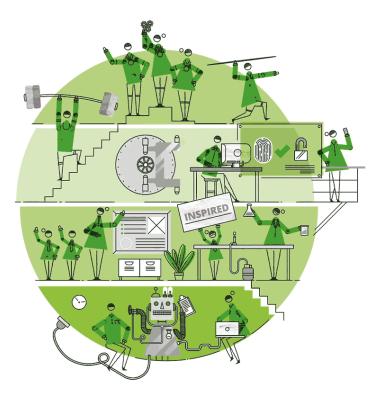
## **Deloitte.**



### United Nations Procurement and Partnerships

Why, where, and how should Japanese business leverage procurement with the United Nations By Rui Figueiredo

## Overview The speaker



Senior Manager and United Nations Account Lead SEA

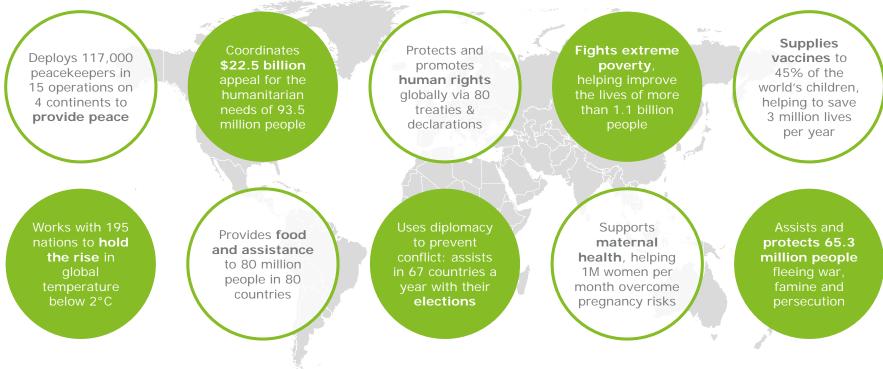
I have more than 8 years of experience working with the United Nations in various areas such as capacity building, training, audit, and monitoring & evaluation, among others. For the last 3 years I have been in charge of the United Nations Account for Deloitte in Southeast Asia. Through my experience in supporting UN Country Teams on the ground, I have developed a thorough understanding of the organization's culture, vision, procurement procedures and processes.

I join Deloitte from Switzerland and I bring with him more than 8 years of experience, specialising in Strategic Governance and Risk Management. I have four university degrees, including BSc in Engineering and a MsBA in Management of Services and Engineering.

Today in my agenda I will help you to answer 4 strategic questions:

- 1. What is the United Nations (UN) known for?
- 2. What is the advantage of working with the UN?
- 3. Where to play in Southeast Asia?
- 4. How to respond to the demand?

## Overview Impact of the United Nations



Source: United Nations Department of Public Information, 2017

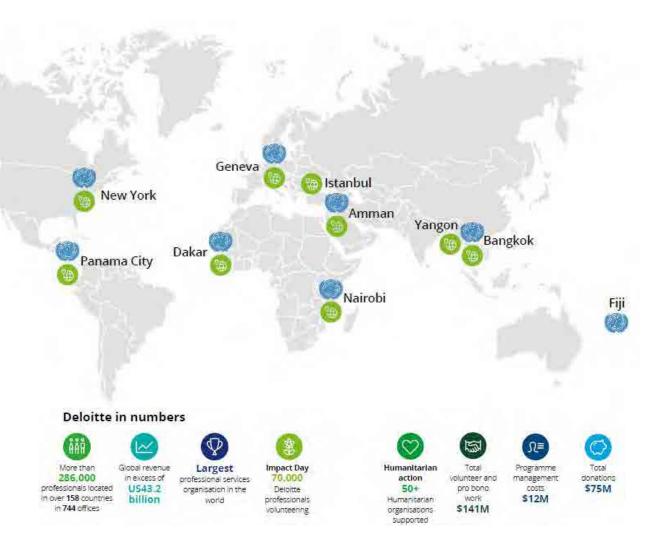
## Overview Deloitte operating model with United Nations

We leverage the scale of Deloitte's global network of member firms to collaborate and to support you where it is needed.

This is comprised of over 286,000 professionals, working out of 744 offices, in over 158 countries across the globe; all acting as "One Firm" to deliver a single standard of quality and service consistency throughout an engagement.

These firms bring world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex challenges.

Our experience also provides those within our network with rich insights into the latest trends, solutions, and challenges and helps us to keep our clients informed and ahead of risks.



