



## Primer

# Lessons from Latin America and the Caribbean for Improving Contraceptive Procurement



Work group discussing procurement mechanisms during the Developing Alternatives for the Acquisition of Contraceptive Supplies in Latin America and the Caribbean regional workshop (Cartagena de Indias, Colombia, September 2009).

**The contraceptive procurement process is carried out by professionals and experts who have overcome challenges and improved processes, and are committed to achieve CS.**

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Individuals responsible for managing reproductive health supplies and contraceptives in many countries are often deeply committed to achieving contraceptive security. To help contribute to that goal, this primer includes guidance and recommendations based on a compilation of experiences and practices described in the study, *The Procurement of Contraceptives in Latin America and the Caribbean: An Analysis of Current and Future Options in Eight Countries*. That regional study analyzes contraceptive procurement practices in eight Latin American countries (Bolivia, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay, Peru), in order to provide recommendations that can help to ensure that four critical elements are strengthened throughout the procurement process—transparency, competitiveness, competitive prices, and quality.

Contraceptive security is achieved when people have the ability to choose, obtain, and use contraceptive where and when needed.

## Objectives

This primer provides tips to help facilitate the work of those responsible for contraceptive procurement within ministries of health and social security institutes. The primer aims to—

- Serve as a quick and accessible reference guide that provides practical advice to help maximize resources available for procurement.
- Provide practical tips to help staff involved in contraceptive procurement improve their management practices and efficiency.

## Audience

The audience is the staff in charge of one or all stages of the contraceptive procurement process within public institutions—for example, procurement managers, logistic directors, and technical staff responsible for carrying out or overseeing the procurement process within ministries of health and social security institutes.

## Primer Structure

Each section of this hands-on, practical guide provides tips and useful suggestions for every step of the procurement cycle. This guide also provides specific examples of countries that have successfully selected and implemented procurement mechanisms and effectively managed the procurement process. For example, each of these short case studies presents the problem identified, the solution, and how the solution was implemented to improve their processes.

## Key Steps in the Procurement Process

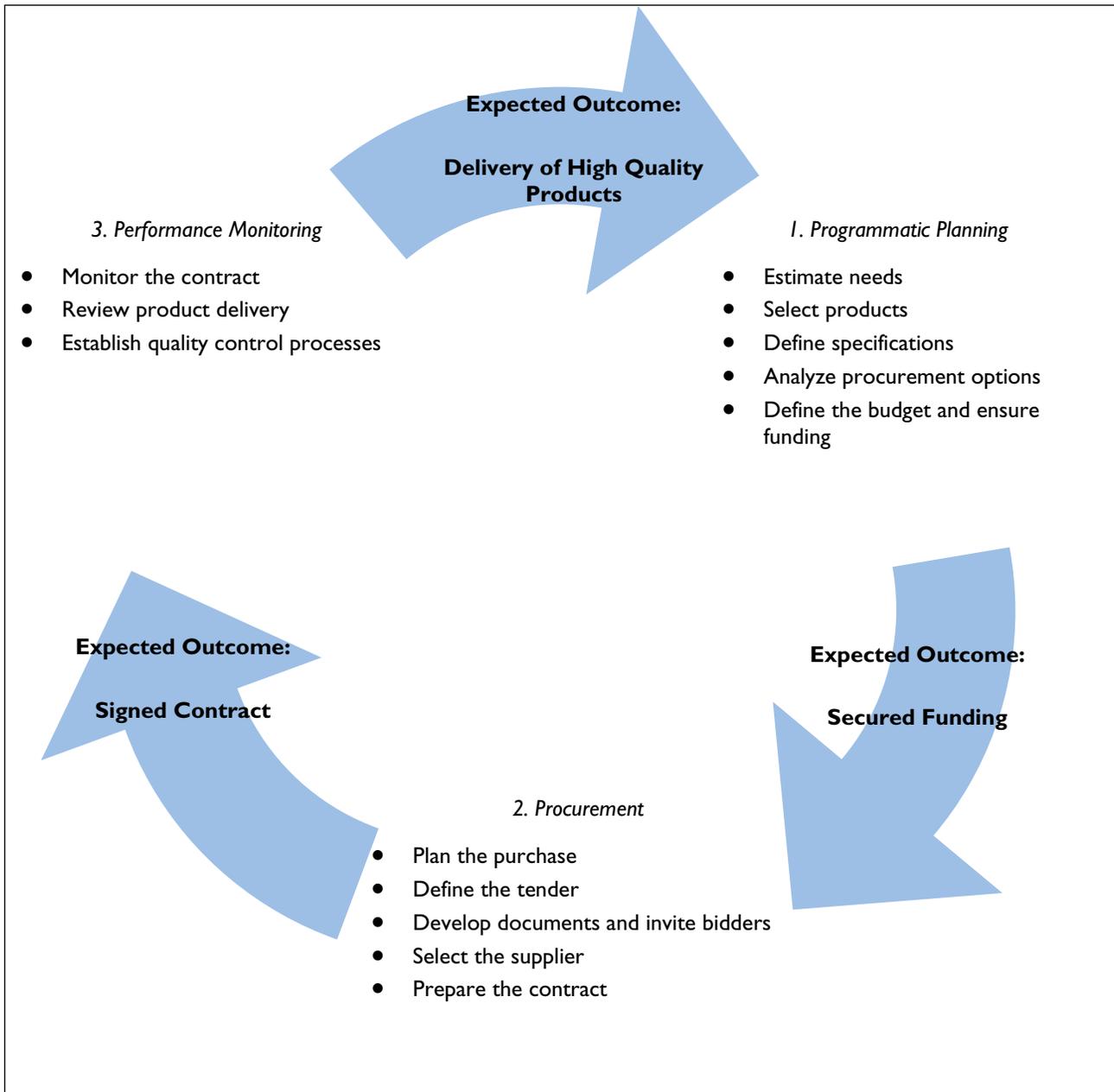
Selecting the critical path to carry out the contraceptive procurement process efficiently requires a series of complex steps. (See box 1 for a summary of basic principles to apply throughout the procurement process.)

