

VPPN 2018-2019 Webinar Series

Strategic Procurement Webinar (18 June, 2019)

Questions & Answers – Transcript Summary

Context: Vaccine procurement needs to be done in highly strategic way - due to the inherent complexity of vaccine procurement, its continuously evolving market, production lead times and the fact that vaccines are a biological product. With costly new vaccines the need to be strategic is even greater. This discussion aims to shed light on the strategic procurement practices that are critical to ensure that children are vaccinated with the new vaccines of assured quality procured at an affordable price.

The panelists/presenters included:

- UNICEF SD – **Gideon Chelule**, Contracts Manager, Vaccine Centre
- PATH – **Frédéric Debellut**, Policy, Access and Introduction, PATH's Center for Vaccine Innovation and Access
- Macedonia – **Prof. Aleksandra Grozdanova**, Chair of the National Committee for Immunization
- WHO/Europe – ***Oleg Benes**, Technical Officer, Vaccine-preventable Diseases and Immunization
**Note that Oleg was on mission travel and was not able to connect as he had hoped*

Webinar agenda:

- **Overview/Introduction**
- **Part 1. Strategic Procurement of Vaccines – Framing** (*Gideon Chelule*)
 - Questions
- **Part 2. Case study**
 - a) New vaccine introduction (*Gideon Chelule*)
 - b) Strategic procurement & Economic Evaluation (*Frédéric Debellut*)
 - c) Macedonia – procurement overview and plans for new vaccines (*Aleksandra Grozdanova*)
- **Discussion & Wrap up**

Below you find the edited transcript of the Question & Answers sessions.

Question/Comments Session after Part 1. UNICEF SD presentation:

Question by Heba Al-Mohtaseb, Procurement Officer, Joint Procurement Department, Ministry of Health, Jordan

Do you have the percentage for the number of procurement strategies UNICEF uses (RFP, direct procurement, or pooled)? Do you have any percentage of the volume of procurement processes used in the last year, or three years - or which do you usually use as a default?

➔ **Answer by Gideon Chelule, Contracts Manager, Rota, Vaccine Centre, UNICEF SD**

So if I understand your question clearly, UNICEF procurement is currently about 2.4 billion doses in 2018 with a value of 1.5 billion, so you can imagine how strategic we need to be. Typically we do go for RFPs and longer-term procurement. In the case where it's lower procurements, then

we might use other direct procurement that we call ITBs – or ‘shopping’. If a small country comes and requests 5,000 doses with a value of \$50,000, or less than \$100,000, then we typically choose an invitation to bid - or it could be to a particular manufacturer. But when you have high volumes - when you do pooled procurement - then we typically use RFP. So to answer your question, we use mostly requests for proposals.

Questions by Emmanuel Otoo (UNICEF Ghana), Supply and Logistics Officer, Ghana Country Office, UNICEF

1. On pooled procurement: if countries within a region want to procure under the framework of pooled procurement what support does SD give?
2. On the direct procurement (countries during their own procurement): Under this modality, does UNICEF have a role to play in terms of support to these countries?

→ Answer by Loic Sanchez, Supply Officer (Immunization), Vaccine Centre, UNICEF SD

I think it's a very good question and we are eager to help and support as much as we can countries that are willing to engage in this pooled procurement option, as we see huge benefits in doing so. That said, as you know, it's a bit of a leap - it's a difficult path and it may take some years and a lot of coordination to achieve.

We usually recommend a state-wide approach in this, so starting by, maybe, sharing some market intelligence between the countries, and maybe if the structure is in place, also going for tendering together, but then doing the procurement country-per-country. There are several options in this sense. We have the mechanisms and the tools to help those countries to be more aware of the options at least, and also to set up the mechanisms, and coordination that will be needed.

For example, we have the VPPEF (which is the face-to-face forum part of this VPPN/VPPEF initiative), and we have a certain number of information on the VPPN website on this very topic. So we are happy to support as much as possible, knowing that before reaching the pooled procurement stage, there also intermediate options that can be applied. And we are here to support you.

