

UNITAID-CHAI ARV 2010 Supplier Selection Process

Inclusion of Non-Price Factors in Supplier Selection Criteria for UNITAID-financed
Pediatric and Adult Second-Line Antiretrovirals (ARVs)

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A. Overview

A key objective of UNITAID-CHAI programs is to create a sustainable, reliable and healthy marketplace for pediatric and adult second-line ARVs with maximum possible patient access. As the market for these products has grown, the following problems have been observed through the UNTAID-CHAI programs:

1. Large variances in **lead times**
2. Unequal **registration coverage** across countries

These issues work against the above stated objective of the programs – long and unpredictable lead times disrupt supply chain management and low registration coverage reduces patient access.

In view of these concerns, the supplier selection criteria for the UNITAID-CHAI programs in 2010-11 have been modified to include non-price factors. The objective of this modification is to mitigate the observed problems by incorporating supply performance and registration coverage into the selection process. This approach is intended to strike a balance to encourage new entrants without penalizing existing suppliers in any way.

B. Selection criteria

This year's selection criteria will include price and two non-price factors:

1. **Price** will continue to be the most important factor and will have the highest weighting.
2. **Registration coverage.** The UNITAID-CHAI programs currently cover 37 countries. Higher registration coverage in these countries will translate to a higher score for the particular product in question. For the purpose of evaluation, both approvals and pending applications/submission for registrations will be taken into account.
3. **Historical Supply performance** will be measured by both committed lead times and actual performance against committed delivery dates. Suppliers are not required to provide lead time data in their proposals; rather, CHAI will utilize historical performance data. Suppliers without performance history will be handled as set forth in Section D below.

C. Selection methodology

Based on the three factors listed above, a final score will be computed for each supplier and product. Primary and secondary supplier selections for each product will be made on the basis of the highest score in each round of selection.

The selection score for each product will be computed as follows:

- **Price Score (70 points):** Price Scores will be based on prices bid by each supplier for the particular product. The supplier with lowest bid will be assigned the highest score.
- **Registration Coverage Score (15 points):** Registration Coverage Scores will be computed in two parts.
 - *Approved registrations:* Total approved number of registrations for the given product.
 - *Submissions:* Total applications submitted for the given product where approval is pending.

For the purpose of computing the registration score, approved registrations will carry a higher weighting than submissions pending approval.

Only registrations or submissions among the program's beneficiary countries will be considered (as defined in schedule 1C and schedule 2C of the Request for Proposal dated October 20, 2009).

- **Supplier Performance Score (15 points):** Supplier Performance Scores will be computed in two parts.
 - *Lead times committed:* The score assigned under this category will be based on the number of times a supplier has committed delivery dates within the 12-week lead time requirement, as stipulated in the request for proposals. In cases where a country has requested a delivery date with a longer lead time, the score will be based on the longer lead time requested.
 - *Line Item Fill Rate ("LIFR")¹:* This score will be based on LIFR achieved against the committed delivery dates.

Application of selection criteria will be by product. Hence, individual prices, registrations and supply history for each product will be used in computing the scores.

¹ Line Item Fill Rate ("LIFR") is the percentage of order line items filled on time. LIFR is calculated as the total number of customer order line items filled on time divided by the total number of customer line items.

D. Application of selection criteria where no supply history exists

In cases where there is no supply history, the following methodology will be used for assigning a performance score.

- If there is no or inadequate product-specific history (i.e., the supplier has been part of the UNITAID-CHAI programs but has not previously supplied the formulation in question), the overall performance score of the supplier across all other relevant formulations will be considered.
- If there is no or inadequate supplier history (i.e., the supplier is new to the UNITAID-CHAI programs or has not supplied any products during the evaluation period), a Supplier Performance Score (defined in Section C above) will be assigned reflecting the mean score of all eligible suppliers for that formulation.

E. Submission of registration information

For the purpose of evaluation, suppliers need to provide submission information for applications pending approval for in-country registrations, along with information on approved registrations. For information to be accepted for the purpose of selection, the following information must be provided in Excel format:

- Country
- Name of the product with form and strength
- Application number
- Date of filing
- Whether the registration fee has been paid
- Date of approval (if approved)

Suppliers may be asked to validate all or any part of the information listed above during the tender process. Validation of information may be done at random for auditing purposes. If, at any time, it is found that false information has been supplied regarding registrations or submissions, CHAI reserves the right to reduce awarded volumes for the remainder of the tender period and/or assign a reduced score to the supplier during this and/or future tender processes.