Figure 1 illustrates essential steps in the procurement process by drawing on multiple previous research and materials on the topic of procurement. Three stages are considered essential: *Programmatic Planning* ⇒ *Procurement* ⇒ *Performance Monitoring* (PATH 2009). Each stage includes specific steps undertaken to meet the objective and expected outcome, and move to the next stage. These steps are performed by procurement professionals and experts who have overcome challenges and improved processes and who work to achieve contraceptive security. The following section explains these stages.

### Box 1. Basic Principles of Procurement

Procurement effectiveness	Carefully and efficiently manage the procurement process, beginning by identifying technical specifications until supplies are delivered and used, ensuring quality from production to delivery to the final customer.
Transparency	Following guidelines and defined criteria to select the supplier in order to promote a rational and transparent decisionmaking process so these decisions can be clearly understood under external scrutiny.
Competitive prices	Select national or international sources and compare supply prices and delivery terms. Unified purchases are key to ensuring quality at a good price and economies of scale.
Quality	Effectively control quality of commodities to safeguard public safety and ensure procurement of effective and efficient contraceptives. The first step to quality assurance is to guarantee that purchased products are from suppliers prequalified by international agencies such as WHO, UNFPA, and FDA.

**Figure I. Key Steps in the Procurement Process**



**Note**

This graph is based on the *Procurement Capacity Toolkit: Tools and Resources for Procurement of Reproductive Health Supplies* (PATH 2009) and *Procurement Strategies for Health Commodities: An Examination of Options and Mechanisms Within the Commodity Security Context* (Rao et al. 2006).

## Stage I: Programmatic Planning

Organizations can use their capacity to effectively plan and ensure that forecasts are correct and that sufficient funding is made available to ensure commodity security (see box 2 for a forecasting and quantification example) (PATH 2009 and Rao et al. 2006).

