

UNICEF roadmap on local production and local procurement

Building on progress to date

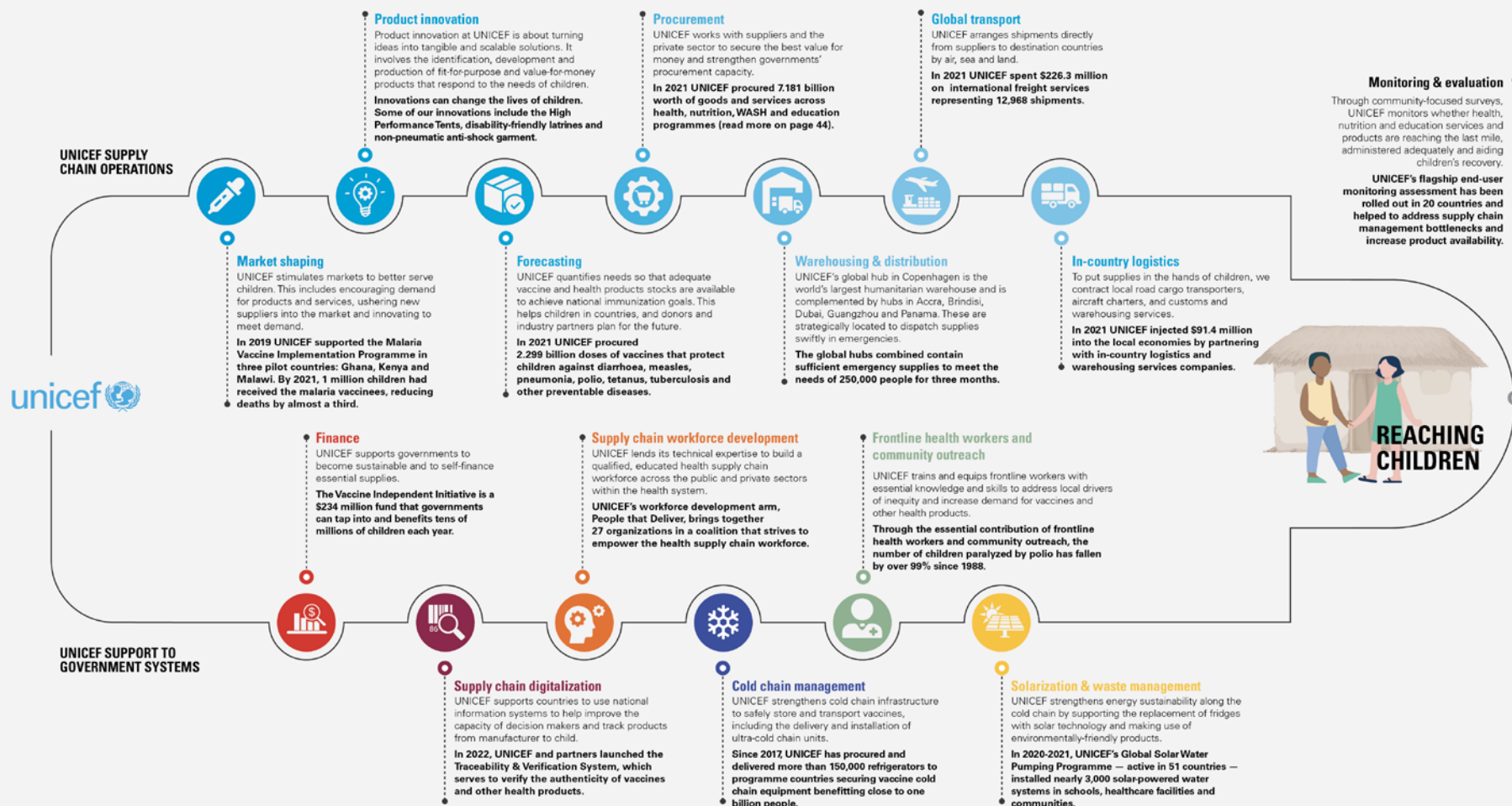
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The big picture

UNICEF's localization agenda goes far beyond procurement and manufacturing – it is part of UNICEF's broader systems strengthening agenda – and its commitments to Humanitarian Action for Children.



