

UNFPA

Supply Chain Management Unit

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Copenhagen, November 2023

AGENDA

- Introduction
- Supply Chain Solutions
- Pilot Financial Facility
- Initiatives to reduce product diversion

UNFPA Supply Chain Management Unit

A vehicle for achieving the 3 interconnected outcomes of the UNFPA strategic plan 2022-2025

**Pillar 1:
Resilience and Capacity Development**
=> Supply Chain Solutions for external partners



Delivering worldwide

Contraception provided by UNFPA worldwide (2022)

Male condoms	1,090,349,152
Female condoms	7,608,565
Oral contraceptives <small>Monthly cycles of the pill</small>	47,358,430
Intrauterine devices <small>IUD</small>	1,649,410
Injectable contraceptives <small>Doses</small>	50,392,250
Contraceptive implants	8,604,291
Emergency contraceptives	3,597,500
Personal lubricants	159,314,644



13.3 million
unintended pregnancies
prevented*

30,800
maternal deaths
were averted*

117,000
new HIV
infections
averted*

3.7 million
unsafe abortions
prevented*

59 million
couple years protection
were provided by
UNFPA-procured
contraceptives*

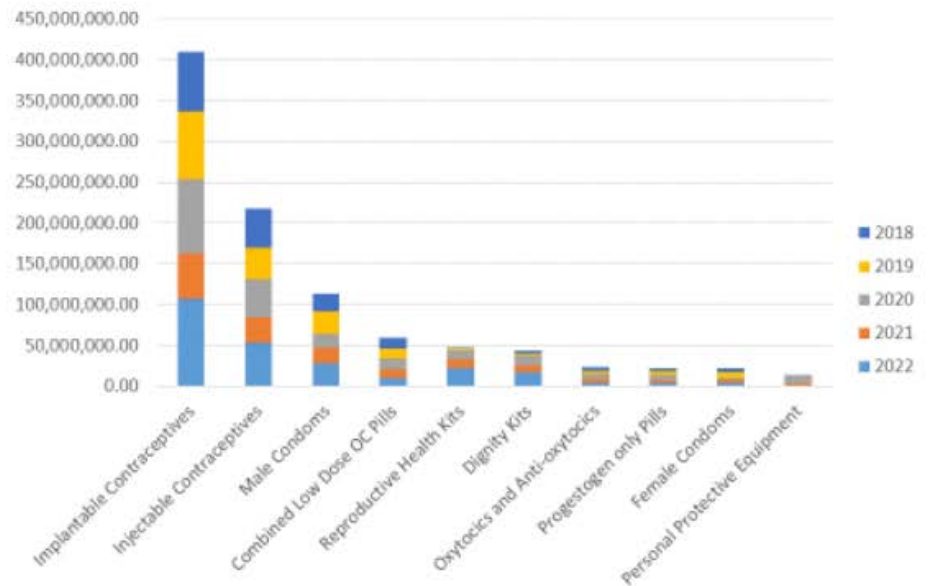
5.1 million
new sexually
transmitted
infections
were averted*

*Global impact of contraceptives supplied by UNFPA

Top 10 most demanded SRH Commodities

USD worldwide 2018-2022

UNFPA Program Procurement & UNFPA Supply Chain Solutions (including Global Fund)