Helpful Tips:

### I. How can I improve forecasting and quantification?

- **Use reliable data sources.** To more accurately forecast contraceptive needs, the following logistics information should be collected and used: consumption data, stock on hand at all levels of the supply chain, length of time needed to resupply, desired buffer stock levels, and information about programmatic goals, such as educational campaigns to better inform the population about family planning.
- **Develop long-term projections.** When the country faces transition conditions (e.g., changes in government, suppliers, or products, and donor phase-out or health sector reform), potential disruptions in procurement or distribution should be anticipated. Through careful budget preparation, forecasts, procurement processes, and distribution schedules, logistics staff should be able to anticipate and prevent these disruptions from resulting in stock outs at the service delivery point. This applies even when the public budget is calculated annually.
- **Carefully integrate contraceptive forecasting and quantification into the procurement process for essential medications.** Even when working in an integrated system, it is important to use maximum and minimum levels that make sense for each supplier and each product's characteristics (consumption, stock levels, expiration dates, etc.). These forecasts should consider resupply periods for each product.
- **Integrate contraceptive forecasts into the Ministry of Health's annual operating plan.** This will guarantee its inclusion in the draft budget so the calculations reflect actual demand.
- **Coordinate forecasting and quantification among the procurement unit, central medical stores and those responsible for the family planning program at different system levels.** This type of coordination and joint effort facilitates procurement of an adequate quantity of high-quality contraceptive commodities. Family planning programs generate logistics information not always reviewed or analyzed by procurement and central medical stores at the time of forecasting and quantification. Therefore, timely information sharing at all levels of the system is important. In a decentralized system, regions and provinces estimate and consolidate needs before sending them to higher levels. *This information feeds centralized procurement even amid a decentralized system.* Box 3 below shows useful tools for improving forecasting and quantification.

#### Box 2: Forecasting and Quantification

**Country:** El Salvador

**Institution:** Ministry of Public Health and Social Assistance

**Problem identified:** Improve forecasting and quantification to ensure sufficient quantities to meet demand.

**Solution:** Improved forecasting and quantification helped to achieve appropriate inventory levels. Forecasting and quantification estimates included a more accurate calculation of safety stock levels needed to cover increasing demand for contraceptives, family planning program plans to help reduce unmet need, and gradual reduction of USAID donations.

**How was this solution implemented?** By coordinating among the family planning program, central medical stores, procurement and planning units, and regional level representatives, family planning staff members worked with the logistics staff to collect periodic data of quantities needed from the regional level. Annual meetings provided an opportunity to negotiate amounts for all medications and agree on methodology for calculating family planning needs at the central level.

**What tools or methods were used?** Since 2002, PipeLine software has been used at the central level to aggregate and prepare these forecasts. Regional staffs have also been using this tool for forecasts since 2008.