Transformative Supply Chains



Local markets and suppliers, as well as cash transfers frame our work in localization

STRATEGIC AREA 11: Local economies and localization

UNICEF leverages its position in global and local markets and in its work with development partners, governments and the private sector to foster healthy markets for existing products and services. This includes helping to develop and scale-up new products that meet programmatic needs, and building local-level capacity to sustain development.⁵⁵

UNICEF is positioned to inform the livelihood options for local communities and to promote access to such programmes as humanitarian cash transfer and social protection. Local actors' engagement and involvement in humanitarian cash working groups and social protection programmes are emerging. Cash working groups need to align and coordinate with the social protection working/coordination groups, which exist in all countries, often coordinated by the relevant government ministry. Such an arrangement could also be used as a forum to engage the government and private sector to implement measures that ensure the continuation of critical market functions, which would be a lifeline for affected communities, including children. It is crucial for UNICEF programming to 'do no harm' to local market systems, to not undermine local economies, nor to affect communities' coping strategies.⁵⁶



TECHNICAL NOTE

Localization in Humanitarian Action for Children

Recommended actions

1. UNICEF should link its humanitarian cash transfer systems and social protection systems to enhance the efficiency and effectiveness of cash transfers at the community level.
2. UNICEF supply divisions and country offices should procure from local markets wherever possible, and import supplies only when needed. However, the size of contracts, payment terms, and access to credit and working capital might prevent some local actors from being able to supply large orders in some crises.⁵⁷
3. UNICEF should support and buy supplies from local businesses that operate and produce products that are environmentally friendly and provide decent benefits to their employees.
4. UNICEF country offices should consider the impact of aggregate volumes of aid on local markets and be cautious of price increases by agents wishing to monopolize aid contracts through their connections and the ability to pre-finance.
5. UNICEF country offices should include market assessment as part of the needs assessments or situational analyses for critical sectors such as education, water, health and nutrition.



Why is local production important for UNICEF?

Improve access

Locally adapted products
Reduce transportation cost
Reduce delivery lead time
Diversified supplier base

Economic development

Support local economies/job creation

National / regional sovereignty of country governments to allocate essential supplies

Raising quality and environmental standards for the benefit of local consumers

Incentivize domestic financing

Potential for governments to increase the fiscal space by allocating resources to procure locally



1. Saving children's lives:

- **SDG 3** “ensure healthy lives and promote well-being for all at all ages”,

2. Supporting sustainable economic development

- **SDG 8** “promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- **SDG 9** “build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”

This links with UNICEF’s strategic area 11 around localization in humanitarian action for children

Global Supply Hub in Addis Ababa

UNICEF's Global Supply Hub in Addis Ababa

will move services closer to beneficiaries and support end-to-end supply chains systems strengthening through:

Financial sustainability

- Address funds disbursement challenges
- Potential procurement savings
- Build government capacity to budget for program activities