## **Introduction** What is the United Nations known for?



## Health goals in 2000-2015 and in 2015-2030

The health-related Millennium Development Goals (MDGs) have been followed by one unified health-related goal in the Sustainable Development Goals (SDGs)

#### **Health MDGs**



**A:** Reduce the under-five mortality rate by two-thirds



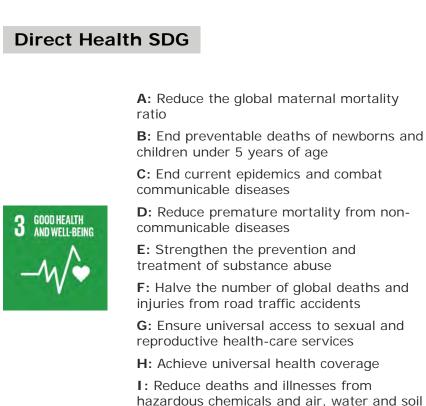
**A:** Reduce the maternal mortality ratio by three-quarters

 $\ensuremath{\textbf{B}}\xspace$  Achieve universal access to reproductive health



- A: Halt and reverse the spread of HIV/AIDS
- **B:** Achieve universal access to treatment for HIV/AIDS

**C:** Halt and reverse the incidence of malaria and other major diseases



pollution and contamination

Source: Georgetown University

## **Expansion** What is the advantage of working with the UN?

Expansion What is the advantage of working with the UN?

## The United Nations procurement process reduces market entry risks inherent with expanding to developing markets



Similar considerations with public and international organizations



Robust established infrastructure



Centralized procurement vehicle



Transparent tendering system



## Expansion

The UN procured around \$18.6 bn. in goods and services in 2017

 $\bigcirc$ 

Т	otal ex	(penditure (2017)	Goods:	~ \$8.8 bn.	Services:	~ \$9.8 bn.
#	Туре	Category	No. POS	Total PO Value	Mean PO Value	%
1		Pharmaceuticals incl. Contraceptives and Vaccines	10,780	\$ 2,641,368,846	\$ 245,025	14%
2		Transportation and Storage and Mail Services	138,484	\$ 2,323,126,230	\$ 16,775	12%
3		Food and Beverage Products	3,997	\$ 1,893,768,829	\$ 473,798	10%
4		Management and Business Professionals and Administrative Services	96,956	\$ 1,809,281,450	\$ 18,661	10%
5		Building and Facility Construction and Maintenance Services	25,004	\$ 1,302,987,429	\$ 52,111	7%
6		Engineering and Research and Technology Based Services	36,093	\$ 1,279,417,523	\$ 35,448	7%
7		Medical Equipment and Accessories and Supplies	16,058	\$ 735,686,996	\$ 45,814	4%
8		Information Technology Broadcasting and Telecommunications	36,773	\$ 626,104,443	\$ 17,026	3%
9		Fuels and Fuel Additives and Lubricants and Anti corrosive Materials	7,031	\$ 611,690,765	\$ 86,999	3%
10		Travel and Food and Lodging and Entertainment Services	85,724	\$ 558,978,934	\$ 6,521	3%

## Expansion

## Several categories receive the highest amount of expenditure

#### UN expenditure (2017)

#	Category	Total PO Value	%
1	Immunomodulating Drugs	\$ 601,757,542	23%
2	Amebicides and trichomonacides and antiprotozoals	\$ 137,796,206	5%
3	Estrogens and progestins and internal contraceptives	\$ 121,182,543	5%
4	Hormones and hormone antagonists	\$ 120,553,137	5%
5	Antiviral drugs	\$ 46,048,429	2%
6	Other classified pharmaceuticals	\$ 27,106,695	1%
7	Unclassified pharmaceuticals	\$ 1,586,924,472	60%
	Total	\$ 2,641,368,846	100%

Pharmaceuticals incl. Contraceptives and Vaccines

#### Medical Equipment and Accessories and Supplies

#	Category	Total PO Value	%
1	Clinical nutrition	\$ 220,443,847	30%
2	Mobile medical services products	\$ 83,664,594	11%
3	Patient care and treatment products and supplies	\$ 65,178,107	<b>9</b> %
4	Medical facility products	\$ 41,223,196	6%
5	Other classified medical equipment	\$ 61,037,130	8%
6	Unclassified medical equipment	\$ 264,140,122	36%
	Total	\$ 735,686,996	100%

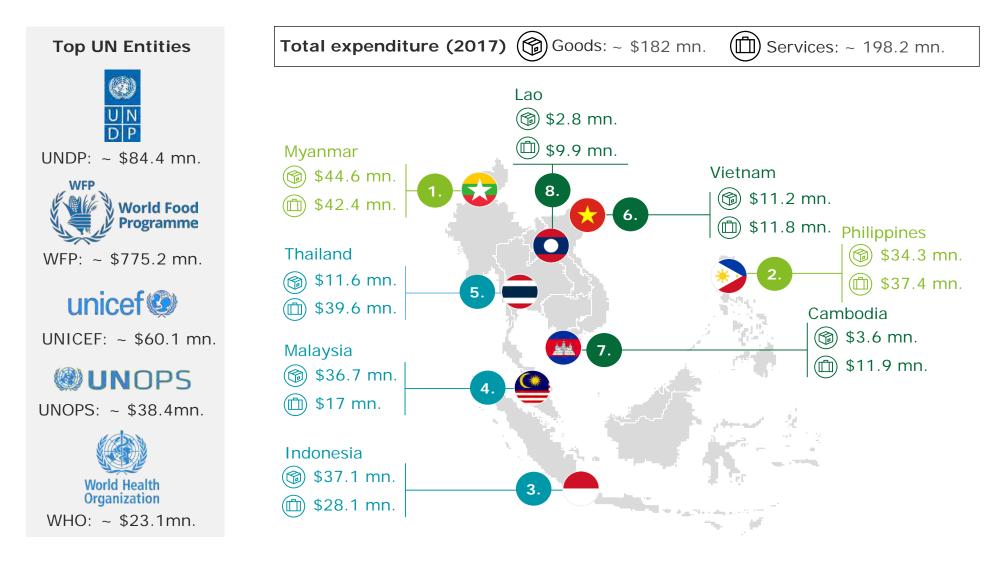
#### The Global Fund (2017)