### Box 3: Useful Tools

#### Estimation of needs

- Centers for Disease Control and Prevention. n.d. *Contraceptive Forecast and Cost Estimate Spreadsheet (CastCost)*. Forthcoming at [www.cdc.gov/reproductivehealth](http://www.cdc.gov/reproductivehealth) or email [drhinfo@cdc.gov](mailto:drhinfo@cdc.gov).
- Engender Health/The ACQUIRE Project. 2007. *Reality Check: Family Planning Forecasting Tool User's Guide*. New York, NY: Engender Health (revision forthcoming).  
[http://www.acquireproject.org/fileadmin/user\\_upload/ACQUIRE/Publications/RC-User\\_s-Guide-FINAL\\_updated.pdf](http://www.acquireproject.org/fileadmin/user_upload/ACQUIRE/Publications/RC-User_s-Guide-FINAL_updated.pdf)
- Family Planning Logistics Management (FPLM). 2000. *Contraceptive Forecasting Handbook for Family Planning and HIV/AIDS Prevention Programs*. Arlington, Va.: FPLM/John Snow, Inc., for the U.S. Agency for International Development (revision forthcoming).  
Spanish: [http://deliver.jsi.com/dlvr\\_content/resources/allpubs/guidelines/ContForeHand\\_ES.pdf](http://deliver.jsi.com/dlvr_content/resources/allpubs/guidelines/ContForeHand_ES.pdf)  
English: [http://deliver.jsi.com/dlvr\\_content/resources/allpubs/guidelines/ContForeHand.pdf](http://deliver.jsi.com/dlvr_content/resources/allpubs/guidelines/ContForeHand.pdf)
- PATH and the World Health Organization (WHO). 2008. *Procurement Capacity Toolkit: Tools and Resources for Procurement of Reproductive Health Supplies*. Chapter 1. Defining Reproductive Health Supply Requirements.  
[http://www.path.org/files/RH\\_proc\\_cap\\_toolkit\\_v2.pdf](http://www.path.org/files/RH_proc_cap_toolkit_v2.pdf)
- U.S. Agency for International Development (USAID). 2009. *Getting the Numbers Right: A Guide to USAID-Developed Contraceptive Forecasting Tools*. Washington, DC: USAID.  
[http://www.usaid.gov/our\\_work/global\\_health/pop/techareas/contrasecurity/index.html](http://www.usaid.gov/our_work/global_health/pop/techareas/contrasecurity/index.html)
- USAID | DELIVER PROJECT, Task Order 1. 2009. *Quantification of Health Commodities: A Guide to Forecasting and Supply Planning for Procurement*. Arlington, Va.: USAID | DELIVER PROJECT, Task Order 1.  
[http://deliver.jsi.com/dlvr\\_content/resources/allpubs/guidelines/QuantHealthComm.pdf](http://deliver.jsi.com/dlvr_content/resources/allpubs/guidelines/QuantHealthComm.pdf)
- USAID | DELIVER PROJECT, Task Order 1. 2011. *PipeLine 5.1 Software Tool*. Arlington, Va.: USAID | DELIVER PROJECT, Task Order 1. <http://deliver.jsi.com/dhome/resources/tools/softwaretools/pipeline>

## 2. How can I select products that meet these key procurement elements: competitive price, quality, transparency, and competitiveness?

- **Ensure availability of reliable suppliers for selected products.** The procurement unit can identify viable sources of supply and prepare a list of manufacturers and distributors who offer contraceptive supplies. With this information, the unit will determine which suppliers have the capacity to guarantee delivery of supplies under the best conditions of quality, price, and performance. The unit can then advocate with decision makers so the list of qualified suppliers becomes the official list and is widely disseminated to all parties involved in procurement.
- **Verify that products are prequalified by international agencies.** These include the World Health Organization (WHO), which prequalifies hormonal contraceptives; the United Nations Population Fund (UNFPA), which prequalifies condoms and intrauterine devices (IUDs); the U.S. Food and Drug Administration (FDA); and the European Medicines Agency (EMA), counterpart of the FDA. This advice is relevant for international and national procurements. Asking the supplier for a prequalification certificate from these agencies makes it easier for governments to authorize entry of these commodities.
- **Promote availability of a sustainable and cost-effective basic package of contraceptive supplies.** This should include at least one injectable, one oral, one IUD, one barrier contraceptive, and surgical methods. The product range can be very broad and justifiable, but there must be at least this basic package, as defined in most essential medicines lists.

## 3. How can I define technical specifications that help guarantee procurement of quality supplies?

- **Describe technical specifications as precisely as possible.** Include this information: generic name, presentation, concentration and amount per container, product color and size, and regulatory

requirements, i.e., license certification, good manufacturing practice compliance certification, raw materials quality certification, product prequalification by international agencies, and product shelf life.

- **Ensure quality.** Require documentation such as analysis certificates provided by the supplier, promoting the buyer's right to inspect products according to generally accepted international standards, and by clarifying standard procedures for inspecting a sample if requested by the buyer.
- **Define requirements for packaging and shipping.** For example, cases in the shipping container should have visible labels that list product name, lot number, expiration and manufacture dates, name and address of the supplier, content and quantity, chemical composition of products, registration number, country of origin, etc. The container can also include educational information about the product for personnel dispensing the product.
- **Use existing examples of technical specifications** for contraceptive supplies provided by the WHO and PATH (see box 8 for useful tools in this document) (PATH 2009 and Rao et al. 2006).

