CONDOM PROCUREMENT GUIDE

Population and Reproductive Health Thematic Group
Knowledge and Practice Guide Series*

Prepared by

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The guide was initially developed as a web-based resource to be updated and expanded with continuing contributions of practitioners. The full version of the guide is available on the Bank’s website including the complete set of resources in the Annexes. To find the guide from the Bank’s external home page, www.worldbank.org/ type in hnp after the address, www.worldbank.org/hnp which takes you to the HNP homepage, then go to Publications>HNP Informal Discussion Papers. The list is by author’s name. For further information please contact: Joanne Epp, Population and Reproductive Health Thematic Group, Health, Nutrition, and Population Department, MSN G7-701, World Bank, 1818 H Street, NW, Washington, DC 20433. Telephone: (202) 473-1083, Fax: (202) 522-3489, Email: jepp@worldbank.org.
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1. Introduction

This guide is geared to the operational needs of World Bank staff and Borrower-country counterparts who seek to procure condoms for the prevention of HIV/AIDS and other sexually transmitted infections. It draws upon and complements more detailed documentation produced by the World Health Organization (WHO/UNAIDS), UNFPA and others, as well as World Bank procurement documents. Its main purposes are to highlight key issues and options to consider when designing condom procurements and to help users navigate the more detailed documentation that is available on these issues when additional information is needed.

The guide responds to a variety of operational needs:

- The HIV/AIDS pandemic is undermining economic development and poverty reduction efforts in affected countries and reversing many of the public health gains that those countries have made.
- With an HIV/AIDS vaccine still several years away, condom promotion, in combination with effective communication and community mobilization, is the most effective prevention measure.
- The World Bank is rapidly expanding its support of HIV/AIDS programs in affected Borrower countries, and condom promotion will be an important component of these programs.

On a global level, there has been very rapid expansion of publicly financed condom procurement over the last decade in response to the HIV/AIDS epidemic. This expansion has been supported and managed mainly by grant donors. Some national governments are also procuring condoms with support from Bank/IDA projects. Because of prior dependence on donated commodities and lack of experience, the capacity to procure condoms is limited or nonexistent in many Borrower countries. In addition:

- Procurement issues for condoms differ significantly from those that affect other health care products.
- The condom manufacturing industry was established many years before medical device regulations were introduced and has only recently come under scrutiny.
- Current standards are geared mainly to markets and conditions in industrialized countries.
- Poor quality condoms put users at risk of infection and can undermine the credibility of prevention programs.
- Latex condoms are a biodegradable product and can deteriorate rapidly under tropical conditions without appropriate formulation and packaging; while condoms made of synthetic materials are being developed, they are not widely available.
- As a high-volume, low unit cost commodity, condom procurement is at greater risk for corruption when it is prevalent.

The remainder of this document provides information about: (1) The range of procurement approaches that may be employed; (2) Assessing condom requirements and scheduling
deliveries; (3) Standards, specifications and testing requirements; (4) Bank bidding documents; (5) Capacity issues and capacity-building; and (6) Linking condom procurement to other HIV/AIDS components, for example social marketing and behavior change communications.

Annexes include examples of bid documentation from Bank projects and selected other materials that may be useful to staff.

2. Procurement Approaches

This section discusses four procurement approaches available to staff and Borrowers: (1) procuring directly from manufacturers; (2) contracting an agent to procure from manufacturers; (3) procuring through UNFPA; and (4) contracting a social marketing organization for promotion, distribution as well as procurement. Each has advantages and drawbacks, depending on country needs and conditions. The following table summarizes some of the main issues, which include country experience and capacity, the size and complexity of the procurement, and the strength of the country’s distribution network. It is followed by a more detailed discussion of each option.

<table>
<thead>
<tr>
<th>Option</th>
<th>Borrower's experience and capacity</th>
<th>Size and complexity of procurement</th>
<th>Strength of distribution network</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct from manufacturer</td>
<td>Country should have a proven track record; if not, risk of failure is high</td>
<td>Better for larger procurements &amp; when other commodities being procured in addition to condoms</td>
<td>Country should have well developed logistics management and distribution system</td>
</tr>
<tr>
<td>Through a procurement agent</td>
<td>Better if country does not have experience; important to ensure that agent is qualified</td>
<td>Also an option for larger, more complex procurements</td>
<td>If logistics weak, tender should require technical support</td>
</tr>
<tr>
<td>Through UNFPA</td>
<td>Better for countries that lack experience and capacity</td>
<td>Better for smaller amounts and when limited to condoms and contraceptives</td>
<td>If logistics weak, ensure that UNFPA also addresses this issue</td>
</tr>
<tr>
<td>Through a social marketing organization</td>
<td>An alternative if country willing to contract out</td>
<td>A good bet if country wants to combine procurement with promotion/distribution</td>
<td>If logistics and distribution weak, SM may be the best option</td>
</tr>
</tbody>
</table>

a) Procuring directly from manufacturers: Countries procuring from manufacturers need to adhere to the Bank/IDA procurement procedures outlined in their Loan/Credit Agreement and use the Standard Bidding Documents (SBDs) for suppliers of health-care goods and the

Several procurement methods are possible for procurement from manufacturers (international competitive bidding-ICB, limited international bidding-LIB, etc.). Depending on the size of the contract, the TN recommends ICB for multisource products such as condoms. Condoms for the Brazil HIV/AIDS project were procured in this way (see Annex 2). The main limitation that has affected procurements using this approach has been limited experience and national capacity for dealing directly with manufacturers, particularly in countries that have in the past relied on donated commodities procured directly by the donors who supplied them. (See Annex 2 for link to ICRs for Kenya 3rd and 4th population projects).