# Category	Total PO Value	%
1 Tuberculosis	\$ 83,998,772	44%
2 HIV/AIDS	\$ 65,692,478	34%
3 TB/HIV	\$ 27,923,317	14%
4 Malaria	\$ 15,207,709	8%
Total	\$ 192,822,276	100%

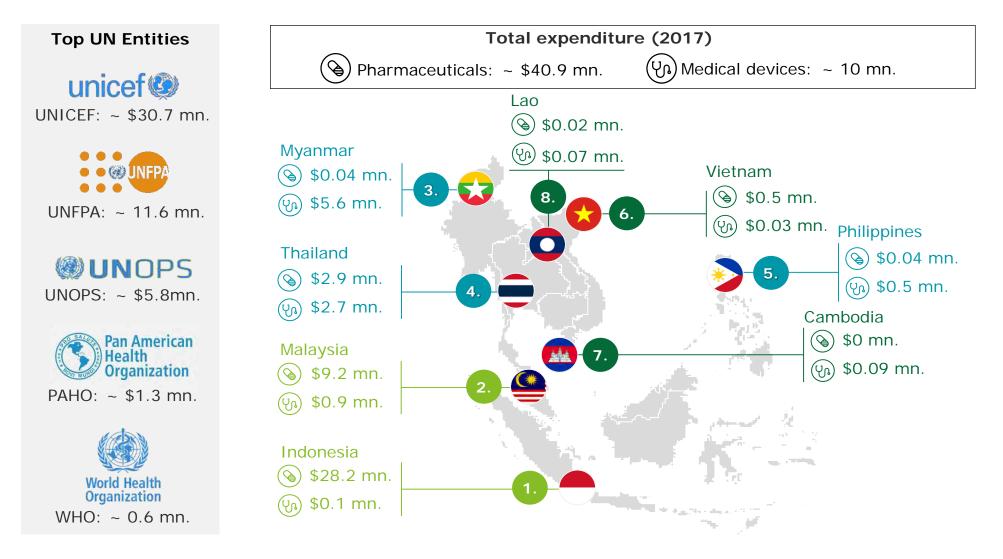


# Southeast Asia Where to play?

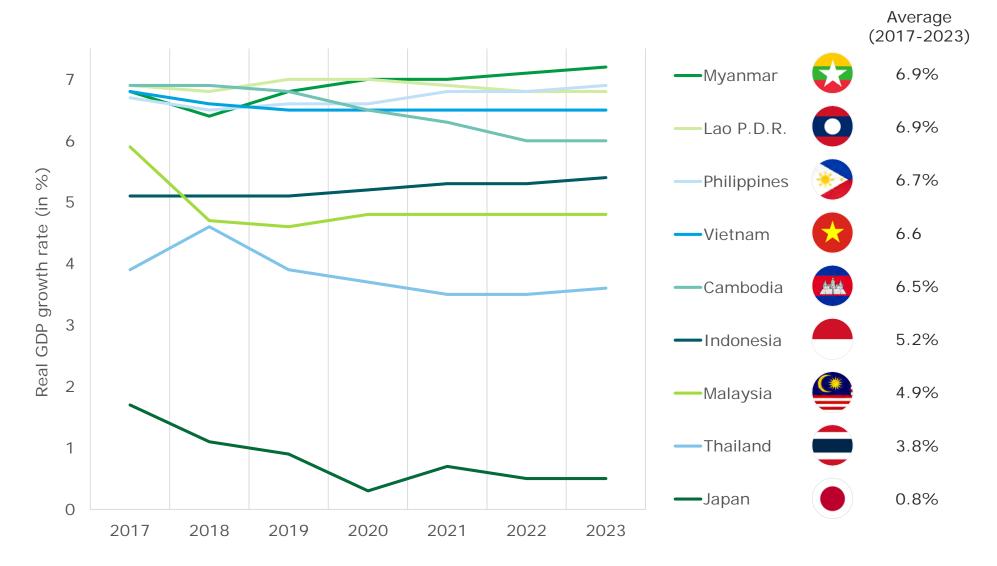
## Southeast Asia UN expenditure on goods and services