3. Does UNICEF offer LTA prices of vaccines to no-Gavi eligible countries who undertake self - procurement?

→ Answer by Gideon Chelule (UNICEF SD)

UNICEF does not offer Gavi prices to non-Gavi countries. For this, manufacturers offer price Tiers based on countries' GNI. Also, if the country is self-procuring UNICEF does not undertake parallel procurement. Country can choose to self-procure one Antigen and procure a DIFFERENT Antigen through UNICEF

Part 2(a): Panel/Participants Discussion related to Economic Evaluation

Question Juliette Puret, Senior Programme Manager, Immunization Financing and Sustainability, Gavi:

With the threshold analysis how far or different where the optimum prices from the prices offered by manufacturers?

→ **Answer by Frédéric Debellut (Path):** the threshold analysis was done on another parameter, not on prices unfortunately.

Question by Heba Al-Mohtaseb, Procurement Officer, Joint Procurement Department, Ministry of Health, Jordan

How can we have a look at the cost effective results for the rota vaccine?

→ **Answer by Frédéric Debellut (Path):** If you are referring to the publications I cited, they are freely available online here:

- [Projected impact, cost-effectiveness, and budget implications of rotavirus vaccination in Mongolia](#)

Reference: Vaccine. Volume 37, Issue 6, 4 February 2019, Pages 798-807

- [Re-evaluating the cost and cost-effectiveness of rotavirus vaccination in Bangladesh, Ghana, and Malawi: A comparison of three rotavirus vaccines](#)

Reference: Vaccine. Volume 36, Issue 49, 26 Nov 2018, Pages 7472-7478.

→ **Additional comments by Gideon Chelule (UNICEF):** I just want to say that, we are providing support (the Alliance and partners - PATH included) to countries, because sometimes it's not easy to navigate with economic evaluation - so sometimes we need "boots on the ground" and I think we've done this with other partners for Gavi countries. Whether it's introduction, or switches, we have Path - and I think Fred is really the driver of this - and what support can be provided to countries - because as you see, there are quite a number of questions that are not really easy to discern and to make a decision.

→ **Additional comments by Frédéric Debellut (Path):** I wanted to let people know - as Gideon mentioned - PATH is supporting countries doing economic evaluation and cost-effectiveness analysis of new vaccines, so if you are interested, here is my email: fdebellut@path.org, please reach out. We have limited capacity, so we cannot support in every country, but we also know of a lot of different partners that are doing similar work so we can always try an unsigned ways for countries to get great support you interested in doing such kind of evaluation.

Panel/Participants Discussion related to Macedonia's presentation:

Comment by Gideon Chelule (UNICEF SD):

I just want to say that I received some input from Oleg Benes (because he is currently on travel - so he's not able to join). His comments are resounding what Fred and I, and Prof. Aleksandra have presented - which is really looking at procurement beyond just price; moving more towards best value and vaccine security. He gives an example of the trade-off between vaccine security and price - where countries can opt for a long-term tender of three years, but then open it to competition subsequently, so that other manufacturers also can bid, and that gives commercial dynamic in terms of not stopping the market.

Article cited by Miloud Kaddar, LNCT, addressing some issues related to strategic purchasing in Middle East and North Africa:

- [Vaccine Procurement in the Middle East and North Africa Region: Challenges and Ways of Improving Program Efficiency and Fiscal Space.](#)

Reference: Vaccine. Volume 37, Issue 27, 12 June 2019, Pages 3520-3528

Comment/Question by Frédéric Debellut Policy, Access and Introduction, PATH's Center for Vaccine Innovation and Access:

Great presentation - thank you very much Prof. Aleksandra. I think it's very useful to see that - in addition to some of the challenges that come with self-procurement, the volumes can also be a big issue for many countries.

I wanted to highlight the question that was asked in chat regarding joint procurement: you mentioned you organised joint procurement for influenza vaccine. The question (from Anika Islam, Thailand) was about what the other countries included in the joint procurement. Are there plans to expand this to other vaccines?

→ Answer by Prof. Aleksandra Grozdanova, Chair of the National Committee for Immunization, Macedonia

As I mentioned, a model for future possibility for joint procurement, probably the first vaccine will be influenza. We had several meetings in the region with other Western Balkan countries - Serbia, Kosovo Albania. So probably, the joint procurement will start from here, from the region, with the neighboring countries. The issue for Macedonia is to be sure that we have the quantities of the vaccines. For example, this year will be probably very challenging for influenza vaccines procurement (the producers are late with the serotype, etc.)

