Improving Contraceptive Procurement by Building a South-to-South Exchange Network in the Latin America and Caribbean Region

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In the summer of 2003, the USAID LAC BUREAU launched a Regional Initiative to help countries prepare for USAID phase-out of family planning support.
Focused on 8 Countries:
Guatemala, El Salvador, Dominican Republic, Bolivia, Honduras, Nicaragua, Paraguay, and Peru

And learning from neighbors:
Brazil, Chile, Colombia, Costa Rica, Ecuador, and Mexico
## Procurement Identified as Key Challenge

### ~2002
- Phase-out process begins
- Countries depend on contraceptive donations
- Family planning mainly supported by donors

### ~2006
- Countries develop graduation plans
- Procurement studies carried out
- Various countries mobilize financing for contraceptives
- Five countries begin to procure through UNFPA

### 2011
- Six countries financing 100% of contraceptives
- Six countries procuring quality contraceptives at internationally competitive prices
- Several countries provide lessons on procurement best practice
The Procurement Context in LAC

- Decentralized health systems
- Restrictive/protective regulatory environment
- Several countries have local production/distributors
- Prices offered vary dramatically by country
- Ministries of Health have quality control laboratories
Procurement Mechanisms

UNFPA
- Dominican Republic, Central American Countries, Paraguay (direct through MOUs: third party procurement and co-financing)

Reverse Auction
- Peru, Brazil, Paraguay, Colombia, Ecuador, Venezuela (national competitive bidding)

Framework Agreements
- Chile (international/national competitive bidding)
- Guatemala (national competitive bidding)
Historical Use of Procurement Mechanisms

- Traditional System
- Proc. Agent (ex. UNFPA)
- Reverse Auction
- Framework Agreement
Traditional Government Bidding System

Advantages:
- Uses local system
- Delivery to lower levels

Disadvantages:
- Fixed quantities
- Varied quality
- Long process
- High prices
Procurement Agent (UNFPA)

Advantages:
- Low prices
- Technical support
- Good quality

Disadvantages:
- Fixed quantities
- Donor dependent
- Long process
- Upfront payment
Reverse Auction

Advantages
- Shorter process
- Low prices
- Uses local system
- Deliver to lower levels

Disadvantages
- Significant investment
- Prices may be too low
- Fixed quantities
- Varied quality
Framework Agreement

Advantages

- Flexible quantities
- Low prices
- Uses local system
- Short process & delivery to lower levels

Disadvantages

- Significant investment
- Varied quality
Major Country Achievements

• Substantial price savings using UNFPA

• Substantial price and cost savings through reverse auction in Peru
  – Price of injectable $1.18 to US$0.41.
  – Length of bidding process 7 to 2 months.

• Cost savings and more agile supply chain through framework agreements in Chile
  – Saved US$8,000 in costs per procurement
  – Achieved major flexibilities in supply chain management
South-to-South exchange between countries was key to identifying strategies for effective and more sustainable procurement. Countries continue to share their lessons with one another.
A supply chain must be agile to respond to fluctuations in supply and demand. Streamlined policies and procedures – such as using procurement agents, reverse auction, prequalification, and framework contracts – can lead to more effective supply chain management and improved contraceptive security.
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GRACIAS!