## Southeast Asia UN expenditure on pharmaceuticals and medical devices

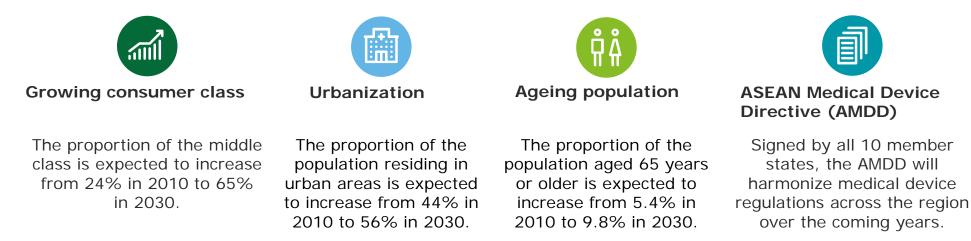


## Southeast Asia Southeast Asian economies will grow tremendously



## Southeast Asia The prospects for a growing healthcare market in SEA are strong

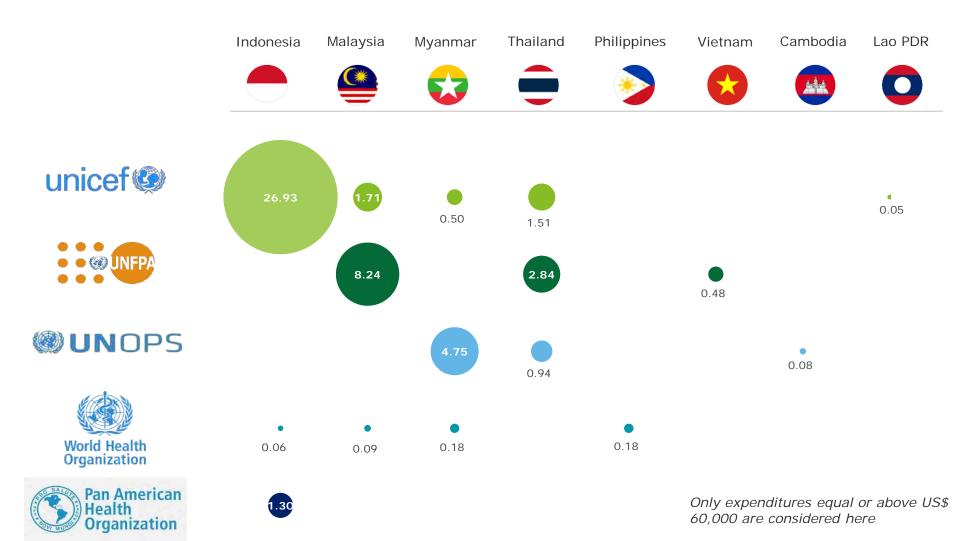
There are several drivers behind Southeast Asia's strong prospects with regards to a thriving healthcare market in the near future:



At the same time, there is a lack of domestic companies in the region able to fulfill the demand for medical equipment, which constitutes a great opportunity for Japanese companies to step in. The *proportion of medical equipment that is imported* is:



## Southeast Asia UN expenditure (\$mn) on pharmaceuticals and medical devices

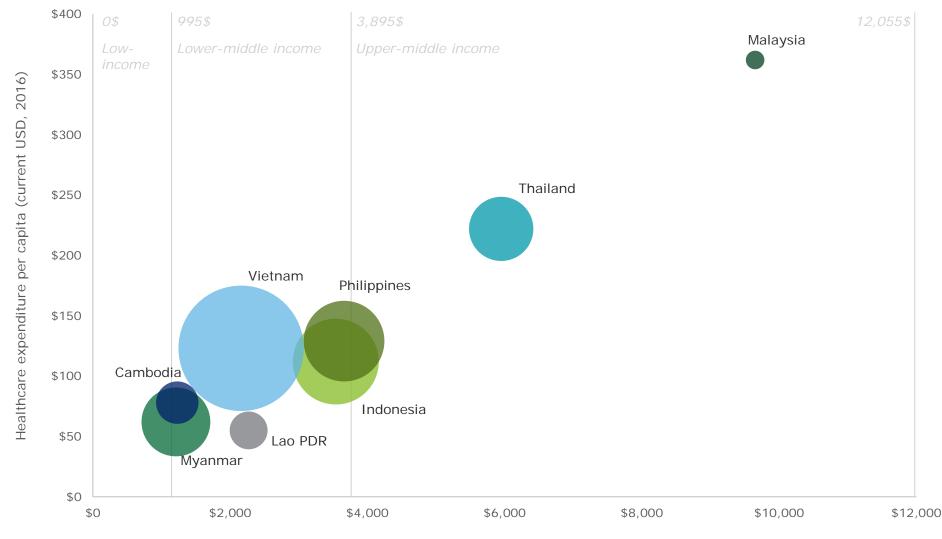


### Southeast Asia

2017 JICA's expenditures per country taking into account GNI latest Healthcare expenditure per capita (latest data from WHO)

Flag	Country	JICA Assistance (USD) 2017	Health expenditure per capita (2016)	GNI per capita (2016)
	Myanmar	\$ 313,103,700	\$ 62	\$ 1,210
	Cambodia	\$ 118,727,700	\$ 78	\$ 1,230
0	Lao PDR	\$ 94,903,900	\$ 55	\$ 2,270
<	Vietnam	\$ 1,043,742,700	\$ 123	\$ 2,160
	Indonesia	\$ 489,152,300	\$ 112	\$ 3,540
<b>&gt;</b>	Philippines	\$ 431,458,300	\$ 129	\$ 3,660
	Thailand	\$ 274,246,700	\$ 222	\$ 5,950
	Malaysia	\$ 22,668,100	\$ 362	\$ 9,650

## Southeast Asia 2017 JICA's expenditures per country taking into account GNI latest Healthcare expenditure per capita (latest data from WHO)



GNI per capita (current USD, 2017)

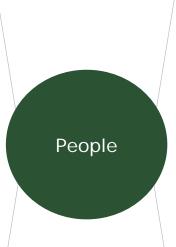
## **Procurement** How to respond to the demand?