#### 4. How can I identify and analyze my procurement options?

- **Verify and monitor qualifications of potential suppliers.** Monitor whether suppliers demonstrate production capacity, delivery timeliness, financial solvency, recognized commercial trajectory, ability to deliver at various levels (central or regional), competitive prices, and international quality standards according to the International Organization for Standardization (ISO). This monitoring can also include requesting certificates of registry by registration authorities in the supplier's country of origin.
- **Continue bidding for contraceptives on the local market through reverse auction.** This process can be performed alternatively or simultaneously with other existing procurement mechanisms, which will also help to update the list of potential suppliers offering quality products and competitive prices. Testing the market will encourage participation and competition among available suppliers and government openness to new suppliers. Use of reverse auction (see box 4) is suggested to ensure that offered prices are equal to or lower than those obtained at international reference prices.
- **Request that providers quote prices for delivering the product at different geographic distribution levels, making one offer with delivery to the central warehouse and the other with delivery to regions.** Comparing both options will help to determine whether an economic benefit exists between choosing the existing procurement mechanism or a new alternative that delivers products to regions. In this type of analysis, comparing the cost of managing the supply chain according to these different options is possible. (See box 5 for an example of this type of comparison.)

##### Box 4: What Is Reverse Auction?

It's a selection method in which the supplier of a common good is chosen based on the best price offered (below a ceiling price) and not on the technical characteristics of the good, including quality. These characteristics are predefined and applied as a minimum standard for participating in the auction.

##### Advantages:

- Permits the buyer to obtain better prices
- Provides greater incentive for manufacturers to participate
- Leads to cost savings in managing the procurement process
- Allows the government to standardize goods and services
- Facilitates monitoring processes
- Allows more favorable conditions for the buyer regarding procurements and contracts.

### Box 5: Analyzing Procurement Options

**Country:** Peru

**Problem identified:** Limited range of suppliers.

**Solution:** Procuring at the local level (rather than through UNFPA) at slightly higher prices but with the benefit of product delivery at the regional level.

**How was this solution implemented?** Local competitive tendering promoted wider supplier participation and secured a local supplier (Pfizer) to deliver to the regional level. The procurement unit performed a cost-benefit analysis of central level vs. regional delivery.

**What tools or methods were used?** A comparative market analysis of UNFPA prices and national competitive tenders by using reverse auction. This process invited a larger number of suppliers that offered lower prices for a minimum predefined quality standard and delivered products to the regional level.

## 5. How can I define the budget, identify gaps and secure funding?

### a. Calculating the budget based on different situations

- **Have price and costs information associated with the purchase** to calculate the required budget. This information can be used for this exercise:
  - amounts and price paid for the last procurement
  - price lists published by bidders
  - price list of international procurement agents
  - associated costs: freight duties on each delivery mode, inspection and quality testing costs, shipment by air and sea, and taxes.
- **Define the budget based on needs, not on the historical budget.** Needs may vary from year to year, especially as the logistics system and availability of contraceptive supplies improve. Both improvements lead to higher demand for contraceptive supplies in health care facilities. Thus, updating consumption data regularly to serve as the basis for forecasting and quantification is essential. (See box 6 for an example of resource mobilization in two countries).
- **Develop different scenarios** based on these factors: type of procurement mechanism (national or international tender, use of a procurement agent, local procurement), supplier, products, transport system (air, sea, land), taxes, customs clearance, customs broker and supplier administrative costs, place of delivery, and buffer stock levels at year's end. For example, at year's end, you need more financial resources to procure enough supplies to allow buffer stock for 12 months than for eight months. Preparing several scenarios combining the above factors allows the procurement process to adapt to budgetary constraints and maximize use of scarce resources.

### Box 6: Securing Financing

**Countries:** Nicaragua and El Salvador

**Problem identified:** Investment need of public health institutions for contraceptive procurement.

**Solution:**

**El Salvador:** Funding increase. In 2008, 75 percent of the contraceptive needs were covered; in 2009, it reached 84 percent.

**Nicaragua.** Funding increase. In 2009, it reached 70 percent and it is expected that by 2012, public funds will cover 100 percent of the investment needs.

**How was this solution implemented?**

**El Salvador.** Advocacy, negotiation and requests to government institutions that provide funding, based on a justification of cost-effective purchases at lower prices through UNFPA as an international procurement agent.