So, starting in 2016 – 2017, we had a short meetings with Serbia, Montenegro and Albania. But then again there is a problem of different regulatory aspects from country to country in terms of procurement. We have a law for procurement, which is also implemented in the procurement of vaccines, which is quite different to that if you compare with the law for procurement in Serbia and in Montenegro. So that is the real problem, and that's why this is still an idea.

We are hoping, at least for next year (for this year for 2019 it won't be possible), but for 2020 we hope that we will make some adjustments to this public procurement regulation - at least for influenza vaccines to be procured as a joint procurement.

For all the others (for example, which are in the mandatory calendar – because influenza is not in the mandatory calendar for in Macedonia) but for all the others which are obligatory, it's quite a problem, because the funding, the program, the procurement procedures, the law, is not compatible from country to country. So it should be done with a lot of attention.

Question by Anika Islam, International Coordinator, National Vaccine Institute, Thailand

How many years is the current multi procurement for?

→ Answer by Prof. Aleksandra Grozdanova (Macedonia) It's two years (the obligatory calendar) - for procurement of vaccines which are in the calendar of immunization, procurement procedures are two years. For example, we just had procurement for 2019 & 2020, and then in 2020 we are going again for the next two years. Even though we got some recommendations to switch to three years, we have such a small market, and for producers – sometimes - if they are not present for more than one or two years on the market in the country, they just swipe you

out - they don't count you for the market anymore. There is a risk with the three years procurement policies, so we choose to maintain the two years for our multi-year procurement.

Question by Gideon Chelule (UNICEF SD):

On the second or third year do you open it to competition? Or do you manage programmatic interchangeability?

→ **Answer by Prof. Aleksandra Grozdanova (Macedonia):** Every two years the tender procedure is completely from start, opening for all the manufacturers. Previously, we had an issue where we only allowed vaccines registered in Macedonia to go on the market. Then we switched that - if bidders present the best economic offer, then they can market it - they can register it in Macedonia. We also switched from defining the type of the vaccines in terms of, for example, the number of serotypes that they include – to non-specified (so it can be open). For example, all the three rota vaccines which are present - all three can compete on the market.

So every two years it's a completely new tender procedure, with the same vaccines but open to all the producers. The competition is quite important for us because, as I mentioned, it directly influences the price of the vaccines. The small market is usually not very interesting for big companies to be present here. So, yes, every two years we start a new procedure with new vaccines.

General Discussion

Question Juliette Puret, Senior Programme Manager, Immunization Financing and Sustainability, Gavi:

How can countries influence the prices? *(This and the following question were placed by participants in the webinar chat, and read out together by the moderator – therefore they were answered together)*

Question by Abdelkrim Tanouti, Head of Administrative Department, MOH, Morocco

In the absence of competition for new vaccines, Negotiating power with producers is limited by countries individually.

Would it be necessary today to think of a universal (coordinated) strategy for the introduction of new vaccines by imposing an affordable and accessible price cap on all countries? And may it be a condition for obtaining prequalification?

→ **Answer by Gideon Chelule (UNICEF SD):** I think it's a question that we are grappling with ourselves. Let me start from what we know: for Penta, we have achieved price parity between Gavi and non-Gavi countries, because there is competition out there - there is more than enough. But when it comes to new vaccines, where the major players are multinational companies, and there are supply constraints – manufacturers haven't recouped their costs- this becomes a bit difficult. And that is why this conversation isn't the easiest - and that's why there is strategic procurement: do you want to drive prices so low to the floor that manufacturers exit?

If you if you realize, in this conversation we haven't mentioned much about the **Merck vaccine RotaTeq**, because they've exited this market ([see more](#)).... because it's not profitable. So it's a

delicate balance. These manufacturers operate on a price tier for non-Gavi countries, because they also need to have some profit. And we need to accept and acknowledge that, otherwise, they will exit from these low-priced markets and then it will impact on vaccine security. It's very delicate balance. That said, I think we are working with countries to pool some of the procurement - our middle-income procurement strategy. We have a strategic procurement for middle-income countries to really see whether we can achieve price parity, balancing against market exit; to see where we can bundle countries that are on the same GNI boundary for that achieve the lowest price within that GNI band.

To say that we achieve price parity has implications in vaccine security – so it's a balance.

→ **Additional comments by Frédéric Debellut (Path):** I'm going to sound like a broken record, but, by doing economic evaluations and going to manufacturers with already some information on what you expect from their product - including price - is probably also a good way to start negotiations.