Relatively few companies account for most of the estimated 7-9 billion condoms produced each year. These include SSL International (UK – formerly London Rubber), Ansell (USA), Dongkuk (Korea), Seohung (Korea), Fuji (Japan) and Hindustani Latex (India). There are also large manufacturers in Malaysia, Thailand and Brazil. Condom production is a technically demanding process, which affects both the quality and prices of products on the market.

The need to ensure high quality for disease prevention moved WHO to set up international standards (see Section 4) and urge pre-qualification of manufacturers. UNFPA and international grant donors regularly pre-qualify manufacturers and require that all their condom suppliers conform to WHO/UNAIDS standards. The Bank’s SBDs now call for pre-qualification. Condom repackaging operations can be located in a broader range of places because they require less stringent technical specifications and smaller quantities to be economically viable. A number of developing countries import condoms in bulk foil-strip packs and repackage them in boxes of 3-12 pieces with local brand names.

b) **Contracting an agent to procure from manufacturers.** An alternative to procuring from manufacturers is to engage a procurement agent to procure on behalf of the Borrower. This approach is recommended when the procurement capacity of the implementing agency is limited. In this approach, the Borrower will first seek bids from agents using procedures for the hiring of consulting services. These procedures are explained in the Bank’s guidelines for “Selection and Employment of Consultants by World Bank Borrowers,” the “green cover” guidelines, revised in 1999, and available on the website: [http://www.worldbank.org/html/opr/consult/contents.html](http://www.worldbank.org/html/opr/consult/contents.html). Using a procurement agent offers several advantages over procuring directly from manufacturers. Procurement agents can help countries develop capacity for doing their own procurement in the future if capacity building is included in the arrangements.

Agents who deal regularly with manufacturers should have experience in dealing with pre-qualification, testing, packaging and shipping requirements. Agents may be able to get better unit prices than the countries could get on their own. The down-side of working with an agent is that fees may offset any price advantage. Such arrangements may undermine a country’s efforts to develop its own procurement capacity if this issue is not addressed in setting them up. Working
with an agency may reduce the risks of corruption where that has been a problem in dealing directly with manufacturers, but vigilance is still required (especially in cases where unfamiliar agents suddenly appear in response to a tender).

c) **Procurement from** a United Nations (UN) agency—in this case UNFPA—as a supplier or **through** them as a procurement agent. The UN agencies involved in health have agreed that UNFPA will buy condoms on their behalf, using WHO/UNAIDS specifications. UNFPA undertakes both pre-qualification of manufacturers and lot-by-lot compliance testing for every order that is placed. **Procurement from** UNFPA has been used by some Borrower countries for “small” quantities of condoms. Procedures for procuring from UN Agencies must follow paragraph 3.9 of the *Guidelines: procurement under IBRD Loans and IDA Credits*. Accordingly, “specialized agencies of the United Nations (UN), acting as Suppliers, pursuant to their own procedures, may be the most economical and efficient way of procuring small quantities of off-the-shelf goods, primarily in the fields of education, health, and rural water supply and sanitation.” Annex 3 provides UNFPA’s Standard Agreement for governments utilizing UNFPA’s procurement facilities.

“Small” is defined by the TN for “emergencies resulting from famine, floods, wars, the influx of refugees and epidemics, poor planning, or foreign exchange scarcity” situations as under $5 million (para. 3.11.7.1). The amount also depends on what UNFPA can divert from its supply pipeline at a given point in time. UNFPA does not stockpile condoms but can draw on manufacturers’ stocks that are maintained for emergency situations. The amounts available will depend on existing commitments. While this approach has been used in some cases, the Bank’s procurement officers discourage it. Bank staff have also commented that delays in meeting delivery commitments are fairly common with this approach.

The recommended approach is to procure **through** UNFPA as a procurement agent, which is subject to the same selection procedures as those used for the selection of other procurement agencies the Borrower might hire. These are found in the “green cover” guidelines described in the previous section. This document notes that “UN agencies may be hired as the consultants where they are qualified to provide technical assistance and advice in their area of expertise”. In these cases, Borrowers are required to conduct a competitive selection process in which UNFPA would not receive any preferential treatment.

Under certain circumstances, the Borrower may be permitted to engage UNFPA as a sole source procurement agency. The criteria for sole source selection are spelled out in paragraphs 3.8 and 3.9 of the green cover guidelines: the task represents a natural continuation of a pre-existing arrangement, rapid selection is essential, very small quantities are involved, UNFPA is the only organization qualified or possessing exceptional worth for the assignment, etc. As noted, “the justification for single-source selection shall be examined in the context of the overall interests of the client and the project, and the Bank’s responsibility to ensure economy and efficiency and provide opportunity to consultants from all member countries to the extent possible.” If single-source selection is being considered, it is important that justification and plans be spelled out in project documents and included in the loan or credit agreement. The Bank’s regional procurement advisory offices provide assistance for this.
Besides UNFPA’s procurement agent services, there are private firms specializing in condom procurement. For example, Crown Agents has considerable experience with condom procurements on behalf of DFID and the EU in several countries in Africa.

d) Contracting with a social marketing organization for condom promotion and including condom procurement in that agreement. Another option is a service agreement in which an organization is contracted to provide a package of services, for example condom promotion and social marketing, and is allowed to supply condoms from its own procurement pipeline. The arrangement involves issues similar to those described above for UNFPA (“supplier” versus “agency” role) but is further complicated by the fact that the organization is working as an implementing agency (subject to regulations governing procurement of services). Most agencies that are contracted as implementing agencies have distributed condoms that have been procured for them by donor agencies; however some agencies, including Population Services International (PSI), a U.S.-based nonprofit organization active worldwide in social marketing efforts, also procure condoms directly from manufacturers.

