Global Fund and Pooled Procurement Mechanism (PPM)

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Mariatou Tala Jallow, Acting Chief Procurement Officer
Makiko Takayama, Specialist, Donor Relations, External Relations Division
Lin (Roger) Li, Manager, Strategy, Analytics and Data Management, Sourcing
THE GLOBAL FUND BUSINESS MODEL
The Global Fund

A 21st-century partnership organization to accelerate the end of HIV, tuberculosis and malaria as epidemics

Founded in 2002, the Global Fund is the leading contributor of resources in the fight against AIDS, tuberculosis and malaria. It mobilizes and invests nearly US$4 billion a year to support countries and communities most in need. It has an active portfolio of over 430 active grants in over 100 countries, implemented by local experts.
Breakdown of investments by region (active grants)

- **Eastern Europe and Central Asia**: 5%
- **North Africa and the Middle East**: 8%
- **Asia and the Pacific**: 19%
- **Latin America and the Caribbean**: 4%
- **Sub-Saharan Africa**: 64%

Number of lives saved through Global Fund-supported programs

- **US$ (Billion)**
- **Lives Saved (Million)**

- **2005**: 20m lives saved, 20m amount disbursed
- **2010**: 20m lives saved, 20m amount disbursed
- **2015**: 20m lives saved, 20m amount disbursed
- **2016**: 22m lives saved, 22m amount disbursed

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The Global Fund
Le Fonds mondial
El Fondo Mundial
Глобальный фонд
全球基金
الصندوق العالمي
Breakdown of investments by implementer type (active grants)

- Ministry of Health: 45%
- NGO/CBO/Academic: 29%
- Other government ministries: 10%
- Private sector: 2%
- Multilateral organization: 12%
- Faith based organization: 2%
- Private sector: 2%
- Multilateral organization: 12%

Portfolio by cost

- Medicines and pharmaceutical products: 20.8%
- Health products and health equipment: 20.6%
- Human Resources: 14.3%
- Other: 1.2%
- Technical Assistance: 2.4%
- Planning and administration: 4.2%
- Procurement and supply management costs: 5.7%
- Infrastructure and other equipment: 6.7%
- Monitoring & Evaluation: 5.4%
- Living Support to Clients/Target Populations: 4.6%
- Communication materials: 3.4%
- Overheads: 3.1%
- Training: 7.8%
Successful replenishment for the 2017-2019 allocation period for implementing the Global Fund 2017-2022 Strategy

- Fifth Replenishment Conference in Canada in September 2016
- Donors pledged **over US$ 12.9 billion for three year replenishment period from 2017 to 2019**
- Nearly US$ 1 billion more than the previous replenishment conference in 2013

<table>
<thead>
<tr>
<th>Funding envelopes</th>
<th>Amount</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>HIV/AIDS</td>
<td>5,098</td>
<td>105</td>
</tr>
<tr>
<td>Malaria</td>
<td>3,227</td>
<td>71</td>
</tr>
<tr>
<td>TB</td>
<td>1,842</td>
<td>98</td>
</tr>
</tbody>
</table>

*Health products = 40-60% spend depending on category*

**Country Allocation:** Countries were informed of their funding envelopes in December 2016 to take them through 2020

- Maximize impact against HIV, TB and Malaria
- Build resilient & sustainable systems for health
- Mobilize increased resources
- Promote & protect human rights and gender equality
- Promote & protect human rights and gender equality
The Global Public Health Market

The **Global Public Health market amounts to ~ USD 30.7 billion** annually of which the Global Fund is one of the largest players.

**Global public health market by disease (2013)**

- **USD 30.7 billion**
  - 7.7: HIV
  - 6.5: Others
  - 5.6: Malaria
  - 4.0: Maternal/Newborn
  - 1.3: Tuberculosis
  - 1.3: Health support
  - 0.4: Non communicable

**Global public health market by donor (2013)**

- **USD 30.7 billion**
  - 7.4: USA
  - 4.9: NGOs
  - 4.0: Global Fund
  - 2.6: UN agencies
  - 2.2: WHO
  - 1.8: Others

**SOURCE:** [http://vizhub.healthdata.org/fgd/](http://vizhub.healthdata.org/fgd/)
Procurement Channels and Routes to Market

There are a number of procurement channels - with the Pooled Procurement Mechanism representing around 55% of the Global Fund’s total health product spend (depending on category).