## Procurement Why UN Agencies need to purchase goods and how?

### Humanitarian aid

- Fast-pace
- Short-term
- Reactive
- Causal
- Actions targeted at immediate basic needs
- High media attention
- Majority aid workers = non-nationals
- Target: morbidity/mortality
- Measure: input, output, outcome = results

Example: aftermath of war or natural catastrophe



## Development aid

- Slow-pace
- Long-term
- Proactive
- Multidimensional
- Actions targeted at root causes
- Low media attention
- Majority development aid workers = nationals
- Target: capacity and sustainability
- Measure: input, output, outcome, impact = results

Example: institutional and economic problems hindering progress

## Procurement Understanding EOIs, Sole Sourcing, CFPs, RFQs, ITBs, and RFPs

### Relevant solicitation terms





- Expression of Interest (EOI)
  - Precedes formal bidding
  - Expresses a vendor's interest in bidding on a solicitation
  - Submitting an EOI does not constitute a solicitation
- Direct Procurement (Sole Sourcing)
  - Facilitates the awarding of a contract without competition
  - Used only when justified & when a competitive bidding process is not feasible
  - Typically for smaller contract awards



- Grant Support Call for Proposal (CFP)
  - Request of goods or services on behalf of grant operations
  - Grant supports are transferred from procuring UN agency to grantee
  - Establishes collaboration between vendor and 3<sup>rd</sup> party institutions that may result in future symbiotic relationships

### Solicitation methods



- Request for Quotation (RFQ)
  - Request of goods or services with a total estimated value below \$100,000
  - Short document with standard specifications
  - Lowest price typically wins

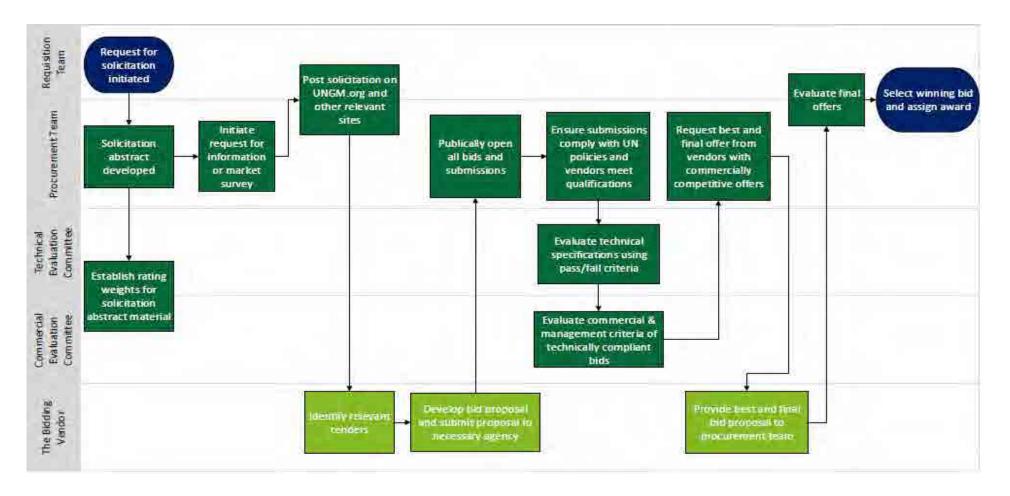
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- Invitation to Bid (ITB)
  - Request of goods or services with a total estimated value exceeding \$100,000
  - Method used when large procurement specifications are standard and clear
  - Determining factors include price, technical competency, and compliance



- Request for Proposal (RFP)
  - Request of goods or services that cannot be qualitatively or quantitatively expressed in an ITB
  - Winning bids often possess technical skills and a demonstrated mastery of UN procedures
  - lowest price does not necessarily win

## Procurement One unique process for RFQs, ITBs, and RFPs





## Procurement The procurement process after a successful bid

There are several activities that a company might be required to be involved in once it wins a procurement bid with the UN. These include:



Pre-contract negotiations and contract agreement



Registration of products with the UN (Country Team HQ) and the target country  $% \left( \mathcal{A}^{(1)}_{\mathrm{COU}}\right) = \left( \mathcal{A}^{(1)}_{\mathrm{COU$ 



Regular meetings with UN and local government staff



### Procurement

The approaches to target UN – government and corporations

#### Government

#### **Patronage Approaches**

- Contribute to the UN Budget
- Develop multi-stakeholder partnerships
- Support Southeast Asian governments through improving the implementation of procurement standard operating procedures
- Staff employees familiar with Japanese companies in UN procurement offices
- Advocate for projects relevant to the expertise of Japanese companies