Capacity building

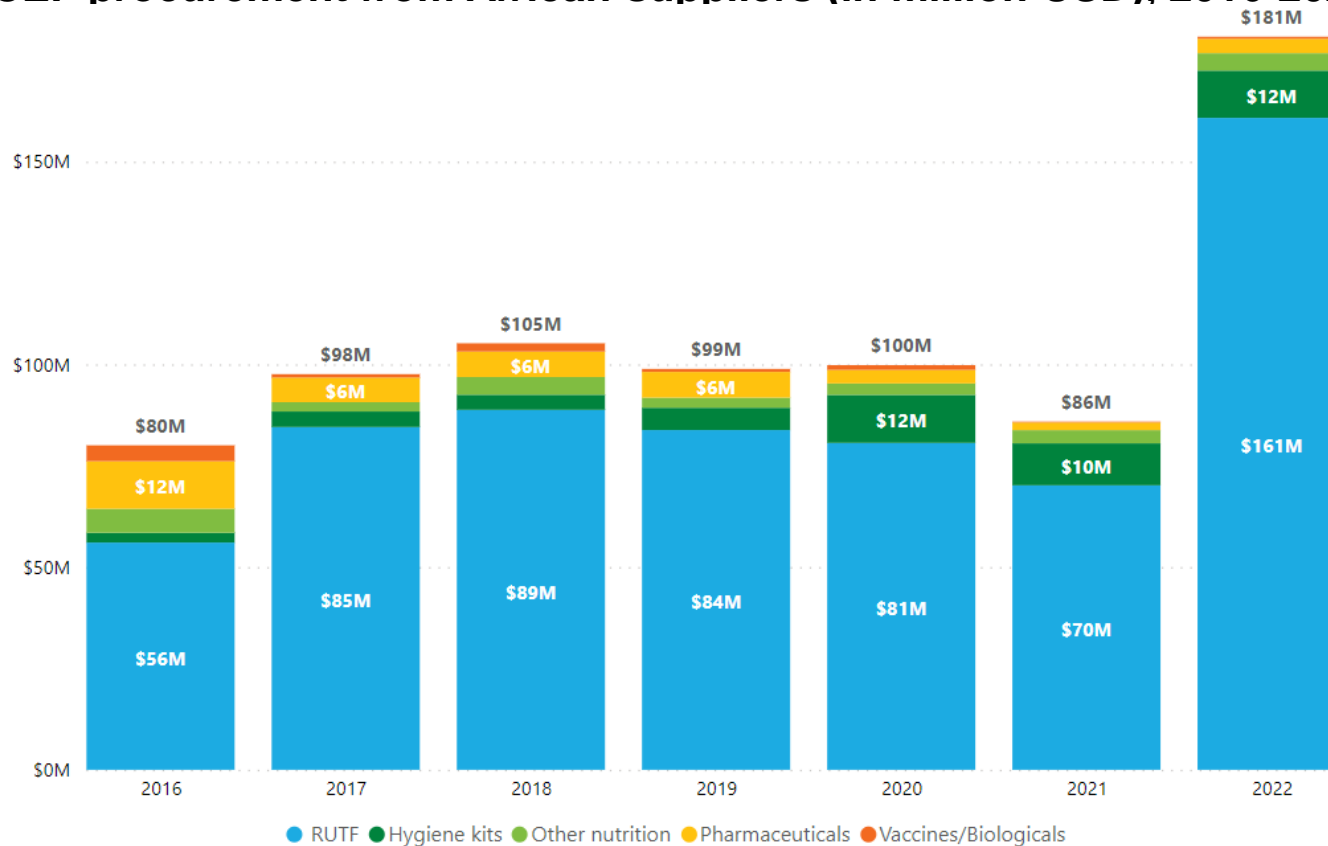
- Distribution
- Warehousing
- Digitalized supply chain management systems (LMIS)

Local production roadmap and market research

- Market research
- Demand forecasting
- Quality assurance

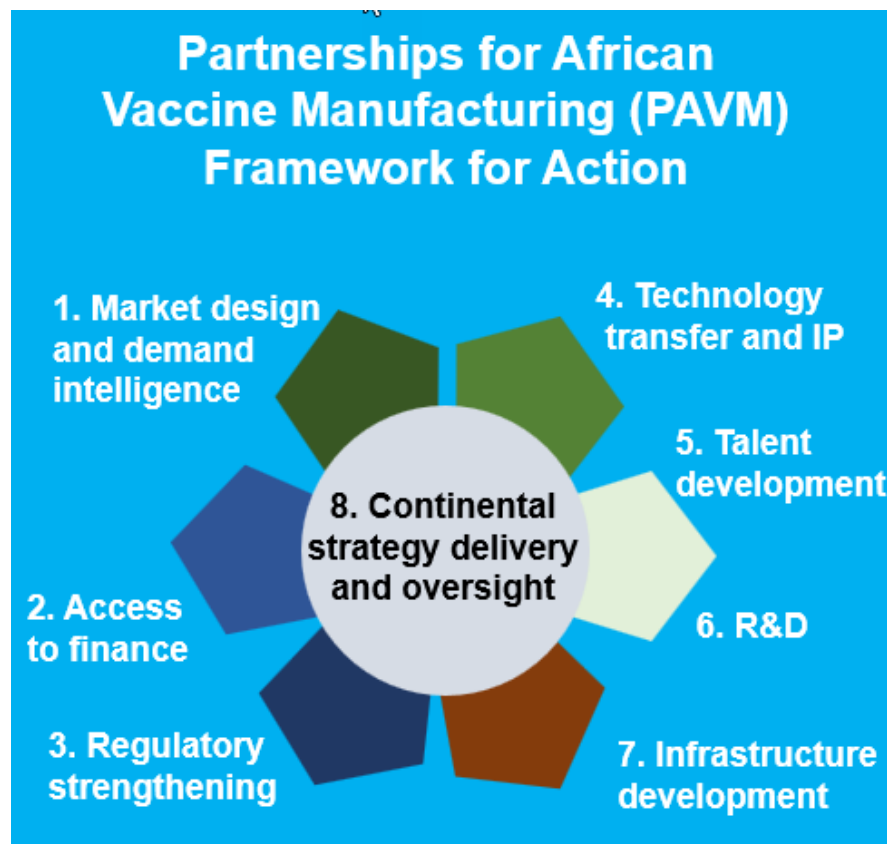
UNICEF procurement from African suppliers