1. **Pooled Procurement Mechanism (PPM)**
   - Funding Agency
   - Procurement Service Agent
   - Principal Recipient
   - Products
   - Manufacturer
   - Orders
   - Long Term Agreements and Funds

2. **National Procurement Mechanisms**
   - Funding Agency
   - Procurement Service Agent
   - Principal Recipient
   - Products
   - Manufacturer
   - Orders
   - Funds

3. **Other Procurement Agents; Global Drug Facility (GDF / TB)**
   - Funding Agency
   - Procurement Service Agent
   - Principal Recipient
   - Products
   - Manufacturer
   - Orders
   - Funds
Pooled Procurement Mechanism health product spend 2016

PPM spend is approximately 55% of Global Fund’s total health product spend

“Core products”
- Represent +/- 85% of procurement value
- Between 25% and 70% of procurement financed by the Global Fund are channeled through PPM (depending on the category)

Acronyms:
- ARVs: Antiretroviral drugs
- ACTs: Artemisinin Combination Therapy
- LLINs: Long-Lasting Insecticide treated nets
- RDTs: Rapid Diagnostic Tests
- Lab: Laboratory equipment and supplies, medical consumables, etc.

Source: Financial data from PPM 2016 approved orders
# PPM Countries

(60 Countries - 150+ Grants)

### High Impact Africa 1
- Cote d'Ivoire
- DR Congo
- Ghana
- Nigeria

### High Impact Africa 2
- Mozambique
- Tanzania
- Uganda
- Zambia
- Zanzibar
- Zimbabwe

### High Impact Asia
- Bangladesh
- Indonesia
- Pakistan
- Philippines
- Thailand
- Vietnam

<table>
<thead>
<tr>
<th>Africa</th>
<th>Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>Madagascar</td>
</tr>
<tr>
<td>Benin</td>
<td>Malawi</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>Mali</td>
</tr>
<tr>
<td>Burundi</td>
<td>Mauritania</td>
</tr>
<tr>
<td>Cameroon</td>
<td>Mauritius</td>
</tr>
<tr>
<td>Cape Verde</td>
<td>Niger</td>
</tr>
<tr>
<td>Central African Republic</td>
<td>Senegal</td>
</tr>
<tr>
<td>Comoros</td>
<td>Sierra Leone</td>
</tr>
<tr>
<td>Congo</td>
<td>Swaziland</td>
</tr>
<tr>
<td>Guinea</td>
<td>The Gambia</td>
</tr>
<tr>
<td>Guinea-Bissau</td>
<td>Togo</td>
</tr>
<tr>
<td>Lesotho</td>
<td>Yemen</td>
</tr>
</tbody>
</table>

### Asia Europe, Latin. America & Caribbean (AELAC)

- Eastern Europe and Central Asia
  - Armenia
  - Georgia
  - Kazakhstan
  - Macedonia
- Latin America & Caribbean
  - Colombia
  - Dominican Republic
  - Guatemala
  - Guyana
  - Honduras
  - Nicaragua
- South East Asia
  - Bhutan
  - Cambodia
  - Lao PDR
  - Mongolia
  - Multi-country Western Pacific
  - Nepal
  - Papua New Guinea
  - Sri Lanka
  - Timor Leste
Pooled Procurement Mechanism (PPM) Process Flow

1. Principal Recipient (grant recipient)
2. Procurement Services Agent
3. Freight Logistics

GF

Country Teams

Grant Program & Implementation Plans

Processing transactions

GF

PPM Sourcing

- Long-term agreements
- Supplier relationship management

- PSA management
- Supplier allocation

PR

1

Wambo

PPM Platform

GF

Supply Chain

PO placement

GF

Supply Chain

Demand planning

GF

Supply Chain

Delivery

Upstream logistics

Downstream logistics

F/L

3

Medical

Store

Health center

1. Principal Recipient (grant recipient)
2. Procurement Services Agent
3. Freight Logistics
PPM underwriting wambo.org – wambo.org as the “face of PPM”

All health products in wambo.org are managed through either PPM framework agreements; Procurement Service Agent (PSA) catalogues; or Partner MoUs. Performance is managed by PPM.