#### **Policy Approaches**

- Limit distribution restrictions and ensure uncomplicated distribution
- Review government rules and regulations to ensure they do not interfere with the efficiency of pharmaceutical trading



### Corporations

#### **Direct Approaches**

- Vendor performance on past projects
- Extensions to on-going projects
- Long-term engagement (LTA) participation
- Circulation of vendor contract and performance information across agencies
- Assistance with RFIs
- Meetings with UN project managers

#### Indirect Approaches

- UNGM account registration
- Maintenance of UNGM account
- Tender Alert Service (TAS) membership
- Receive request for EOI from agencies
- UN Global Compact membership

## Procurement Japan's contribution to the UN

Year	Contribution to UN Regular budget in USD	Ranking of member states	Contribution to Peacekeeping operations (PKO) in USD	Ranking of member states
2018	USD260 million	2	USD650 million***	3
2017	USD240 million	2	USD660 million	3
2016	USD240 million	2	USD1.02 billion	3
2015	USD290 million	2	USD690 million	3
2014	USD270 million	-	USD1.3 billion	-

\*For year 2014-2017

• Ministry of Foreign Affairs of Japan. Diplomatic Bluebooks 2015-2018. https://www.mofa.go.jp/index.html

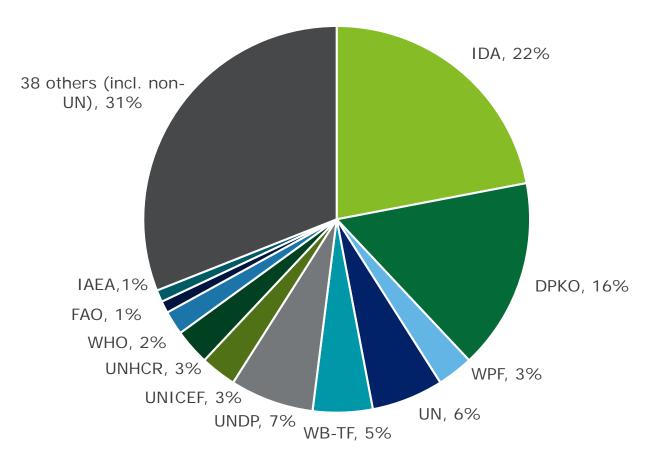
\*\*For year 2018

- UN Peace Keeping. <u>https://peacekeeping.un.org/en/how-we-are-funded</u>
- Assessment of Member States' advances to the Working Capital Fund for the biennium 2018–2019 and contributions to the United Nations regular budget for 2018. https://undocs.org/en/ST/ADM/SER.B/973

\*\*\* Estimate made on the basis of the \$6.7 billion UN peacekeeping operation budget for the fiscal year 1 July 2018 – 30 June 2019 and Japan contribution for 2018 (9.68%)

### Procurement

Japan's contribution to international development organizations was USD 5.6 bn. between 2014 and 2016



\*Brookings. Globalviews no.8 December 2017. https://www.brookings.edu/wp-content/uploads/2017/12/globalviews\_who\_funds\_which\_multilaterals.pdf

## Win-win How to go beyond procurement?



"Across the United Nations system, partnership approaches are evolving towards deeper and more strategic collaboration focusing on innovation, scalability and impact." Report of the Secretary General (A/72/310)

António Guterres, UN Secretary General

## Win-win Partnerships with the UN can go beyond procurement



Unilateral flow of generic resources to advance a cause that is oftentimes unrelated to the core business (e.g. through charity)

#### Procurement



Transactional

Market transaction of goods and/or services that are specific to the demands of the procuring entity without further collaboration



Co-investment of two or more entities in projects and/or programs creating "shared value" through strategic capabilities and resources



Coordination of aligned efforts across multiple entities that are key to the resolution of a common social, environmental, or economic issue

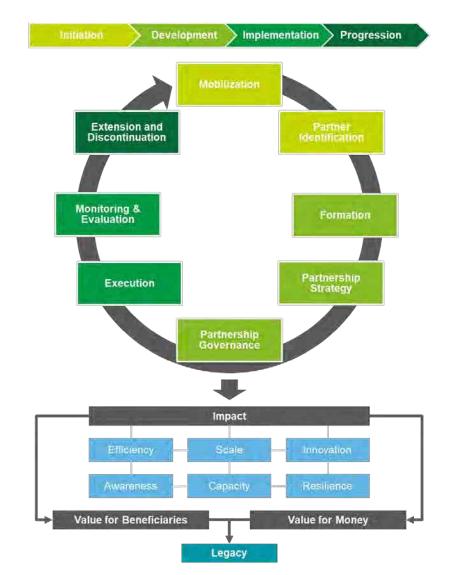
### Win-win

Cross-sector partnerships need a strategy to give great rewards

 Most partnerships are characterized by four phases and several steps, each of which requires investment from both partners in terms of staff, time, money, and trust

 Moving from a transactional towards a strategic partnership requires a shift towards value cocreation, knowledge sharing, and the deployment of resources and capabilities that are key to each organizations' success

• It is imperative that each partner is clear about the purpose of the partnership before the signing of the formal partnership agreement and that they communicate their objectives clearly