UNICEF procurement from African suppliers (in million USD), 2016-2022



From 2016 to 2022, \$748 million worth of ready-to-use therapeutic food (RUTF), other nutrition items, hygiene kits, pharmaceuticals and vaccines/biologicals were procured from African suppliers, the majority of which was RUTF.

Localization in Africa: Production



UNICEF seeks to ensure the uninterrupted supply of vaccines and essential medical supplies to maximize health impact while supporting national governments to build capacity.

As both a development agency and a procurement body, UNICEF supports the African Union in its ambition *to develop, produce, and supply over 60% of the total vaccine doses required on the continent by 2040*, through:

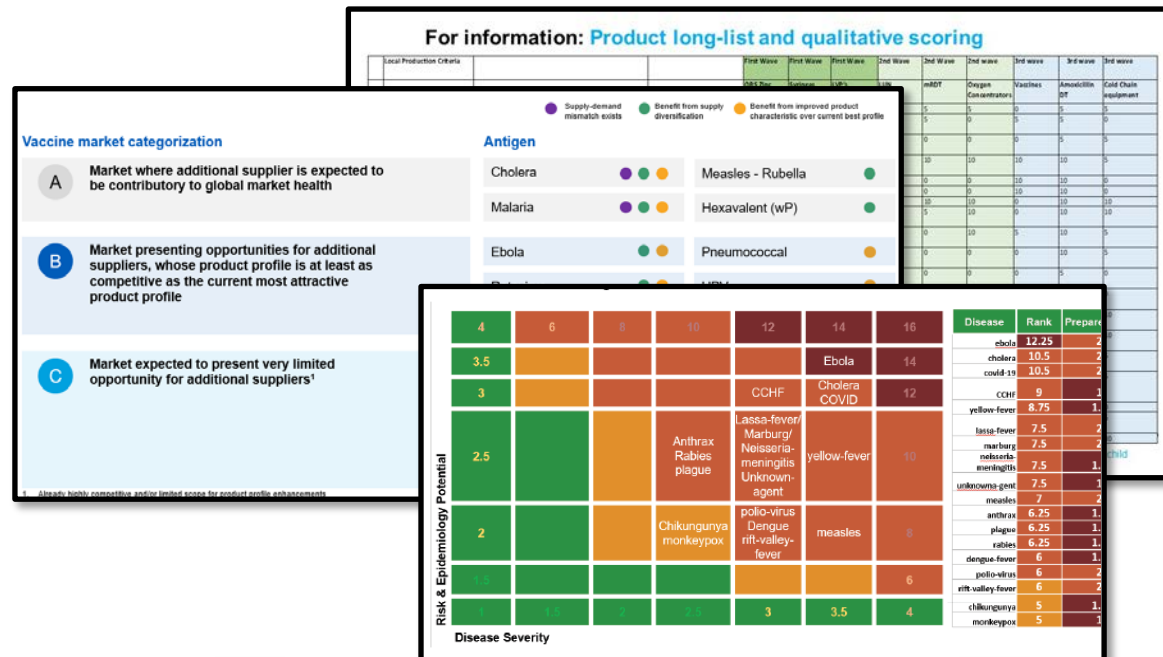
- Knowledge sharing
- Capacity building
- Supporting the entry of prequalified products
- Active engagement with partners to further advance local manufacturing and procurement

PAVM has indicated its intent to broaden its focus to medicines and diagnostics.