Added value of wambo.org – some key aspects

Country ownership
> Flexible approval chains mirror all different in-country processes
> One more tool available to in-country procurement professionals, empowering them; in synergy with, not in lieu of, capacity building

Transparency and auditability
> Complete audit trail automatically generated and stored
> Immediate visibility to country teams, LFA’s, empowering preventative controls

Potential to accelerate scale-up of innovative products
> Partnership with UNITAID
> “Levers” in the platform inform the PR about certain characteristics of products at key moments in the P2P process

Key enablers:
1. Eligibility of Supplier – QA policy
2. Selection of Supplier – Global Tender
3. Negotiated Prices and conditions – Framework Agreement
4. Order processing - Allocation to supplier and volume

In the pipeline (2017)

January  | May  | July  | October | November | March  | End Q2

LLINs  | ACTs  | ARVs  | Condoms & lubricants | HRDTs | MRDTs | Viral Load

Health Portfolio Tail
- Non core pharma
- Other diagnostics
- General lab supplies

TheGlobal Fund Le Fonds mondial El Fondo Mundial Глобальный фонд 全球基金 الصندوق العالمي
POOLED PROCUREMENT MECHANISM (PPM)
MARKET SHAPING STRATEGY & SOURCING APPROACH

**Maximize impact against HIV, TB and Malaria**

**Build resilient & sustainable systems for health**

**Promote & protect human rights and gender equality**

**Mobilize increased resources**

**STRATEGIC ENABLERS:** Innovate and differentiate along the development continuum + Support mutually accountable partnerships

**c** Implement and partner on market shaping efforts that increase access to affordable, quality-assured key medicines and technologies

**d** Support efforts to stimulate innovation and facilitate the rapid introduction and scale-up of cost-effective health technologies and implementation models
The Global Fund has proactively shaped markets to improve health outcomes since 2004

- **2004**: With WHO, recipients transitioned to ACTs from suboptimal therapies.
- **2007**: Market Shaping Strategy is approved by Board, with focus on pooling procurement, value for money, capacity building and ARVs.
- **2011**: Board approves first Market Shaping Strategy, including Price & Quality Reporting and Voluntary Pooled Procurement.
- **2013**: Operational initiatives through Procurement for Impact strengthen market shaping tools.
The Global Fund has introduced a more balanced supply system based on five elements to improve performance:

- **A** Cost competitiveness
  - Providing products at the lowest possible affordable and sustainable price to reach the maximum number of patients
  - Reducing price volatility and eliminating predatory pricing

- **B** Performance
  - Supplying product on time in full (OTIF)
  - Incentivizing suppliers to introduce better formulations

- **C** Sustainability
  - Supporting new suppliers to ensure sufficient supply and mitigate geographic supply risks
  - Investing in suppliers with sustainable manufacturing practices

- **D** Risk management
  - Maintaining well-diversified supplier base
  - Meeting The Global Fund and national quality requirements
  - Mitigating implementation risks

- **E** Benefit sharing
  - Publishing reference prices
  - Building capacity and implementing rapid supply mechanisms
## The business opportunities and requirements for manufacturers

<table>
<thead>
<tr>
<th>Feature</th>
<th>Impact for Manufacturers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Long term contracts with volume allocation and potentially commitment (2 - 5 years)</td>
<td>• Ability to make finance plans;</td>
</tr>
<tr>
<td></td>
<td>• Optimize plant loading</td>
</tr>
<tr>
<td>• Annual volume commitments</td>
<td>• Risk mitigation</td>
</tr>
<tr>
<td>• A focus on total cost of ownership</td>
<td>• Viability of inward investment</td>
</tr>
<tr>
<td>• Seek value-added services</td>
<td>• Opportunity for innovation and investment</td>
</tr>
</tbody>
</table>

### Key requirements

- Product need to be compliant with relevant Global Fund Quality Policy.
- National registration also required
- GMP and product approval are required + supporting admin processes.
Thank you
Antiretroviral medicines

+/- 30 medicines including the following 10 responsible for around 95% spend

- efavirenz+lamivudine+tenofovir – FDC 600mg+300mg+300mg | tab bottle-30
- efavirenz+emtricitabine+tenofovir - FDC600mg+200mg+300mg | tab bottle-30
- lamivudine+nevirapine+zidovudine - FDC150mg+200mg+300mg | tab bottle - 60
- lamivudine+tenofovir – FDC 300mg+300mg | tabbottle-30
- lamivudine+zidovudine – FDC 150mg+300mg | tab bottle - 60
- lamivudine+nevirapine+zidovudine – FDC 30mg+50mg+60mg | dispersible tab bottle - 60
- lopinavir+ritonavir – FDC 200mg+50mg | tab bottle-120
- efavirenz 600mg | tab bottle-30
- nevirapine 200mg | tab bottle - 60
- atazanavir + ritonavir - FDC300mg+100mg | tab bottle-30

