Supporting Private Sector Engagement with Governments for Supply Chains

UNICEF Supply Division
Supply Chain Strengthening Centre
WHY support Governments with Private Sector Engagement for Supply Chains?

Potential Benefits

1. Offers a more **efficient** use of limited resources by shifting fixed capital costs to variable operating costs;
2. Provides greater **flexibility** to transition operations according to changing priorities;
3. Increases **time** that staff can focus on health programming and outcomes;
4. Opens access to marketplace **innovations** at a lower risk and cost to governments;
5. Focuses logistics staff on supply chain **performance**.

Wise Warnings

- **Not a quick-fix, apply-everywhere solution** to all health supply chain problems;
- To ensure strong working relationships, Governments should **develop a roadmap** toward engaging with the private sector.
HOW to support Governments in Engaging the Private Sector for Supply Chains?

**A Framework for Understanding**

- **POLICIES AND STRATEGIES**
  - Is there a Government interested in working with the Private Sector?

- **SUPPLY CHAIN SEGMENTATION**
  - Are there supply chain operations that the Government should outsource?

- **MARKET ANALYSIS**
  - Is there a Market interested in providing services to the Government?

- **CONTRACT MANAGEMENT**
  - Can the Government manage the outsourcing relationship?

**Effective PSE**

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HOW to support Governments in Engaging the Private Sector for Supply Chains?

Is the Government interested in working with the Private Sector?

Where to start?

1. Assess governmental guidelines and activities to build on existing policies and strategies for private sector engagement.
2. Incorporate the legal foundations and standard procedures for the procurement of services through consultations with colleagues, private sector representatives, and other countries.
3. Build a strategy that outlines the scope, opportunities, needs, and indicators to ensure effective private sector engagement.

Successful practice 2017

Together with UNICEF, the Nigerian government developed a Primary Healthcare Revitalization Supply Chain Strategy where leaders endorsed their commitment to private sector engagement in local manufacturing and warehousing by incorporating activities and indicators into their plans.
HOW to support Governments in Engaging the Private Sector for Supply Chains?

Are there outsourcing needs for supply chain operations?

Where to start?

1. Conduct a supply chain segmentation exercise to analyze the network in terms of geographies, volumes, demands, seasonality, capacities, costs and utilization
2. Measure the maturity of the supply chain in terms of management and decision-making
3. Analyze results to determine where there is opportunity to improve performance, lower costs, reduce risks and increase resiliency

Successful practice 2018

UNICEF analyzed a new vaccine direct delivery model for the government of Pakistan with reduced distribution costs and improved availability. As the implementation required a significant increase in their sub-national fleet, the Government prioritized outsourcing distribution in order to reduce the capital investment while maintaining management oversight.
HOW to support Governments in Engaging the Private Sector for Supply Chains?

Is there a Market interested in providing services?

Where to start?

1. Review existing contractual arrangements, such as Long-Term Agreements, within other governmental departments
2. Gather market intelligence from trade consortia and local industries, such as wholesalers, grocers, and agricultural organizations
3. Formalize outreach in the form of an Expression of Interest to survey interest from the market

Successful practice 2017

As an innovative solution to transport blood samples for HIV testing, UNICEF supported the Malawi Government in designing and launching a drone testing corridor to reach remote communities. Seed local capacities and shape markets. With a higher number of samples collected and reduced transportation lead time, a greater number of patients were tested and treated.
HOW to support Governments in Engaging the Private Sector for Supply Chains?

Can the Government manage the outsourcing relationship?

Where to start?

1. Clearly articulate the business need without assuming a solution or specification, allowing the market to respond according to their expertise and competitive advantage
2. Utilize best-practice templates for Requests for Quotation/Proposal and Terms of Reference documents in formal communications
3. Itemize contract management standards in terms of dispute resolution and performance issues

Successful practice

In response to Idai cyclone in Mozambique, UNICEF contracted with local partners to manage emergency goods. UNICEF worked with the Government to train and transition the management of supply chain service contracts to ensure long-term sustainability and local ownership of the operations.
Within the context of the Covid-19 pandemic, private sector engagement can be a viable option for governments in terms of both response and future resiliency.

**Supply chain segmentation**
- Can current capabilities support the surge in supplies or maintain operations in response to reduced capacities?
- Are there components of the supply chain that unnecessarily put the program’s performance at risk?

**Market assessment**
- Are there service providers in the private sector (pharmacies, 3PL’s, industry) who have capacity to augment public health supply chains?

**Capacity strengthening**
- Are there mechanisms to procure logistics services and manage partner’s performance?
HOW to support Governments in Engaging the Private Sector for Supply Chains?

A Framework for Understanding

- Policies and Strategies
- Supply Chain Segmentation
- Market Analysis
- Contract Management