This kind of arrangement was employed in Haiti, where PSI has marketed a low-cost condom since 1989. After over a year of negotiations, the Haitian government, using funding from the World Bank’s Basic Health Services loan, agreed to contract with PSI on a sole-source basis on the grounds that PSI is one of the few, if not only organization with the procurement and distribution capabilities the government was seeking. An initial contract of $686,000 covered the costs of procuring and packaging condoms. A subsequent contract, currently in effect, includes $306,000 for condom purchases and another $94,000 for distribution and marketing. Funding from other sources continues to provide the bulk of the social marketing program’s promotional and administrative costs (see Annex 2 for documents).

3. Assessing Requirements

For technical reasons as well as the rapid increase in demand, advance planning is required to ensure quality and timely delivery of condoms. Large volume orders may help countries achieve lower prices, but biodegradability, limited shelf-life and expiry dates require attention to good supply management practices. The Bank’s SBDs for condoms request that suppliers warrant that at least five/sixth of the shelf-life of products remain upon delivery. Storage conditions, including exposure to heat, oxidation, humidity, ozone and ultraviolet light contribute to more rapid deterioration of condoms. However, data show that condoms in intact foil or foil-plastic laminate packages last at least five years on the shelf, and WHO suggests that a minimum of three years shelf-life be stipulated. Plastic packages are less expensive but expose condoms to greater and more rapid deterioration and reduce shelf life. Consideration needs to be given to factors that affect the time between manufacture and delivery of the product. Because of a high weight to value ratio, air-freight is very expensive for condoms. Testing requirements add time to the delivery schedule, and the capacity of a supplier or agent to meet such requirements will be a factor in the time it takes from placement of orders and production of the product to date of delivery. For the product in harsh settings, and limited storage capacity in many countries requires that deliveries be staged rather than all at once.
Methodologies for forecasting condom requirements and scheduling deliveries have been developed by agencies working in the field of contraceptive logistics management, including John Snow Inc. (JSI), the Program for Appropriate Technology in Health (PATH), the U.S. Centers for Disease Control and Prevention (CDC), as well as UNFPA and WHO. These methodologies take account of such factors as historical trends in demand, lag time between placement of orders and actual delivery to the country, shelf-life of the product under local conditions, and warehousing and distribution capacity in the country. Other helpful information includes inventories and projected pipelines of product being supplied through other changes, trend data on usage and estimates of increased use that might result from promotional efforts. Rule-of-thumb estimates are typically around 150 condoms per projected user per year; however this may vary depending upon wastage, loss through pilferage, and program needs for such user groups as sex workers. Detailed guidance on these topics can be found in CDC’s Family Planning Logistics Guidelines, JSI’s Contraceptive Forecasting Handbook and UNFPA’s The Role of the Logistics Manager in Contraceptive Procurement: A Checklist of Essential Actions. http://www.unfpa.org/tpd/globalinitiative/index.htm. Since forecasting and planning are ongoing tasks, attention should be given to developing capacity for them in countries. The WHO/UNAIDS guidelines provide a brief overview of planning and logistics management issues. (See Annex 4, Fact Sheet 5.)

JSI’s Contraceptive Forecasting Handbook provides detailed guidance for assessing condom requirements and planning deliveries. The Handbook describes four approaches based on different data sources: (1) logistical system data on shipments, stocks and flows through the distribution system; (2) service statistics on condoms provided in clinic-based programs; (3) population data on specific target groups and how they are likely to change; and (4) distribution system capacity, an important consideration for condoms because of their vulnerability to heat and humidity. It also provides an illustrative example of how the techniques would be applied, noting that most countries use a combination of data sources. The Handbook also notes that population-based methods need to be adapted to address the special needs of HIV/AIDS prevention programs. It illustrates how to define separate consumption factors for different population segments. A similar approach using country-specific estimates of potential target groups is suggested by the Bank’s ACTAfrica unit in its guidelines for costing HIV/AIDS interventions. These materials are available on the Bank’s website (see Annex 5).

The above-mentioned agencies also provide technical support to countries on supply-chain management issues. For example, UNFPA has recruited logistics experts for its Country Support Teams, and JSI continues to provide support to countries under the USAID-funded “Deliver” project, a successor to the highly successful “Family Planning Logistics Management” project.
4. Standards, Specifications, and Quality Assurance

The WHO/UNAIDS condom procurement guidelines (see Annex 4) remind us that the distinction between a specification and a standard confuses many people, and notes that the confusion is understandable because specifications and standards deal largely with the same attributes. According to WHO/UNAIDS condom guidelines, a standard establishes a minimum level of quality that can ensure safety and efficacy of the project, while a specification is a statement of the buyer’s requirements and will cover all attributes of the product. A standard is concerned with essential performance attributes and not special requirements of individual buyers. Standards also provide consensus on the procedures and protocols to use when carrying out basic tests for quality verification.

Worldwide there are three major agencies that have established condom manufacturing standards: the International Organization for Standardization (ISO), the Comité Européen de Normalisation (CEN), and the American Society for Testing and Materials (ASTM). WHO/UNAIDS guidelines on condom procurement are based when appropriate upon ISO 4074 Standard for Latex Rubber Condoms.

Specifications, on the other hand, reflect buyers’ requirements and will cover all attributes and features of the product – essential, general and performance requirements as well as discretionary design requirements. In some cases, the specifications may demand a higher level of quality than a national standard requires. The current ISO standard has no package-integrity requirement. The WHO/UNAIDS specifications set package-integrity requirements because of the special conditions and harsh conditions of storage and distribution that condoms are likely to be subject to in developing country settings.

