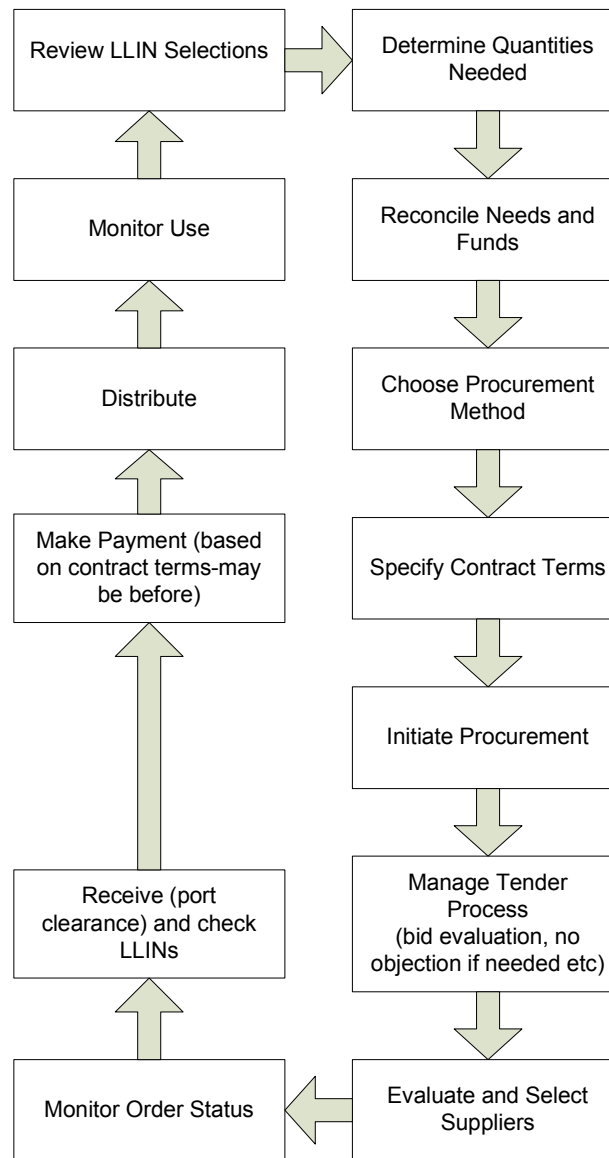
Definition of Terms (2)

Procurement

(From a health perspective) - the process of acquiring medicines and medical supplies/services at the best possible cost, in the right quantities, of desired quality, in the right place and at the right time.

Supplies have to be from approved sources, and should be obtained under a clear and enforceable contract.

The Procurement Cycle



Potential Procurement Players

•Buyer

- Donor
- Government: procurement office, tender board, tender committee
- Procurement agent
- International organization (e.g. UNICEF, UNOPS)
- Nongovernmental organization or government aid agent

•Seller

- Manufacturer
- Procurement Agent
- Wholesaler

Potential Procurement Players (2)

- Donor/s
- Regulators
 - WHOPES
 - In country regulatory authority (Ministry of Agriculture, Ministry of Health etc), if applicable
- Wholesaler
- Inspection agent
- Clearing agent
- Freight forwarder
- Insurance claims assessor
- Other: depending on type of campaign, mass distribution (EPI)