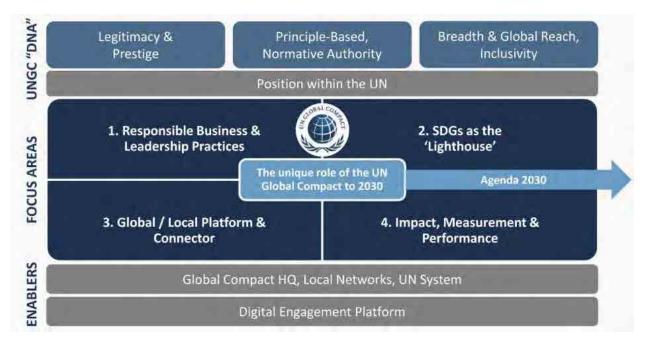
## Win-win Partnership rewards



## Engaging with the UN Examples

## Engaging with the UN United Nations Global Compact – The world's largest corporate sustainability initiative





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The UN Global Compact is a voluntary initiative that seeks to advance universal principles on human rights, labour, environment and anti-corruption through the active engagement of the corporate community, in cooperation with civil society and representatives of organized labour.

- United Nations Global Compact (2018)

United Nations Global Compact (2018)



Focus areas are:

- Environmental
- Social
- Governance
- Sustainable Development
- Financial Markets
- Supply Chain

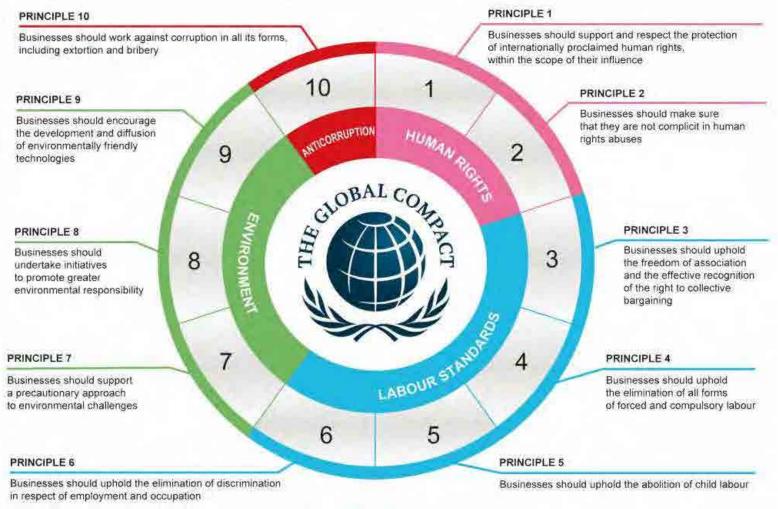
- > 13,000 members, including:
  - Academic institutions
  - Companies
  - Business Associations
  - NGOs
  - Labour Organizations
  - Cities &
     Public Sector Organizations



Several companies represented attending this workshop have been members for many years

## Engaging with the UN United Nations Global Compact – The world's largest corporate sustainability initiative

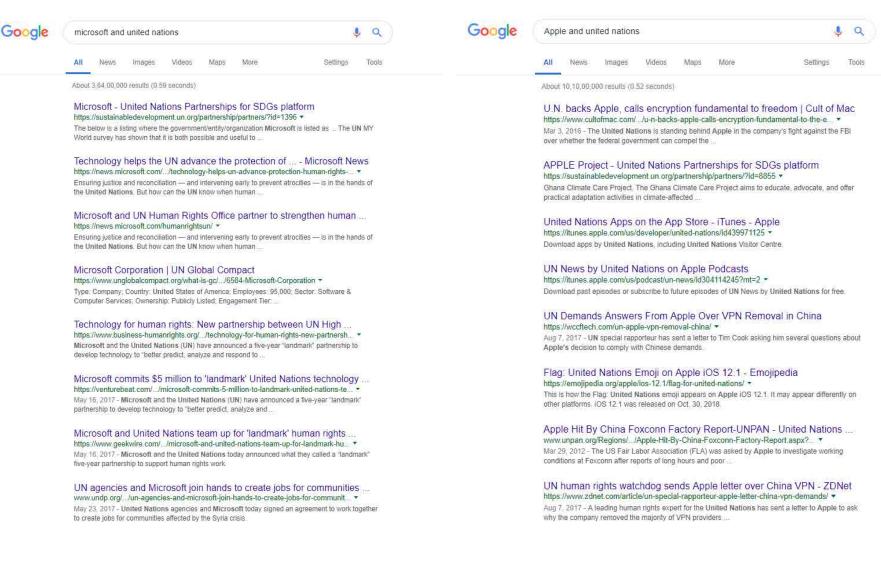




United Nations Global Compact (2018)

