

Pooled procurement

WHO Guideline on Country Pharmaceutical Pricing Policies

A plain language summary

Main points

- Pooled procurement cooperatively combines the financial and other resources of purchasing authorities to improve efficiency and create greater purchasing power.
- When undertaking pooled procurement, it is important to understand all the relevant regulatory policies, legal requirements and financing processes of the participating purchasing authorities.

Pros

- Pooled procurement increases purchasing power because procurement costs are spread over a greater volume and variety of products.
- Pooled procurement achieves greater efficiency through the sharing of workload, expertise and human resources.

Cons

- Pooled procurement generally requires considerable political commitment; alignment of legal, regulatory and policy requirements and processes; and the ability to address local needs.

HIGHLIGHTS

For policymakers
responsible for
promoting affordable
access to health
products

1 WHO suggests the use of pooled procurement of medicines under the following conditions:

- Pooled procurement should be used in conjunction with other pricing policies, such as tendering and negotiation.
- Procurement processes are transparent and accompanied by a high standard of governance.
- Financing for pooled procurement must be sustainable, predictable and timely, with dedicated resources mobilized for a capitalization fund to stabilize initial regional pooled procurement efforts.

2 WHO suggests that countries consider initiation of pooled procurement of medicines under the following conditions:

- Pooled procurement is initiated with a clear understanding of the price and non-price benefits to be achieved (e.g. quality, availability, administrative efficiencies, bargaining power, improved capacity to forecast and collective technical expertise).
- Pooled procurement is initiated with a clear understanding of the regulatory policies, quality assurance, patent laws and relevant patent information, and financing processes in participating jurisdictions.

WHO GUIDELINE

Conditional*
recommendations
for the policy

* Consult stakeholders to understand the conditions within country context before full adoption



What is the policy?

Pooled procurement is a formal arrangement where financial and other resources are combined across different purchasing authorities, to create a single entity for procuring health products on behalf of individual purchasing authorities.



Why is the policy implemented?

Pooled procurement increases purchasing power because procurement costs are spread over a greater volume and variety of products. It may also increase efficiency through the sharing of resources and streamlining of procurement processes.



How is the policy implemented?

There are four models of pooled procurement that reflect different levels of collaboration. The first is informed buying, where countries buy products individually based on the information they share with one another about prices, product quality, and suppliers. The second is coordinated informed buying, in which participating countries conduct market research, share supplier performance information, and monitor prices in an organized way. The third is group contracting, where participating countries buy products individually but follow one process for selecting suppliers, negotiating price, and awarding contracts to the winning suppliers. The fourth is central contracting and procurement, where all processes and purchasing is done through an established procurement agent acting on behalf of participating countries.



How commonly is the policy used?

Pooled procurement is widely used in many countries at the national, sub-national and international levels. At the national and subnational levels, examples include centralized procurement systems for public hospitals and national public health programmes, or when procuring specialised medicines for rare and complex conditions. At the international level, examples of pooled procurement can be found in Eastern Caribbean States, Southern Africa, Europe and the Arab states of the Gulf. Pooled procurement has also been managed through third-party funds, such as UNICEF, The Global Fund, and the PAHO Regional Revolving Fund.



THINGS TO CONSIDER

Implementation

- Have conditions of pooled procurement, such as common values, legislative and administrative structures, timeline and milestones, been established?
- Can we share information and experiences through cross-training, study tours or twinning, to stimulate teamwork?
- How can we develop databases to provide the information we need on prices, patent status, pre-qualification of suppliers and medicines registration?
- What are our needs for building capacity to carry out pooled procurement?
- How can we use pooled procurement to support local manufacturing?
- How will we harmonize legislation, regulations, economic factors and administrative processes to facilitate international pooled procurement?

Methodology

- What is our initial shortlist of products that are most likely to benefit from pooled procurement?
- Have multi-year contracts been considered to achieve more favourable prices?
- Have we considered factors such as storage and supply requirements, as well as volume forecasts, when finalizing arrangements to procure specific products?



For more information

See the *WHO Guideline on Country Pharmaceutical Pricing Policies* for more information, including an overview of the evidence about pooled procurement and nine other pharmaceutical pricing policies.

<https://www.who.int/publications/i/item/9789240011878>

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