**Nicaragua.** Advocacy plan through the CS committee to ensure government funding for direct and protected contraceptive procurements.

**What tools or methods were used?**

Documentation of comparative costs, preparation of financial scenarios (by supplier), and financial gap analysis based on the selected supplier and advocacy presentations with decision makers from the Ministry of Health. (central medical stores, finance and planning units).

- **Reconcile the forecasting and quantification process with the approval and budget allocation process.** Experience in other countries has shown that preparation of contraceptive forecasts is not always completed in time to include in the government's annual budget exercise. Strengthening coordination between the family planning program and strategic planning and budget offices is important so funding for annual and multi-annual procurement of contraceptives is included.

### **b. Identifying the gap**

- **Estimate necessary financial requirements.** To document the resources requirement, it is important to develop an analysis of the total cost of products while considering the procurement mechanism and/or suppliers.
- **Compare ideal financing and historic budgets** to determine gaps and anticipate actions to achieve full funding. Gaps may be identified using tools such as *Spectrum* or *PipeLine*.

### **c. Advocating for sufficient funding**

- **Carry out advocacy efforts to secure sufficient resources to meet total demand.** In this process, advocacy arguments are developed to show possible unmet demand and its adverse effects on maternal and child health. As noted earlier, gaps can be reduced by negotiating government budget adjustments, which are usually allowed by ministries of treasury or finance, as in the case of El Salvador during 2007 to 2009.
- **Permanently monitor changes in demand and available budget.** Closely monitor inventory levels and check for additional resources, anticipating that future budgets will be insufficient to cover increasing demand. An alternative is to strengthen coordination between the family planning program and strategic planning and budget offices to include funding for annual and multi-annual purchase of contraceptives.

## **Stage II: Procurement Process**

Institutions can effectively carry out a range of activities including procurement planning, definition of bidding terms, supplier selection, and preparation of the contract, all of which are essential to guarantee an efficient and transparent procurement process. (See box 7 for an example of how to improve the procurement process.)

Helpful Tips:

### **6. How can I plan an efficient procurement process?**

Several decisions are made between financing and signing the contract. This phase is defined as the procurement period.

- **Establish standards** for delivery date, time of payment, and basic rules to monitor the process.
- **Involve the proper people in decision-making.** If the procurement mechanism is a local tender, responsible

#### **Box 7: Enhancing the Procurement Process**

**Country:** Paraguay

**Problem identified:** Restrictive regulatory framework that does not allow forward funding to international agencies such as UNFPA.

**Solution:** A direct contracting mechanism was discovered within the procurement law that permits direct procurement through UNFPA using an "exception route,"

**How was this solution implemented?** The direct procurement exception route was justified on grounds of lower prices. Through advocacy and financial arguments, family planning staff members were able to justify forward funding to UNFPA. These staff members coordinate with the UNFPA procurement area to closely monitor orders, reduce delivery time, and legalize advance of funds more quickly.

**What tools or methods were used?** Family planning staff members applied advocacy processes based on comparative and cost-benefit information to sign a new agreement and implement the direct procurement exception route to forward funds to international organizations. In addition, the Ministry of Health advocated for adjustment of regulatory framework before the National Congress to allow use of advance payments to such agencies in the future.

parties must coordinate with the family planning program and procurement unit managers. For example, procurement committees must include a representative of the family planning program and jointly establish steps and responsibilities of those involved in the bidding process.

- **Minimize bottlenecks during various stages of the process.** Develop a critical path or process map that illustrates various steps in the process. This critical path can be documented in a standard operating procedures manual. This will prevent duplication of activities and unnecessary steps and will eventually improve management competencies of the procurement unit staff.
- **Ensure that the amount on the pro-forma invoice exactly matches funds available.** If the mechanism used is through a procurement agent, it is necessary to have exact prices, record them on a spreadsheet, reach consensus with the procurement agent, and submit final numbers and specifications to issue the final pro-forma invoice. The family planning program of the Ministry of Health in El Salvador is a good example of this practice.
- **Designate a point person from the family planning program to lead and monitor each stage of the procurement process, with the procurement committee and unit.** This point person will be responsible for coordinating with the procurement unit, establishing relationships with the supplier (international purchasing agent or local provider), identifying bottlenecks in a timely manner, and updating databases regarding lead times and supplier compliance. Using software tools such as *PipeLine* can make this task easier and expeditious.