## Antimalarial medicines

<table>
<thead>
<tr>
<th>Product Set</th>
<th>Description</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Artemether-lumefantrine&lt;br&gt;Artesunate-amodiaquine</td>
<td>High volume artemisinin-combination therapies (ACTs)</td>
</tr>
<tr>
<td>2</td>
<td>Severe malaria</td>
<td>Injectable and rectal artesunate</td>
</tr>
<tr>
<td>3</td>
<td>Specialized use&lt;br&gt;and low volume ACTs</td>
<td>Chemoprophylaxis for special risk groups and low volume ACTs</td>
</tr>
<tr>
<td>4</td>
<td>Other: low transmission, relapse, CQ-sensitive</td>
<td>Medicines for low-transmission, P. vivax relapse prevention and uncomplicated chloroquine-sensitive infections</td>
</tr>
</tbody>
</table>

# Long-lasting insecticidal nets (LLIN)

## WHO recommended long-lasting insecticidal nets

<table>
<thead>
<tr>
<th>Product name</th>
<th>Product type</th>
<th>Status of WHO recommendation</th>
<th>Status of publication of WHO specification</th>
</tr>
</thead>
<tbody>
<tr>
<td>DawaPlus 2.0</td>
<td>Deltamethrin coated on polyester</td>
<td>Interim</td>
<td>Published</td>
</tr>
<tr>
<td>Duranet</td>
<td>Alpha-cypermethrin incorporated into polyethylene</td>
<td>Full</td>
<td>Published</td>
</tr>
<tr>
<td>Interceptor</td>
<td>Alpha-cypermethrin coated on polyester</td>
<td>Full</td>
<td>Published</td>
</tr>
<tr>
<td>LifeNet</td>
<td>Deltamethrin incorporated into polypropylene</td>
<td>Interim</td>
<td>Published</td>
</tr>
<tr>
<td>MAGNet</td>
<td>Alpha-cypermethrin incorporated into polyethylene</td>
<td>Full</td>
<td>Published</td>
</tr>
<tr>
<td>MiraNet</td>
<td>Alpha-cypermethrin incorporated into polyethylene</td>
<td>Interim</td>
<td>Published</td>
</tr>
<tr>
<td>Olyset Net</td>
<td>Permethrin incorporated into polyethylene</td>
<td>Full</td>
<td>Published</td>
</tr>
<tr>
<td>Olyset Plus</td>
<td>Permethrin and PBO incorporated into polyethylene</td>
<td>Interim</td>
<td>Published</td>
</tr>
<tr>
<td>Panda Net 2.0</td>
<td>Deltamethrin incorporated into polyethylene</td>
<td>Interim</td>
<td>Published</td>
</tr>
<tr>
<td>PermaNet 2.0</td>
<td>Deltamethrin coated on polyester</td>
<td>Full</td>
<td>Published</td>
</tr>
<tr>
<td>PermaNet 3.0</td>
<td>Combination of deltamethrin coated on polyester with strengthened border (side panels), and deltamethrin and PBO incorporated into polyethylene (roof)</td>
<td>Interim</td>
<td>Published</td>
</tr>
<tr>
<td>Royal Sentry</td>
<td>Alpha-cypermethrin incorporated into polyethylene</td>
<td>Full</td>
<td>Published</td>
</tr>
<tr>
<td>SafeNet</td>
<td>Alpha-cypermethrin coated on polyester</td>
<td>Full</td>
<td>Published</td>
</tr>
<tr>
<td>Veeralin</td>
<td>Alpha-cypermethrin and PBO incorporated into polyethylene</td>
<td>Interim</td>
<td>Published</td>
</tr>
<tr>
<td>Yahe</td>
<td>Deltamethrin coated on polyester</td>
<td>Interim</td>
<td>Published</td>
</tr>
<tr>
<td>Yorkool</td>
<td>Deltamethrin coated on polyester</td>
<td>Full</td>
<td>Published</td>
</tr>
</tbody>
</table>
## HIV Rapid Diagnostic Tests - 21 products