Engaging with the UN Microsoft

## Engaging with the UN Microsoft



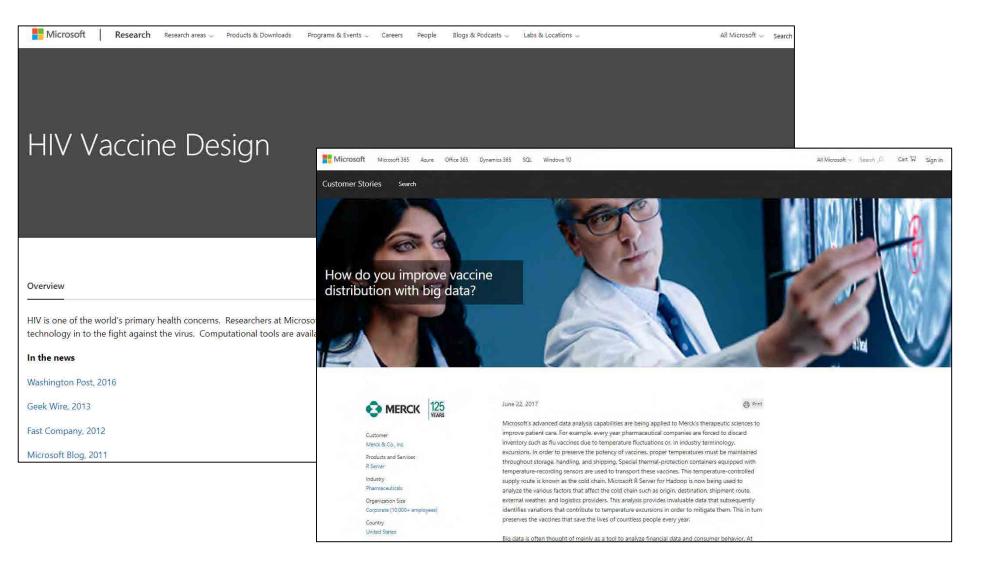
## Engaging with the UN Bill and Melinda Gates (Microsoft)



## Engaging with the UN Bill and Melinda Gates (Microsoft)



## Engaging with the UN Microsoft



# Engaging with the UN LEGO



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# Engaging with the UN LEGO



IS 2015/UNICEE/ Soldestan Rehay

#### Towards sustainable, systemic change in South Africa

Poverty and inequality have profound negative impacts on children's developmental outcomes, and more intensely for younger children. In South Africa, where poverty levels are high (55.7% among children under 18) and is one of the most unequal societies in the world (GINI coefficient 0.65 in 2011), the need for comprehensive early childhood development services and programming is more imperative

Thanks to the partnership with the LEGO Foundation, the South African government is working on changing policies

and programmes and has included play-based learning as a fundamental principle in the National Integrated Early Childhood Development Policy, bringing play-based learning into classrooms and pre-school facilities nationwide. The partnership in South Africa has the potential to benefit 3 million children under 10 who are receiving support and care from parents, caregivers and educators who have been taught to understand and use play as a tool for stimulation and learning.



# Engaging with the UN LEGO



El UNICEEL Internet20 (Siniatimen

build more peaceful societies.

## Play as a strategy to alleviate trauma and stress of conflict affected children

UNICEF figures show that globally one in 11 children aged 6 or younger has spent the most critical period of brain development growing up in conflict. Emergency settings pose a multitude of risks to young children and their families, and can have adverse effects on young children's development.

Play can be a powerful strategy to help children establish routines and regain a sense of normalcy, as well as to help build young child's resilience. Furthermore, play can contribute in the long term to

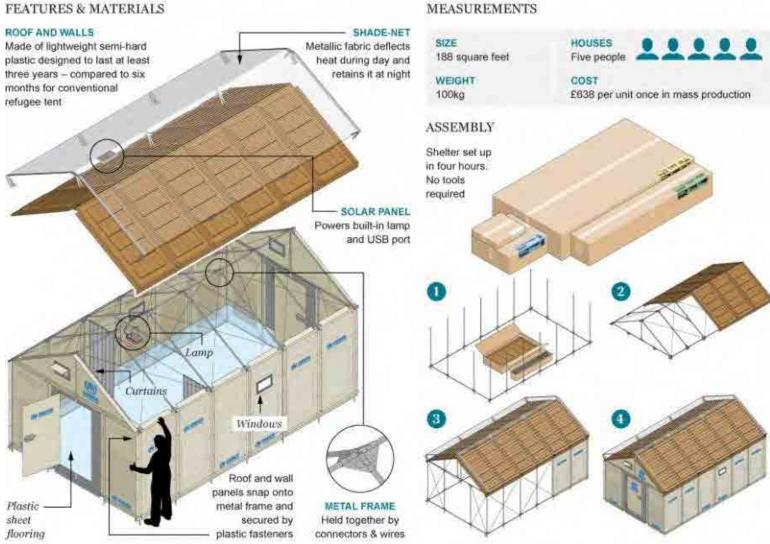
Since 2015, the LEGO Foundation has made an in-kind contribution of LEGO play materials and trained practitioners and staff to support play as a strategy to alleviate trauma and stress reaching over 320,000 conflict-affected children in Ukraine, Iraq, Egypt, Turkey and Jordan.



## Engaging with the UN IKEA



# Engaging with the UN IKEA



SOURCES IKEA FOUNDATION | GRAPHIC NEWS

## **Deloitte.**



Thank you for your attention! My name is Rui san, and it was my pleasure to be with you today.

## **Deloitte.**

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