Increasing African production

Priorities:

1. Vaccines, in collaboration with GAVI and Africa CDC
2. Other products through a rigorous analysis at SD

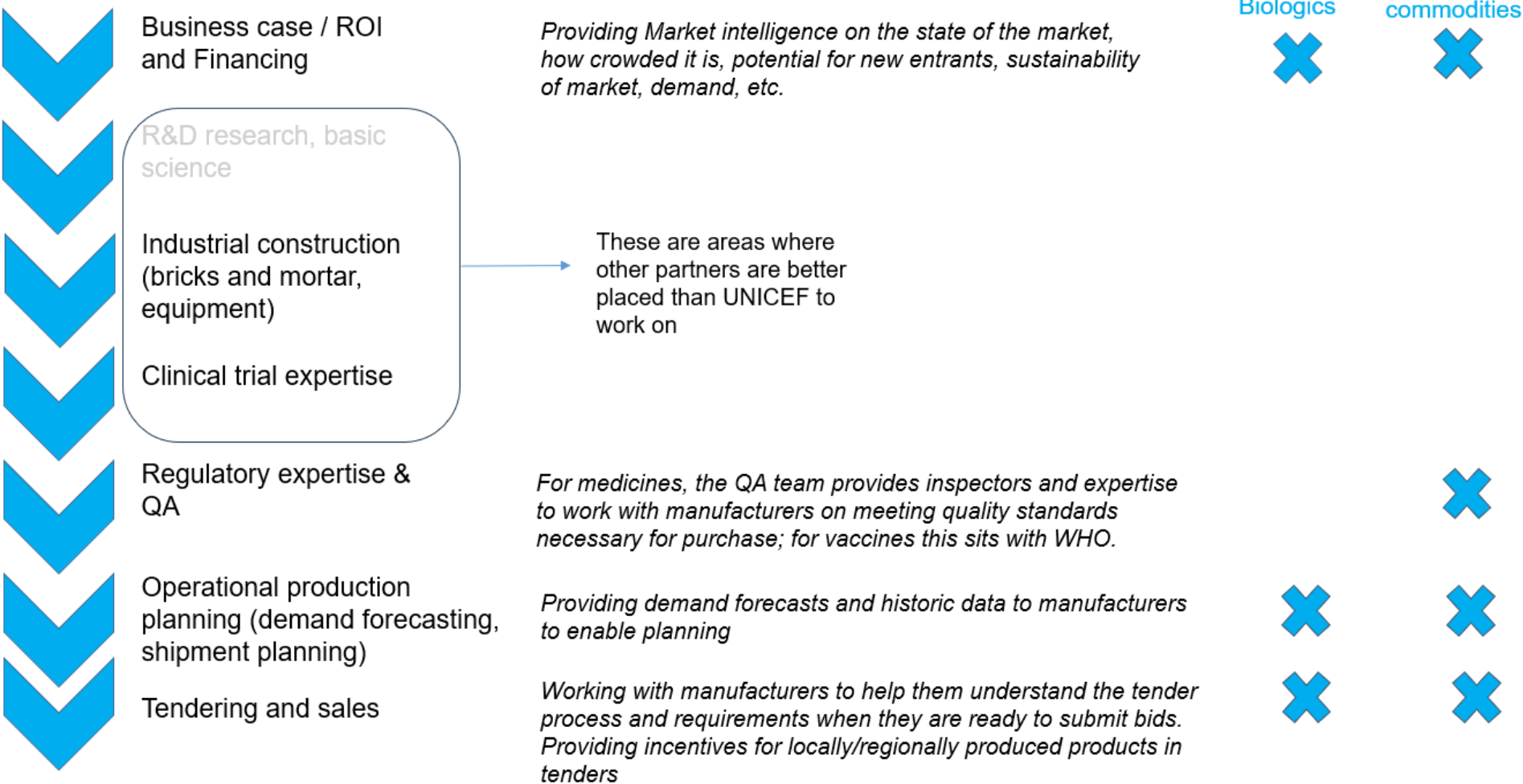


Priority Products

Vaccines: Cholera, malaria, MR and hexavalent

Other products: ORS/Zinc, syringes, large volume parenterals, micronutrient supplement