UNFPA Supply Chain Solutions

Global Procurement Services for external partners



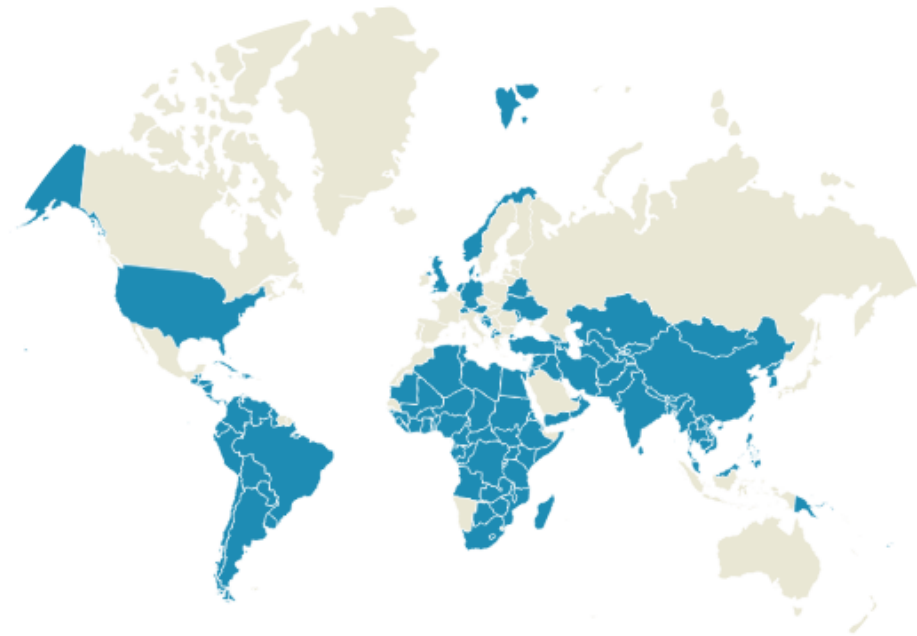
350+
organizations

140+
countries

have partnered with UNFPA to procure supplies using their own financial resources.

413 million USD
total value of orders

(Q1 2011-Q4 2022)



Supply chain solutions for external partners



Procurement services

Also known as TPP.
Procurement of SRH, MH, and related to UNFPA mandate commodities (inc. census)



Supply chain services

Technical assistance for external partners for **SRH supply chain health systems strengthening**



Financial solutions

Develop a financial facility for external partners to **access UNFPA Supply Chain Services**

A trusted reproductive health supplies partner

Quality

Stringent UNFPA / WHO QA practices

Pre-qualified suppliers and products

Pre-shipment inspection, sampling and testing

Value

Cost savings

Competitive, pre-negotiated prices

Procurement, contracting & QA expertise

Choice

Product & pricing information online

Generic or innovator brands

Reduced lead time in-stock products



✓ **Financial transparency** – the highest level of accountability, transparency and integrity

✓ **National ownership**

UNFPA Supply Chain Solutions



Payment methods and alternatives

- Currently, **advance payment methods** according to Financial Regulations and Rules (FRR 15.3)
- Exceptionally, other payment terms may be approved by the Chief Procurement Official (FRR 15.3. c)

Accelerating the development and implementation of multiple alternative Financial Solutions

- 1 Deferred payment based on a bank guarantee with standby letter of credit
- 2 Introduction of a Financial Facility for TPP (Pilot Bridging Mechanism)
- 3 Financial Facility for UNFPA Supplies Partnership countries
- 4 Collaboration with supplier and other UN Agencies



Pilot Financial Facility implemented in 2020-2022

- What was it? Short term financing facility for procurement to national partners using their own domestic resources
- Who could benefit? Governments unable to pay upfront or have long fund disbursement process
- Partners must meet a number of eligibility conditions
- What for? Procurement of SRH supplies from UNFPA.



How it worked?



Results of Pilot Financial Facility (2020-2022)



Financial solutions

Lesotho, Honduras and **Chile** in numbers.



14 different commodities

were procured such as contraceptive pills, IUDs, implants, pregnancy tests or medical devices



USD 4.07 million

total worth of 19 proforma invoices



USD 1.59 million

approximately in savings for these three countries



1,028,492 CYP

estimated couple of years protection

Case of Lesotho - Ministry of Health



Financial Solutions

Lower middle-income country of 2.2 Million inhabitants.