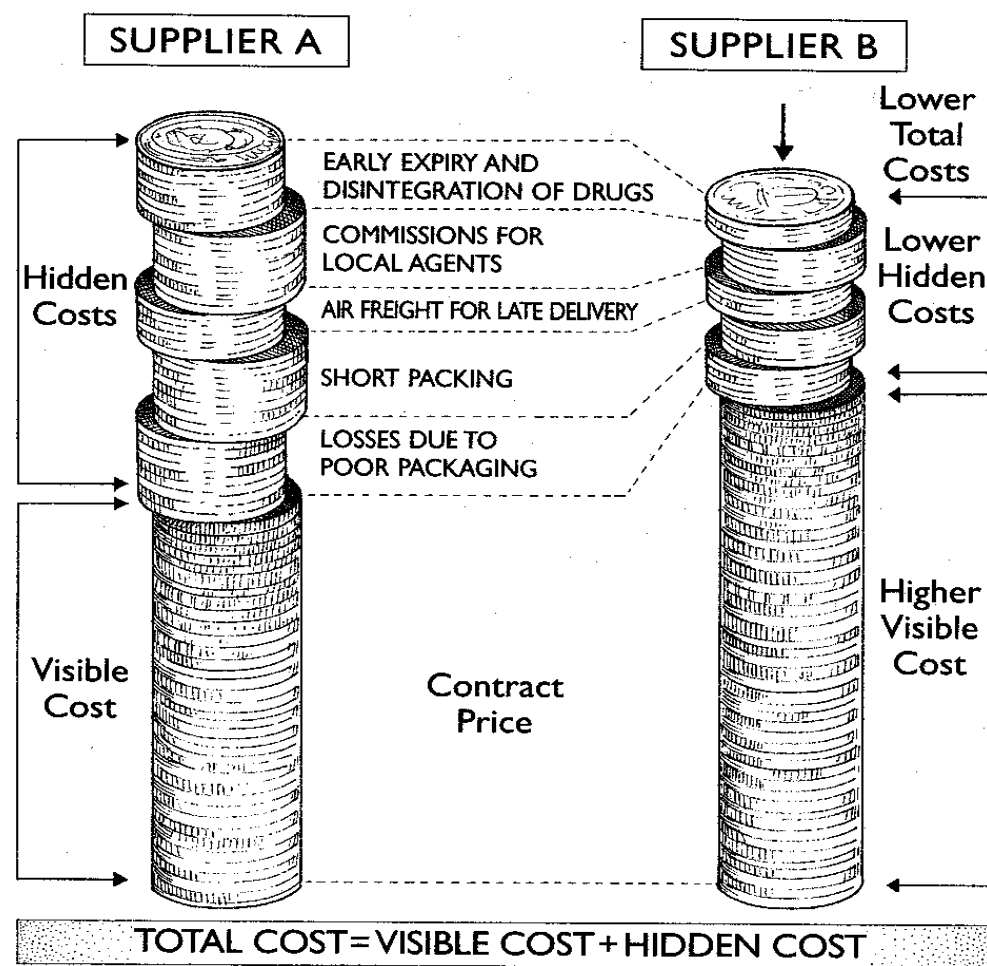
Objectives of a Good Procurement Program

- Procure the right medicines/nets in the right quantities at the lowest possible purchase price
- Select reliable suppliers of quality products (i.e. WHOPES recommended)
- Ensure timely delivery and notification
- Ensure the lowest possible total cost

Operational Principles for Good Procurement

- Efficient and transparent management of process
- Product selection and quantification
- Financing and competition
- Supplier selection and quality assurance
- Timely receipt of LLINs

Impact of Hidden Costs in Procurement



Source: MSH (1997)

Procurement and Supply Management of LLINs Workshop, 13-15 October 2009

Good Procurement Practices

- In accordance with national and donor policy
- Procurement in bulk
- Competitive bidding process (based on pre-qualification)
- Commitment to evaluated source/s
- Formal supplier qualification and monitoring
- Order quantities based on reliable estimate of actual need
- Timely payment and use good financial management
- Transparency and follow written procurement procedures
- Separate key functions
- Quality assurance mechanisms (pre- or post- shipment)
- Annual audit with published results
- Regular reporting on performance
- Coordinate of multiple sources and donors (MoH, GF, PMI, WB Booster)

Planning for Procurement

- Plan for procurement lead time: in country procedures as well as supplier lead time
- Ensure that all support costs related to LLINs distribution, logistics, training, monitoring, and continuous information and education for use of LLINs are budgeted for in order to deliver the LLINs to the target population during program implementation
- For planning purposes: standard FOB prices for rectangular LLINs range from USD 4 to 7
- Involve appropriate stakeholders
- Obtain copy of written procurement procedures
- Determine and assign roles and responsibilities
- Obtain information on storage and distribution capacity (in case of staggered deliveries)
- Determine proportions for mass distribution (campaigns) and routing delivery

Procurement Process

- Decide on method of procurement based on donor guidelines and country policy
 - VPP
- Compile product specifications
- Determine procurement parameters
 - Type of distribution: routine/campaign
 - Procurement period
 - Expected procurement lead time
 - Safety stock requirements
- Quantify requirements
 - According to estimated life span of LLIN
- Verify budget estimates and secure funds

Procurement Process (2)