The WHO/UNAIDS guidelines for condom procurement provide detailed information on how to prepare specifications for bidding documents. Specifications list the purchaser’s various requirements and describe the means by which those requirements will be verified. These include: general requirements on the safety of materials and characteristics such as shelf-life; performance requirements such as resistance to breakage; design requirements for such attributes of the product as odor or width/length/thickness and lubrication, which may affect its acceptability to specific users; and packaging requirements to address special program needs, for example social marketing. The WHO/UNAIDS Guidelines spell out specification requirements in detail (see Annex 4).

Testing procedures to verify conformity with specifications also need to be addressed. While pre-qualification of suppliers increases the likelihood of consistent high quality of condoms delivered, even the most careful manufacturer can suffer quality lapses. For this reason, it is important to verify that every lot complies with requirements before being accepted for shipment to the purchaser.

When a consignment is ready for shipment, the supplier will inform the purchaser that the consignment is ready for testing. The purchaser then instructs a sampling agency to visit the supplier’s factory to draw samples in accordance with ISO guidelines. The sampling agency
sends the samples direct to the testing laboratory, where they are subjected to quality testing. WHO/UNAIDS provides a list of testing laboratories and other services, though it does not endorse the organizations that it lists.

The WHO/UNAIDS guidelines provide detailed information on testing and on issues such as the cost of sampling and compliance testing when preparing a procurement budget (see Annex 4). They stress that cost-saving efforts should only be introduced after fully proving the reliability of the supplier through an extended period of full lot-by-lot testing. One of the advantages of procurement through UNFPA, or other procurement agents such as PSI or Crown Agents, is that they have already established testing procedures with suppliers.

5. Bidding Documents

The World Bank’s Standard Bidding Documents for Health Sector Goods, along with the Technical Note for the Procurement of Health Sector Goods, are available on the Bank’s website: http://www.worldbank.org/html/opr/procure/healthdocs.html. With the exception of procurement from UN Agencies acting as suppliers pursuant to their own procedures, these bidding documents must be used by Borrowers and their implementing agencies in the procurement of Bank-financed condoms. There are separate sections for condom procurement as indicated in its Table of Contents shown in the Annex 1, including sample technical specifications.

One important dimension of selecting condom suppliers, whether directly or through an agent, is pre-qualification. As the WHO/UNAIDS guidelines remind us, pre-qualification minimizes the risk of purchasing a poor quality product by screening the capability of potential suppliers, so that only those suppliers who can demonstrate that they have the capacity to produce a quality product in a timely fashion will be eligible for a contract, irrespective of the price tendered. UNFPA pre-qualifies its suppliers on a periodic basis following the WHO/UNAIDS guidelines (see Annex 4 for documentation).

The Bank’s TN also recommends pre-qualification in paragraph 3.6.4: “The Bank supports pre-qualification for the procurement of health sector goods, including pharmaceuticals, vaccines, and condoms. Pre-qualification contributes significantly to the purchase of high-quality products while maintaining the desired competitive nature of the procurement process. Should the procurement capacity of the implementing agency be inadequate to satisfactorily undertake the pre-qualification of suppliers, the Borrower may contract for the assistance of outside consultants or international agencies such as UNICEF to carry out the pre-qualification while it develops its own capacity. Such assistance, which could be financed by a grant, must also include measures to strengthen the Borrower’s capacity to undertake pre-qualification for future projects.”

The Bank and UNFPA are working on an agreement to harmonize UNFPA’s and the Bank’s pre-qualification procedures and documentation so that the results of a pre-qualification conducted by UNFPA using these procedures and documentation would be useful/applicable to Bank-financed contracts.
6. Procurement Capacity Issues

As already noted, the Bank’s procurement guidelines recognize that many Borrowers may lack the necessary organization, resources and experience for procurement directly from suppliers and may wish to employ a procurement agent. It is important that the decision to employ an agent be based on an adequate assessment of procurement capacity, and if possible, that the terms of reference of the procurement agent include technical support to assist the Borrower in developing capacity for future procurements. This assessment may be based on a World Bank Country Procurement Assessment Review or on a more focused look at issues specific to condom procurement. The Bank’s TN for the procurement of health goods provides guidance on assessing capacity in section 3.2:

“The capacity of the party(ies) designated to carry out procurement must be examined for each project so that appropriate support and technical assistance can be programmed into the project. The Bank has issued instructions regarding Assessment of Agency Capacity to Implement Project Procurement to guide evaluation of the capacity of the implementing agency and of the adequacy of procurement and related systems in place to administer procurement in general, and Bank-financed procurement in particular. The capacity assessment reviews the following areas: legal aspects, procurement cycle management, organization and functions, support and control systems, record keeping, staffing, the general procurement environment, and private sector assessment. Such an assessment can identify weaknesses in the systems and procedures for procurement, which may be able to be addressed through institutional capacity-building activities financed by the project.”

“The evaluation also includes an assessment of administrative, political, and financial risks to the procurement process. This produces a risk grading for the procurement-implementing agency, identifies areas where action can be taken before and during project implementation to improve long-term capacity of the institution, and sets the intensity and nature of Bank supervision of the procurement. The intention is that prior review thresholds for the procurement of health sector goods would be determined from the risk assessment.”

Copies of documentation on both Country Procurement Capacity Assessment Reviews and Assessment of Agency Capacity to Implement Bank Project Procurement can be found on the Bank’s internal website. From the Bank’s internal homepage, go to Operations >Procurement >Capacity Building.