Not possible to obtain economies of scale with local procurement exercise

Procurement of 3 contraceptives (pills, injectables and implants)

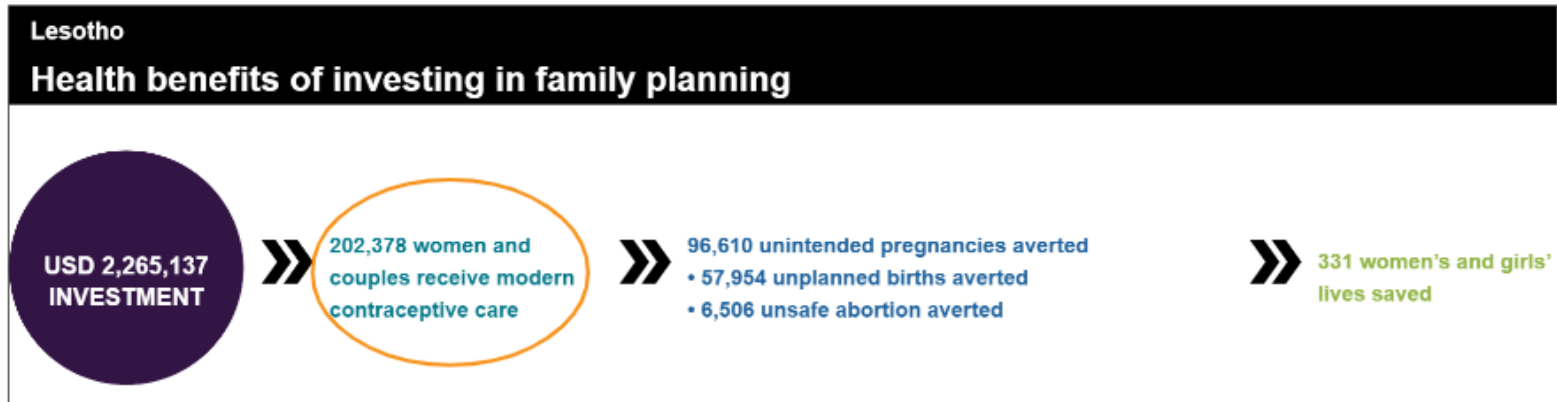
- Previous procurement costs: USD 2,520,000
- Procurement through UNFPA: USD 255,000
- Savings obtained via UNFPA **USD 2.265,000 => Savings of 89.9%**

Case of Lesotho - Ministry of Health



Financial Solutions

Estimated additional Impact IF the savings of USD 2,265,000 were reinvested in SRH:



Notes: Subregional/regional estimates, if shown, include data for low- and middle-income countries only. Impact estimates assume investments cover both family planning service delivery and associated programs and systems. Estimates are for 2022 and draw on contraceptive use patterns from 2019. www.gutmacher.org/fp-investment-calculator.



UNFPA Supply Chain Solutions

Product diversion in the supply chain

- Unauthorized or illicit distribution of pharmaceuticals to private markets

Impacts:

- Quality of pharmaceuticals
- Procurer budgets
- Patient safety
- Destroys the private market distribution
- Reputational risk of manufacturer and UNFPA

Mitigation measures

UNFPA

LMA - spot checks
Track and trace
Service Conditions clauses

Manufacturers

Differentiated packaging
for public sector

In-Country Assessment Structure

Traceability

A. UNFPA Deliveries to Implementing Partners

B. Implementing Partner Distributions

Stock Verification

A. Stock Count

B. Stock Risks: Stockout & Overstock

Facilities Conditions Verification

A. Record-keeping Practices

B. Storage Conditions

Assessment of Irregularities

A. Reported Irregularities Over the Past 5 Years

B. Potential Irregularities Found During the Assessment



ICA Verifications and Escalation of Findings

- Noncompliance with given standards are directly addressed through on-site mentoring and subsequent recommendations
- Potential irregularities are assessed during the on-site visit facility verifications, yet analysis and investigation of these is under the purview of UNFPA's OAIS

Finding

Potential irregularities identified through the LMA process



Reporting Action

LMA reports to UNFPA's Office of Audit and Investigation Services (OAIS) for analysis and eventual investigation

UNFPA New Service Conditions for external partners

- UNFPA may conduct inspections, audits and investigations related to the Procurement Service Contract.
- The customer shall grant access to UNFPA to their premises including warehouses, personnel and relevant documentation.
- The customer shall reasonably cooperate with any audits or investigations carried out by UNFPA.



Final Question to Manufacturers:

Which other mitigation measures have you implemented to reduce the risk of product diversion?