Where can UNICEF influence local production

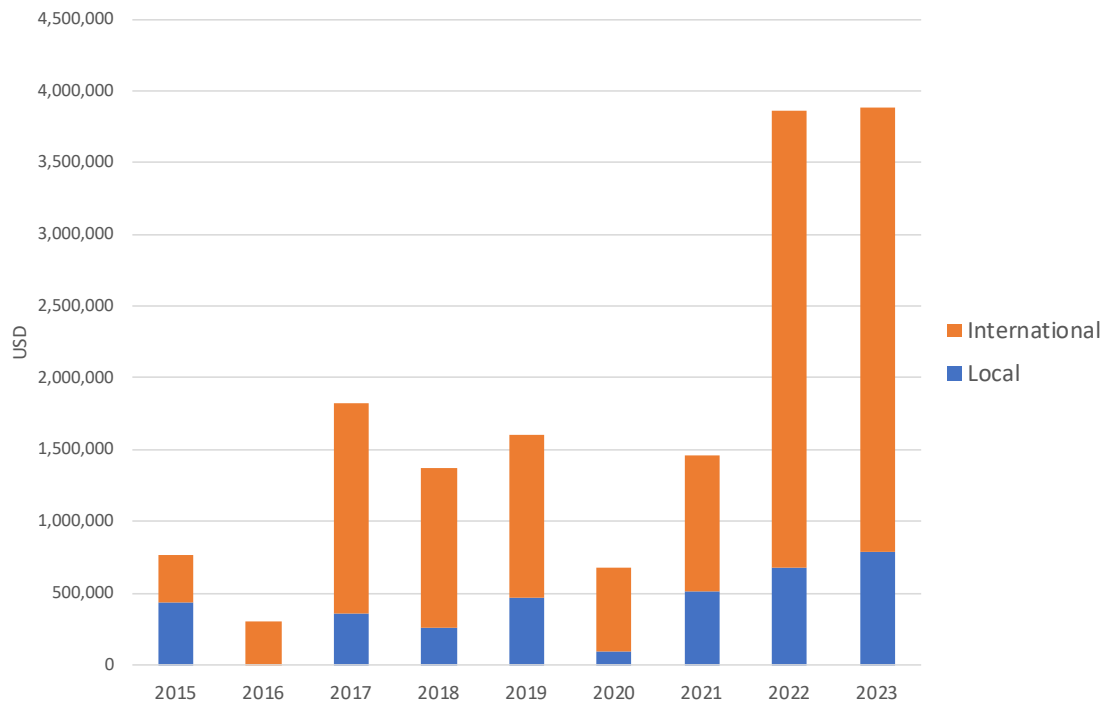


UNICEF Safe Injection Equipment (SIE) tender 2023

- Local production and local procurement are in reference to the geographic proximity of supply to the point of demand. This has relevance for all geographic regions globally but has **specific focus on sub-Saharan Africa** where supply historically has been fed from outside the region, making these regions most vulnerable in times of supply shortfalls and global logistics crises.
- **Local production has preference over local availability**, with local availability within the region having preference over availability outside of the region, even if the product is produced outside the region.
- Target 1: Minimum 40% of supply from local production or local sourcing on Africa

Local production and procurement is not only in the context of Africa

Procurement of medicines: Bangladesh



1. Engagement SD-UNICEF Bangladesh for 20 years to seek sources for local procurement
2. Dedicated resources for product assessment and targeted GMP inspections
3. 6 vendors supply over 18 categories of medicines, both for local and international markets
4. GMP standards have improved significantly, with a number of companies achieving SRA/WHO PQ approval

unicef 
for every child

Thank you!

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