### **Stage III: Performance Monitoring**

During this stage, compliance with contract terms is monitored, including terms that must be met before delivery, such as product inspection, customs clearance, and delivery to designated warehouses.

#### **7. How can I monitor the contract and ensure that the supplier is delivering the correct product?**

- **Develop a checklist that includes all contract conditions and agreements.** For example, process duration from request to delivery, quality verification based on ISO 9000 standards, and review of shipping documents for compliance contract clauses.
- **Monitor product quality during shipment deliveries.** Use a simple quality assurance system activated only if boxes display visible damage. If none is observed, sporadic visual inspections should be performed following storage standards for each product. Product technical specifications help to monitor product quality.
- **Consider air or sea ports of entry to compare cost benefits of both.** In some cases, the tax exemption is not recognized when supplies arrive by sea (e.g., the presidential tax exemption in El Salvador).

#### **8. How can I establish effective quality control?**

- **Regulate quality control for contraceptives during stages of the procurement process.** When product arrives at customs or the central warehouse, review certificates issued by vendors or procurement agents. After receipt, verify integrity of supplies with a random lot check. For example, condoms do not require quality verification procedures in laboratory tests unless obvious product damage is observed. If this is the case, **a random quality test by a certified laboratory is recommended.** If necessary, one option is to contract Family Health International (FHI), a USAID-supported organization, to perform quality assurance on products.

## Box 8: Useful Tools

### Selecting products

- USAID | DELIVER PROJECT, Task Order I. 2009. *Public Health Procurement Guide and Product Catalog 2010*. Arlington, Va.: USAID | DELIVER PROJECT, Task Order I. [http://deliver.jsi.com/dlvr\\_content/resources/allpubs/guidelines/CPT\\_Guide2010.pdf](http://deliver.jsi.com/dlvr_content/resources/allpubs/guidelines/CPT_Guide2010.pdf)

### Defining specifications

- PATH and the World Health Organization (WHO). 2009. *Procurement Capacity Toolkit: Tools and Resources for Procurement of Reproductive Health Supplies*. Chapter 2. Specifications. [http://www.path.org/files/RH\\_proc\\_cap\\_toolkit\\_v2.pdf](http://www.path.org/files/RH_proc_cap_toolkit_v2.pdf)
- WHO. 2004. *The male latex condom: specification and guidelines for condom procurement 2003*. Geneva, Switzerland: WHO (revision forthcoming). [http://www.who.int/reproductivehealth/publications/family\\_planning/9241591277/en/](http://www.who.int/reproductivehealth/publications/family_planning/9241591277/en/)

### Analyzing purchase options

- UNFPA. 2011. *General terms and conditions for contracts: Provision of goods and/or services*. Accessed May 3, 2011 at <http://www.unfpa.org/public/procurement/pid/3233>

### Securing funding

- Futures Institute. 2011. *SPECTRUM Software* (a suite of easy-to-use policy models that provide policymakers with an analytical tool to support the decision-making process). Glastonbury, Ct.: Futures Institute. <http://www.futuresinstitute.org/Pages/Spectrum.aspx>
- USAID | DELIVER PROJECT, Task Order I. 2011. *PipeLine 5.1 Monitoring and Procurement Planning System*. Arlington, Va.: USAID | DELIVER PROJECT, Task Order I. <http://deliver.jsi.com/dhome/resources/tools/softwaretools/pipeline>

### Monitoring performance

- USAID | DELIVER PROJECT, Task Order I. 2011. *PipeLine 5.1 Monitoring and Procurement Planning System*. Arlington, Va.: USAID | DELIVER PROJECT, Task Order I. <http://deliver.jsi.com/dhome/resources/tools/softwaretools/pipeline>