Procurement capacity issues should be discussed in the Project Appraisal Document. An example is found in the section in the Kenya project in the PAD for the Multi-country HIV/AIDS Program for the Africa Region (see Annex 2 for link to document).

Two specific capacity areas where Borrowers may need assistance are forecasting of condom requirements and logistics management. As noted earlier, technical support and guidance on these issues is available from UNFPA and WHO as well as such private agencies as JSI.
7. Linking to Other Components

Condom procurement will be just one part of the Borrower’s overall strategic approach to prevention of HIV/AIDS, sexually transmitted infections, and unwanted pregnancy. Condom promotion, health education and community mobilization are needed to bring about the behavior changes required for achievement of these goals. Borrowers may want to link procurement to other elements of their prevention strategy, for example social marketing and community mobilization.

The Haiti example mentioned earlier in this guide is an example of combining condom procurement with social marketing. Even in cases where there is not a formal link between procurement of condoms and social marketing or other condom promotion programs, these efforts have to be closely coordinated – for example, to ensure that the packaging, delivery schedules and distribution of products dovetail with promotion and marketing strategies. Consumer motivation can fade in the face of very well designed promotional efforts if the product is not available when consumers want to get it. The WHO/UNAIDS condom guidelines include a useful annex on condom promotion (Annex 4) The largest condom social marketing organizations are Population Services International (PSI, on the web at http://www.psi.org), DKT International (see Annex 5), and the USAID Commercial Marketing Strategies Project (CMS), one of whose partners, The Futures Group International provides analytical services on private markets (TFGI, at http://www.tfgi.com/cmsproj.asp)

Borrowers may also wish to bundle condom procurement with procurement of other HIV/AIDS or reproductive health commodities (testing materials, drugs for treatment of STIs, etc.). While UNFPA has strong capability for condom procurement, it is less strong for other RH and HIV/AIDS commodities. UNICEF, on the other hand, does supply these commodities but not condoms and contraceptives. UNFPA has reported that they, WHO and UNICEF have been discussing this issue and recommend that countries interested in procuring through a UN agency contract with UNFPA or UNICEF with the understanding that the agency which is contracted will work with the other for items that agency does not itself supply.

A final concern about public-sector procurement of condoms is the risk of crowding private-sector suppliers out of the market through under-pricing. Careful analysis of market conditions to identify market segments for which subsidized distribution is warranted will help to alleviate this problem. Social-marketing agencies and UNFPA are aware of this issue and can provide technical assistance for market analyses.
Annex 1: Bank Procurement Documents


*Country Procurement Capacity Assessment Reviews and Assessment of Agency Capacity to Implement Bank Project Procurement* can be found on the Bank’s internal website. Here is the path from the Bank’s internal homepage, go to Operations>Procurement>Capacity Building.
Annex 2: Procurement Documentation from Bank Projects
The web version of the guide includes the full set of the following Procurement Documentation.

_Brazil AIDS & STD Control II_
ICB Tender for Condoms (English, 27 pages)

_Kenya Fourth Population Project and Sexually Transmitted Infections (STI) Project_
Condom Procurement Agency Tender (12 pages) and Agreement (55 pages)

_Kenya's Third and Fourth Population Projects Project_ Implementation Completion Reports (ICRs) are available from Imagebank (External users go to http://www-wds.worldbank.org/)

_Multi-country HIV/AIDS Program for the Africa Region (Ethiopia and Kenya)_ is available from Imagebank (External users go to http://www-wds.worldbank.org/)

_Haiti First Health Project_
Contract with PSI (French, 13 pages)
Terms of Reference (French, 3 pages)
Annex 3: UNFPA Standard Agreement for Governments Utilizing UNFPA Procurement Facilities (used in various Bank Population Projects in Haiti, Burkina Faso, Niger, Ghana, and Cote d'Ivoire) (English, 8 pages)
AGREEMENT BETWEEN THE UNITED NATIONS POPULATION FUND (UNFPA) AND GOVERNMENT OF ______, MINISTRY OF HEALTH ON THE UTILIZATION OF UNFPA PROCUREMENT FACILITIES

WHEREAS, the United Nations Population Fund (the "UNFPA") was established to provide assistance to Governments in the field of population and;

WHEREAS, pursuant to its Financial Regulations UNFPA may provide supplies, equipment and services under reimbursable procurement arrangements at the request and on behalf of Governments, where such supplies, equipment and services are required for purposes related to UNFPA activities and are consistent with the aims and policies of UNFPA, on the basis of full payment, in advance of the procurement activities, to cover all costs, including insurance, connected with the procurement of such supplies, equipment and services; and

WHEREAS, UNFPA undertakes to assist MINISTRY OF HEALTH (the "Government") in the procurement of goods and supplies (the "Services"), consistent with the aims and policies of UNFPA, and in accordance with the Financial Regulations and Rules of UNFPA and the terms and conditions of this Agreement; and

WHEREAS, the Government desires to avail itself of the Services in accordance with the terms and conditions of this Agreement;

NOW THEREFORE, it is agreed as follows:

Section 1: Requests for Purchase of Goods

1.1 The Government shall submit to UNFPA formal written requests, detailing any requirements it wishes UNFPA to procure (the "Requests"). Requests may be transmitted to UNFPA by facsimile, provided the Request clearly shows the signature, full name and title of a duly authorized official of the Government, and provided that an original signed Request is delivered or mailed to UNFPA prior to or immediately after the facsimile transmission.

1.2 The Request shall provide the following information:

   (a) Information indicating the name and type of project for which the goods are intended;
   (b) Full details of the goods required, formulation, strength, unit of packaging, standards or specifications applicable;
   (c) Quantity required of each item requested clearly specifying unit of purchase.
1.3 UNFPA expressly reserves the right, in its sole discretion, to accept or reject any such Request. The acceptance of any Request shall be subject to this Agreement.