- Decide on/verify procurement procedures
 - Tender committee, assign responsibilities, documentation, laws and waivers (if needed)
- Inform all stakeholders
 - Ministry of Health
 - Ministry of Finance
 - Central Medical Stores/other storage and distribution facility
 - EPI or other stakeholders for campaigns
- Determine supplier selection and adjudication criteria
- Obtain approval from tender committee, finance department, donor

Procurement Process (3)

- Prepare tender documentation
- Advertise and invite bids
- Open bids
- Adjudicate offers
- Award tender
- Contract
- Make financial arrangements
 - Explore direct payment and/or other payment options
- Monitor performance

Procurement Methods

- Open tender
- Restricted tender
- Competitive negotiation
- Direct procurement

Comparison of Methods

Method	Effect on Price	Lead Time	Workload
Open Tender	Usually lowest prices	Moderate to long	High
Restricted Tender	Favorable	Moderate to long	High
Competitive Negotiation	Can be favorable	Short to moderate	Moderate
Direct Procurement	Usually highest prices	Short to moderate	Low

Procurement Options for LLINs

Open Tender

- Competitive Bidding
 - International Competitive Bidding (ICB)

Restricted Tender

- Limited International Competitive Bidding
 - ICB with prequalification
- Request for quotations
- Procurement through UN agencies and others

Benefits of Good Supplier Selection

- Minimizes the procurement costs
- Helps ensure that the LLINs procured meet the desired quality standards
- Helps ensure that suppliers are reliable and will deliver the specified quantity and quality within the expected delivery period

Procurement and Supply of LLINs – Challenges and Critical Issues

1. Sources of LLINs

- a. Limited manufacturers of LLINs – how many? Their capacity ?
- b. WHOPEs certified versus uncertified sources
- c. Can current demand for LLINs be met?

2. Funding for LLIN procurement and supply

- a. Sources of funding – governments, Global Fund, World Bank, PMI
- b. Donor requirements / guidelines
- c. Time required to access funding
- d. Coordination of multiple funding mechanisms

3. Forecasting and quantification

- a. Universal coverage – 1LLIN for 2 people
- b. Estimate of old nets needing replacement
- c. Lack of accurate and timely data for quantification resulting from poor records and inventory control

Procurement and Supply of LLINs – Challenges and Critical Issues (2)

4. Procurement process

- a. Tender/bidding → manufacturing → shipping
- b. Impact on procurement lead time
- c. Delays in bid evaluation
- d. Delayed delivery and lack of consequences / fines

5. Procurement policy and regulatory framework

- a. Absence of a comprehensive procurement policy
- b. Inadequate rules, regulations and structures

6. Country versus third party procurement agents

- a. Lead times – 7-9 months for country procurement; 3-4 months for third party procurement agents
- b. Effect on country-based procurement capacity

Procurement and Supply of LLINs – Challenges and Critical Issues (2)

7. Shipping / transportation

- a. Product characteristics – volume
- b. In-country storage and distribution capacity

7. Distribution/delivery strategies

- a. Public delivery systems - routine services (ANC, MCH, EPI clinics); enhanced routine (child health days/week)
- b. Mixed public-private systems – voucher systems
- c. Private systems – employer based, retail sector
- d. Community based – CBOs, NGOs, women's groups

9. Regulatory issues, Quality Assurance and Quality Control

- a. Poor capacity for inspection at ports
- b. In-country registration
- c. In-country QA & QC

Procurement and Supply of LLINs – Challenges and Critical Issues (3)

10. Human resource capacity

- a. Limited staff with adequate experience and training to carry out LLIN procurement and supply functions at different levels

11. Monitoring and evaluation

- a. Performance indicators for LLIN PSM process
- b. Monitoring use – lack of effective monitoring of use of LLINs
- c. Poor information on age of nets in the community – for replacement

Overcoming Challenges

- Plan, plan, plan
- Involve relevant stakeholders early in the process
- Depending on destination, delivery time can be over three months
 - Allow for a procurement lead time of 5-6 months
- Ensure funds are on hand
- Global Fund: If an LLIN is specified in the grant, then a WHOPES-recommended LN must be procured. LLINs should be WHOPES recommended to ensure quality
- Plan carefully and well in advance for procurement to synchronize arrival with distribution
- Consider consequences or fines for delayed delivery
- Continuous training of staff in LLIN procurement and supply functions

Questions / Comments?