### Ensuring quality

- FHI. 2008. *The Latex Condom: Recent Advances, Future Directions*. Chapter 5. Durham, NC: FHI. <http://www.fhi.org/en/RH/Pubs/booksReports/latexcondom/standspectests.htm>
- USAID | DELIVER PROJECT, Task Order I. 2010. *Assessment Tool for Laboratory Services (ATLAS)*. Arlington, Va.: USAID | DELIVER PROJECT, Task Order I. [http://deliver.jsi.com/dlvr\\_content/resources/allpubs/guidelines/AsseToolLab\\_ATLAS.pdf](http://deliver.jsi.com/dlvr_content/resources/allpubs/guidelines/AsseToolLab_ATLAS.pdf)
- World Health Organization, WHO Expert Committee on Specifications for Pharmaceutical Preparations. 2007. *Quality assurance of pharmaceuticals: Meeting a major public health challenge*. Geneva, Switzerland: WHO. [http://www.who.int/entity/medicines/publications/brochure\\_pharma.pdf](http://www.who.int/entity/medicines/publications/brochure_pharma.pdf)

### Experiences in procurement alternatives

- See the studies cited in—

Sarley, David, Varuni Dayaratna, Wendy Abramson, Jay Gribble, Nora Quesada, Nadia Olson, and Verónica Siman Betancourt. 2006. *Options for Contraceptive Procurement: Lessons Learned from Latin America and the Caribbean*. Arlington, Va.: DELIVER, and Washington, DC: USAID | Health Policy Initiative, for the U.S. Agency for International Development.

- **Ensure that quality-control laboratories promote quality test standards according to ISO standards.** This will prevent discrepancies between the acceptable quality level (AQL) defined by manufacturers and the AQL used by local laboratories, which should be the same. These discrepancies may delay entry of shipments and cause stock outs.
- **Consider that condoms have additional quality-control issues** such as temperature and taking care that the wrapping has no lubricant leaks.

- **Promote technical leadership of highly qualified and trained staff in ISO standards** to design a quality management system in-country so the system adheres strictly to international standards—WHO, UNFPA, ISO, and good manufacturing practice. One of the most important standards is the definition of the AQL.
- **Avoid routine quality testing of supplies donated by USAID** unless damage is observed on shipment boxes. If product quality at time of registration in-country and on arrival does not vary, rely on quality assurance methods used by manufacturers.

## A Final Thought

The contraceptive procurement process is based on basic principles that help efficient product delivery to users. Among these principles are effective procurement management, transparency, competitive prices, and product quality assurance. Procurement staffs perform based on these principles that guide stages of the procurement process—planning, procurement, monitoring and supervision, and evaluation of the procurement process.

Such staffs aim to clearly define technical specifications, to ensure an efficient quality monitoring system, and to select suppliers that meet ISO standards. It is also recommended that countries bid with prequalified suppliers according to international standards (WHO, UNFPA, OPS, FDA, and EMEA).

A highlight of this primer is to consider implementing the bidding mechanism called reverse auction. This procurement mechanism has been used in several countries, and part of its process includes market research that periodically monitors availability of suppliers while guaranteeing quality and lower prices.

## References

- PATH. 2009. *Procurement Capacity Toolkit: Tools and Resources for Procurement of Reproductive Health Supplies*. version 1. Seattle: PATH.
- Olson, Nadia, Anabella Sánchez, Ángel Reynoso and Nora Quesada. 2010. *The Procurement of Contraceptives in Latin America and the Caribbean—An Analysis of Current and Future Options in Eight Countries*. Arlington, Va.: USAID | DELIVER PROJECT, Task Order 1.
- Rao, Raja, Peter Mellon, David Sarley. 2006. *Procurement Strategies for Health Commodities: An Examination of Options and Mechanisms within the Commodity Security Context*. Arlington, Va.: DELIVER, for the U.S. Agency for International Development.

## Websites

Peru: <https://app.seace.gob.pe/mon/Login.jsp> — Reverse Auction

For more information, please contact Nadia Olson [nolson@jsi.com](mailto:nolson@jsi.com),  
Nora Quesada [nora\\_quesada@jsi.com](mailto:nora_quesada@jsi.com) and Anabella Sánchez [asanchez@jsi.com](mailto:asanchez@jsi.com)

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