1.4 Upon acceptance of the Request by UNFPA, a proforma invoice will be sent to the Government, covering the goods to be ordered and giving the total cost of the goods, pre-shipment inspection costs, and where applicable, insurance and freight costs, plus an amount sufficient to defray the administrative costs incurred by UNFPA in the provision of Services under this Agreement. Such costs are presently estimated to equal five per cent (5%) of the CIF value of the goods. The proforma invoice shall also specify an increment to be included in the Advance Payment to be made by the Government pursuant to Section 2 hereof to cover possible increases or other contingencies. Prices quoted in the proforma invoice will be subject to change without notice. Prices actually debited against the Advance Payment made by the Government may be higher or lower, and shall be based upon prices invoiced to UNFPA by the suppliers of the goods and of the actual costs of inspection, shipment services and insurance. The proforma invoice shall constitute notice to the Government that its Request has been accepted by UNFPA.

1.5 The Government shall be responsible for ensuring that the description of the goods and procurement units in the proforma invoice are in agreement with the Request.

1.6 Amendments to a Request, or cancellation or reduction of quantities already accepted by UNFPA, may be affected only with the prior written agreement of UNFPA. Any reduction or cancellation so agreed to will result in return to the Government of that portion of its Advance Payment representing the sums referred to in Section 1.4 above, in respect of the reduced or canceled quantities, less any costs, charges, expenses, and penalties arising from or relating to the reduction or cancellation. Any additions or increases to the Requests shall require additional Advance Payments. The Government shall be responsible for payment of any costs or penalties arising from a cancellation or reduction or increase of quantities.

Section 2: Advance Payment for the Services

2.1 Pursuant to UNFPA policy to ensure availability and receipt of funds prior to committing to any expenditure or processing any Requests, the Government shall pay, or make arrangements for payment to UNFPA, an Advance Payment for the provision of the Services. Depending on the source of funds, the following procedure will be followed for making the Advance Payment:

(a) In the event that the funds for the Services derive from the Government itself, the Government shall deposit with the UNFPA, within ___ days after the date of the proforma invoice, in U.S. dollars, or other convertible currency acceptable to the UNFPA, the amounts specified in the proforma invoice and in the currencies specified therein; said Advance Payment shall be deposited in the bank account
specified in the proforma invoice. In the event that the actual costs of the Services exceed the deposited amount, the provisions of Section 2.3 below shall apply;

(b) In cases where the funds for the Services derive from funds provided to the Government by Multilateral Financing Institution (the "Institution"), the Government shall execute an irrevocable Blanket Withdrawal Request, with copy to UNFPA, covering the entire cost of the Services, pursuant to which the Institution will remit funds for the Services directly to UNFPA. Such Blanket Withdrawal Request shall be annexed to this Agreement and shall constitute an integral part thereof. Upon receipt by UNFPA of notice from the Institution that the Blanket Withdrawal Request from the Government has been approved, UNFPA shall submit a request to the Institution, with a copy to the Government, to make a direct payment in US dollars to the UNFPA's Account Number 015004570 at Chemical Bank, UN Branch, 1 UN Plaza, New York, NY 10017, in an amount equal to the amount specified in the proforma invoice. In the event that the actual costs of the Services exceed the estimated amount, the provisions of Section 2.3 below shall apply mutatis mutandis;

(c) In the event that the funds for the Services derive from grants by donor Governments, the Services by UNFPA shall be provided only after conclusion of an agreement between UNFPA and the donor Government, covering, inter alia, the financial arrangements between the Parties.

2.2 No Request shall be acted upon by the UNFPA until the Advance Payment has been deposited with UNFPA.

2.3 Upon notification by UNFPA, the Government shall pay to UNFPA, or make arrangements for the deposit of any additional funds if, for any reason, including currency rate changes or price changes in respect of the goods or incidental charges, the Advance Payments originally made pursuant to Section 2.1 above are no longer sufficient to cover the cost of the goods and all other incidental charges. The processing of a Request shall not be continued or pursued by UNFPA until the additional funds are deposited.

Section 3: Procurement and Shipment

3.1 Within a reasonable period of time after accepting a Request and after the Advance Payment or any additional funds have been deposited by the Government, UNFPA shall procure the goods on behalf of the government for shipment directly from the supplier to the Government. UNFPA's procurement of goods on behalf of the Government will be made in accordance with UNFPA's Financial Regulations and Rules.
3.2 All goods will be procured on the basis of CIF terms (for carriage by sea and inland waterway) or CIP terms (for any other mode of shipment) (INTCOTERMS 1990).

3.3 UNFPA shall make provision for inspection of purchases prior to shipment and the cost of such inspection shall be debited to the Government’s Advance Payment, or otherwise charged to the Government, as part of the cost of the services provided under this Agreement.

3.4 Upon shipment of the purchases, UNFPA will forward to the Government copies of the relevant shipping documents.

3.5 If any import or export licenses are required for the goods and are not obtained by the supplier, the Government shall obtain licenses.

3.6 The Government shall be responsible for and shall bear and pay all costs associated with the carriage and insurance of the goods. The Government shall also be responsible for, and shall bear and pay all costs associated with the clearance, receipt, inspection upon delivery, loading, unloading, storage, insurance, transport and distribution of the goods, except with respect to such services or costs as are arranged or borne, as the case may be, by the supplier of the goods.