<table>
<thead>
<tr>
<th>Product Description</th>
<th>Tests</th>
<th>Accessories Included</th>
</tr>
</thead>
<tbody>
<tr>
<td>HIV 1+2 - Determine Complete HIV Kit</td>
<td>100</td>
<td>Yes</td>
</tr>
<tr>
<td>HIV 1+2 - Determine HIV Kit</td>
<td>100</td>
<td>No</td>
</tr>
<tr>
<td>HIV 1/2 - Determine HIV Combo Kit</td>
<td>100</td>
<td>No</td>
</tr>
<tr>
<td>HIV 1+2 - Chase Buffer for Determine</td>
<td>100</td>
<td>Yes</td>
</tr>
<tr>
<td>HIV 1/2 - Bioline 3.0 Kit</td>
<td>25</td>
<td>Yes</td>
</tr>
<tr>
<td>HIV 1/2 - Bioline 3.0 Kit</td>
<td>25</td>
<td>No</td>
</tr>
<tr>
<td>HIV 1/2 - SD Bioline HIV/Syphilis Duo kit</td>
<td>25</td>
<td>Yes</td>
</tr>
<tr>
<td>HIV 1+2 - Uni-gold HIV Kit</td>
<td>20</td>
<td>Yes</td>
</tr>
<tr>
<td>HIV 1/2-O - First Response HIV 1-2.0 v.3.0 Cards Kit</td>
<td>30</td>
<td>Yes</td>
</tr>
<tr>
<td>HIV 1/2-O - First Response HIV 1-2.0 v.3.0 Cards Kit</td>
<td>25</td>
<td>Yes</td>
</tr>
<tr>
<td>HIV 1+2 - SD Bioline Ag/Ab Combo Kit</td>
<td>30</td>
<td>No</td>
</tr>
<tr>
<td>HIV 1+2 - OraQuick HIV Rapid Antibody Kit</td>
<td>100</td>
<td>Yes</td>
</tr>
<tr>
<td>HIV 1+2 - Stat-Pak Dipstick Assay Kit</td>
<td>30</td>
<td>Yes</td>
</tr>
<tr>
<td>HIV 1+2 - Stat-Pak HIV Kit</td>
<td>20</td>
<td>Yes</td>
</tr>
<tr>
<td>HIV 1+2 - Vikia HIV Device Kit</td>
<td>25</td>
<td>Yes</td>
</tr>
<tr>
<td>HIV 1+2 - INSTI HIV Antibody Test Kit</td>
<td>48</td>
<td>Yes</td>
</tr>
<tr>
<td>HIV 1 - Generic Rapid Diagnostic Test Kit</td>
<td>1</td>
<td>Yes</td>
</tr>
<tr>
<td>HIV 1/2 - Generic Rapid Diagnostic Test Kit</td>
<td>1</td>
<td>Yes</td>
</tr>
<tr>
<td>HIV 1+2 - Determine HIV Kit</td>
<td>20</td>
<td>No</td>
</tr>
<tr>
<td>Capillary Tubes – Determine - EDTA 50 uL</td>
<td>100</td>
<td>Yes</td>
</tr>
</tbody>
</table>

4 products with accessories included represent 91% of total category spend in 2016

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## Malaria Rapid Diagnostic Tests

<table>
<thead>
<tr>
<th>Product Description</th>
<th>Tests</th>
<th>Category Spend (2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaria Rapid Diagnostic Test Kit - Antigen Pf</td>
<td>25</td>
<td>71%</td>
</tr>
<tr>
<td>Malaria Rapid Diagnostic Test Kit - Antigen Pf/Pan</td>
<td>25</td>
<td>14%</td>
</tr>
<tr>
<td>Malaria Rapid Diagnostic Test Kit - Antigen Pf / Pv</td>
<td>25</td>
<td>10%</td>
</tr>
<tr>
<td>Malaria Rapid Diagnostic Test Kit - Antigen Pf - POCT</td>
<td>25</td>
<td>4%</td>
</tr>
<tr>
<td>Malaria Rapid Diagnostic Test Kit - Antigen Pf/Pan - POCT</td>
<td>25</td>
<td>0.4%</td>
</tr>
<tr>
<td>Malaria Rapid Diagnostic Test Kit - Antigen Pf / Pv - POCT</td>
<td>25</td>
<td>0.1%</td>
</tr>
</tbody>
</table>
Sourcing & procurement of health products

- Quality Assurance
- Category information
- Supply & demand information
- Previous RFP documentation
- Reference pricing

Transaction level data: procured & delivered

- Price and Quality Reporting - PQR

http://www.theglobalfund.org/en/pqr/