Main points
- Tendering and negotiation set prices according to the best offer from suppliers.
- Price level should be considered alongside other factors, including product quality, availability and reliability of supply, and additional charges along the supply chain.

Pros
- Many countries are experienced in tendering and negotiation, and have established public procurement processes.

Cons
- Tendering and negotiation processes that award only on price may neglect product quality, and awarding to a single supplier may reduce market competition over time.
- Lengthy tendering and negotiation processes may slow down access.
- Countries with smaller markets may not attract enough interest from suppliers to tender for the provision of certain products.

WHO GUIDELINE
Conditional* recommendations for the policy
* Consult stakeholders to understand the conditions within country context before full adoption

HIGHLIGHTS
For policymakers responsible for promoting affordable access to health products

1. WHO suggests that countries use tendering for pharmaceutical products under the following conditions:
   - Price level should be considered alongside other criteria, including product quality, product characteristics, availability, supply security, supply reliability and charges along the supply chain.
   - Tendering should be used in conjunction with other pricing policies to improve affordability and availability.

2. WHO suggests that countries use price negotiation to complement tendering as well as other pricing policies.
What is the policy?
Tendering is any formal and competitive procurement process through which tenders (offers) are requested, received and evaluated for the purchasing of products such as medicines or vaccines. The process is based on predetermined criteria, including price, product quality and value for money. Negotiations are discussions aimed at reaching an agreement with potential suppliers. The contract is awarded to the suppliers making the best offers.

Why is the policy implemented?
The purpose of tendering is to encourage competition among potential suppliers. Negotiation is used to establish the terms and conditions of procurement and to resolve disagreements.

How is the policy implemented?
Tendering is a multi-stage process. It involves:
- enacting relevant legislation
- selecting the pharmaceutical products for the tender
- preparing and publishing documents to invite offers from potential tenderers
- collating offers
- evaluating supplier selection in preparation for awarding the contract
- monitoring the performance of suppliers
- enforcing contract terms if necessary.

Negotiation is less structured and depends on factors including contract size and complexity; number of parties involved; existing relationships with suppliers; and other health-care, regulatory, legal and commercial requirements.

Tendering and negotiation may be done separately or together, or to supplement other pricing policies.

How commonly is the policy used?
Tendering and negotiation is a common method of procurement worldwide. It is particularly common in lower-income countries, and among international agencies procuring on behalf of lower-income countries. In higher-income countries, tendering has been used primarily in hospital settings and public services (e.g. pandemic plans and human papilloma virus vaccines).

For more information
See the WHO Guideline on Country Pharmaceutical Pricing Policies for more information, including an overview of the evidence about tendering and negotiation and nine other pharmaceutical pricing policies. https://www.who.int/publications/i/item/9789240011878