3.7 UNFPA shall not be nominated the consignee of the goods without explicit written agreement from UNFPA. Special customs, product registration and consular requirements in the recipient country shall be deemed unknown by UNFPA unless clearly stated in the Request; however, the fulfillment of such requirements shall be the exclusive responsibility of the Government.

3.8 UNFPA cannot accept any return of supplies shipped for the account of the Government.

**Section 4: UNFPA’s Liability**

4.1 UNFPA’s sole responsibility to the Government in respect of the Services shall be limited to the execution with reasonable diligence and efficiency of a Request accepted by the UNFPA as herein provided. UNFPA shall have no legal liability either to the Government or to any third party arising out of or in connection with the performance of the Services and shall not be responsible for, *inter alia*, loss or damage to the goods or for delays or failures in shipment or delivery of the goods, except if due to UNFPA’s failure to execute the Request with reasonable diligence and efficiency.

4.2 In no event shall any liability of UNFPA to the Government or to any third person, whether such liability arises under this Agreement or otherwise, exceed the purchase price of goods in respect of which the liability arises. Moreover, UNFPA shall under no circumstances be liable for any indirect or consequential damages arising from the performance of the Services under this Agreement.
Section 5: Claims

5.1 The Government recognizes that, in the performance of the Services under this Agreement, UNFPA will be acting on behalf of the Government, and not as agent of the supplier of the goods or any other persons or entities. Consequently, all claims relating to any defects in quality or quantity shall be handled directly by and between the Government and the manufacturer(s), supplier(s), seller(s), shipper(s), or insurer(s).

5.2 The Government shall indemnify, defend and hold and save harmless, at the Government's own expense, UNFPA, its agents, servants and employees, from and against all and any demands, claims, suits or other causes of action and liability of any nature or kind, including costs and expenses, caused by, arising out of or in connection with the goods or the use thereof (including, but not limited to, demands, claims, suits, causes of action or liability based on products liability) or the performance by UNFPA of the Services under this Agreement.

Section 6: Warranty

UNFPA shall pass on to the Government all warranties offered by the manufacturer(s) or supplier(s) of the goods, and shall ensure that all contracts with the manufacturer(s), supplier(s), seller(s), shipper(s) or insurer(s) include provision covering product liability claims. UNFPA offers no warranty, expressed or implied, of any nature whatever, including warranties that the goods are merchantable or fit for any particular purpose.

Section 7: Conditions of the Agreement

7.1 The obligations of UNFPA under this Agreement shall be conditional upon:

(a) the deposit of the Advance Payments and additional funds in accordance with Section 2.1 (a) or (b) of this Agreement, in the event that the Services are funded by the Government or by an Institution;

(b) the conclusion of an Agreement between UNFPA and the donor Government in accordance with Section 2.1 8 of this Agreement in cases where the funds for the Services are provided by a donor Government.

7.2 Nothing in this Agreement shall require, or be construed to require UNFPA to take any action in violation of the mandate of UNFPA or to contravene any of the UNFPA policies, regulations, rules and procedures.
Section 8: Representatives and Warranties of Parties

8.1 Each Party represents and warrants to the other that:

(a) such Party has full power and authority to enter into this Agreement and to consummate the transaction contemplated hereby;

(b) all consents, approval, authorizations and other requirements prescribed by any law, rule or regulation that must be obtained or satisfied by a Party as are necessary for such Party's execution and implementation of this Agreement or the performance of the terms hereof have been obtained and satisfied.

Section 9: Reports and Final Account

9.1 UNFPA shall provide to the Government reports and financial statements concerning the expenditures incurred for the provision of Services under this Agreement, in accordance with UNFPA's rules and procedures.

9.2 After shipment of all purchases, UNFPA shall prepare a final statement of account expressed in U.S. dollars, to be forwarded to the Government, covering the total cost of the Services.

9.3 In the event that the final statement of account indicates a balance of funds in favor of the Government, these funds shall, unless otherwise requested by the Government, be returned to the Government.

9.4 The United Nations operational rate of exchange shall apply to all currency conversions under this Agreement.

Section 10: Settlement of Disputes

Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, shall, unless it is settled by direct negotiations, be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force. UNFPA and the Government agree to be bound by any arbitration award rendered as a result of such arbitration, as the final adjudication of such dispute, controversy or claim.
Section 11: Privileges and Immunities

Nothing contained in or relating to this Agreement shall be deemed a waiver, expressed or implied, or any of the privileges and immunities of the United Nations, including UNFPA.

Section 12: Amendment, Suspension and Termination

12.1 This Agreement may be altered, modified or amended only by a written instrument duly executed by both Parties hereto.

12.2 This Agreement may be suspended by written notice from the suspending Party if: (a) the other Party has failed in any material respect to perform its obligations hereunder and such failure shall continue for a period of thirty (30) days after the party seeking to suspend has given the other Party notice of such failure, or (b) an event beyond the reasonable control of such Party occurs which makes it impossible for that Party to carry its obligations under this Agreement.

12.3 If this Amendment is suspended, neither Party shall be obligated to undertake additional responsibilities hereunder during the period of suspension (which period may continue for as long as the breach remains unremedied); provided, however, that the Parties shall comply with their obligations and responsibilities already incurred or commenced prior to such suspension. A Party suspending this Agreement shall retain the right to terminate this Agreement by providing notice of such termination to the other Party.

12.4 This Agreement may be terminated without prejudice to the rights of either Party by written notice of either Party, effective sixty (60) days after the date of such notice. Upon termination of this Agreement, the Parties shall take all reasonable and necessary measures to conclude the Services already commenced under this Agreement.

12.5 Suspension or termination of this Agreement for any reason shall not release either Party from any obligations that have already been undertaken at such time and shall not affect the survival of any right, duty or obligation of either Party. In particular, suspension or termination of this Agreement shall not relieve either Party of its obligation to pay all monies due to the other Party for services performed and obligations incurred prior to the effective date of such suspension or termination.

12.6 Upon cancellation of this Agreement, the Parties shall take all reasonable and necessary measures to conclude the services already commenced to permit orderly settlement of accounts between the Parties.
Section 13: Entry in Force

This Agreement shall enter into force on the date when it has been signed by both Parties. However, if by that date the Government has not deposited, or made arrangements for the deposit of the funds covering the costs for the provision of the Services by UNFPA, this Agreement shall enter force on the date when these requirements have been satisfied.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on ______________ at ______________.

For UNFPA

___________________    ______________________
Signature      Signature

____________________    _____________________
Name       Name

_____________________    ______________________
Title       Title

_______________________    ______________________
Date       Date

For the Government

___________________    ______________________
Signature      Signature

____________________    _____________________
Name       Name

_____________________    ______________________
Title       Title

_______________________    ______________________
Date       Date


Specification and Guidelines for Condom Procurement

This document focuses primarily on procurement issues related to condom quality since these procedures differ significantly from those used to procure other health care products.

The first section provides a step-by-step guide to the procurement process and describes the different quality assurance measures that are applied to ensure the procurement and distribution of high-quality condoms.

The second section details the essential safety, efficacy and design components of a good specification for condoms suitable for use in developing countries and tropical environments and describes the tests required to verify compliance with the specification. This specification should be studied by programme managers and adapted to their specific design requirements.

The appendix includes material on testing considerations as well as additional resources.


10 Condom Programming Fact Sheets

These fact sheets are designed to review the latest scientific evidence, basic concepts and best practices in key areas of condom programming. They are a source of the basic information required to support the successful and effective procurement, promotion and distribution of high-quality condoms through national reproductive health care programmes, family planning, STD/HIV prevention programmes and condom social marketing programmes.

Fact Sheet Introduction

Fact Sheet 1. Scientific Facts on the Natural Rubber Latex Condom reviews the clinical evidence regarding the efficacy of the latex condom.

Fact Sheet 2. Condom Programming reviews the key activities required to create demand and link it to the supply of condoms.

Fact Sheet 3. Quality Assurance reviews the different quality assurance measures applied to the procurement and distribution of condoms.

Fact Sheet 4. Condom Promotion reviews where, when and how the various techniques to promote condoms can be used effectively.

Fact Sheet 5. Logistics Management reviews each of the key activities involved in developing and maintaining an effective logistics cycle.

Fact Sheet 6. Research guides the manager through the process of defining research needs.
Fact Sheet 7. Improving Staff Performance reviews different techniques that can be incorporated into a work plan to assess and improve staff performance.

Fact Sheet 8. Social Marketing of Condoms reviews the activities involved in developing and implementing social marketing programmes.

Fact Sheet 9. Male and Female Synthetic Condoms reviews the latest information on the development of synthetic condoms.

Fact Sheet 10. Bibliography and Further Resources complements the bibliography in the monograph.

Condom Manufacturers


Monograph: The Latex Condom - Recent Advances, Future Directions

The latex condom is the only contraceptive method proven to reduce the risk of all STDs, including HIV. This monograph provides a comprehensive review of recent advances in latex condom research regarding effectiveness, manufacturing, quality assurance, performance in human use, acceptability and user behaviors. Written and edited by researchers, product compliance specialists and policy experts at Family Health International (FHI), it also summarizes future directions for manufacturing and designing the latex product, research priorities on acceptability and behavioral issues, and advances in non-latex alternatives. Click here to access the complete monograph: http://www.fhi.org/en/fp/fpother/conom/index.html

A copy of the Male Latex Condom binder is also available for loan from the Sectoral and IT Resource Center.


Annex 5: Additional Resources

**Forecasting, Logistics**

**Centers for Disease Control (CDC).** *Contraceptive Logistics Publications* - available from the website: [http://www.cdc.gov](http://www.cdc.gov)

**John Snow Inc. (JSI).** *Contraceptive Forecasting Handbook* - available from the [http://jsi.com](http://jsi.com) or from USAID’s Development Experience Clearinghouse website: [http://www.dec.org](http://www.dec.org)

**UNFPA.** *The Role of the Logistics Manager in Contraceptive Procurement* - available from UNFPA’s website under the Global Initiative for Reproductive Health Commodity Security: [http://www.unfpa.org](http://www.unfpa.org)


**Management Sciences for Health (MSH)*** provides expertise on drug management practices including procurement in the public sector, improving information management and inventory control, expanding drug information resources, and promoting rational drug use: [http://www.msh.org](http://www.msh.org)

**Program for Appropriate Technology in Health (PATH)*** provides a range of technical advice on safe, appropriate, and cost-effective supplies and equipment for health programs: [http://www.path.org](http://www.path.org)

**Social Marketing**

**UNAIDS** publications website contains several useful resources on Social Marketing:


Global Directory of Condom Social Marketing Projects and Organizations, UNAIDS, 2001. A comprehensive catalogue of over 70 condom social marketing projects and programmes in more than 50 countries, with a summary description of each. Hardcopy only.


Population Services International (PSI) website provides a listing of current program activities: http://www.psi.org

DKT International is another social marketing agency. Their address is: 1120 19th Street, NW, Suite 610, Washington, DC 20036, Tel. 202-785-0094. (No website available).

Procurement Agents

Crown Agents: http://crownagents.com

FEDPRO- Federation of Procurement Specialist Organizations: http://www.fedpro.org

GTZ: http://www.gtz.de/english/index.asp

UNFPA: http://unfpa.org