

Global Fund and Pooled Procurement Mechanism (PPM)

207 UN Business seminar

Tokyo, 22- 23 June 2017

Mariatou Tala Jallow, Acting Chief Procurement Officer

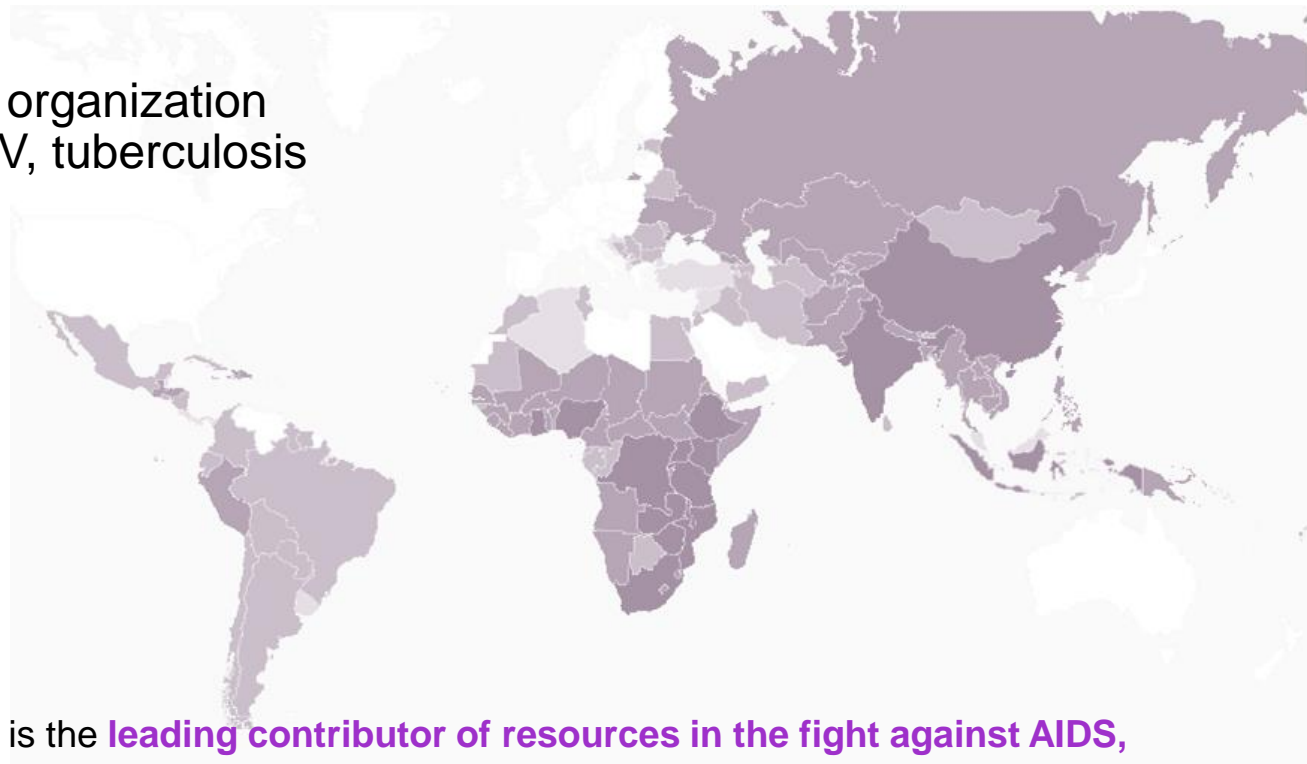
Makiko Takayama, Specialist, Donor Relations, External Relations Division

Lin (Roger) Li, Manager, Strategy, Analytics and Data Management, Sourcing

THE GLOBAL FUND BUSINESS MODEL

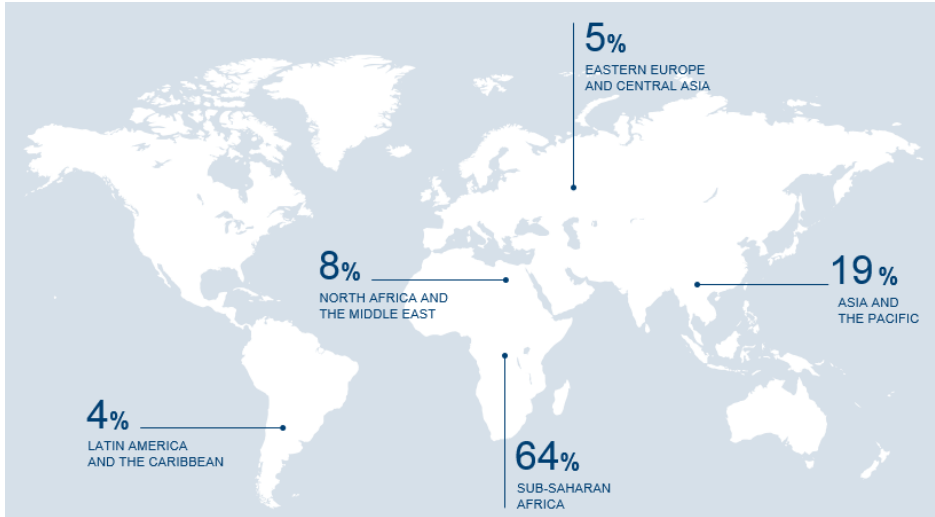
The Global Fund

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

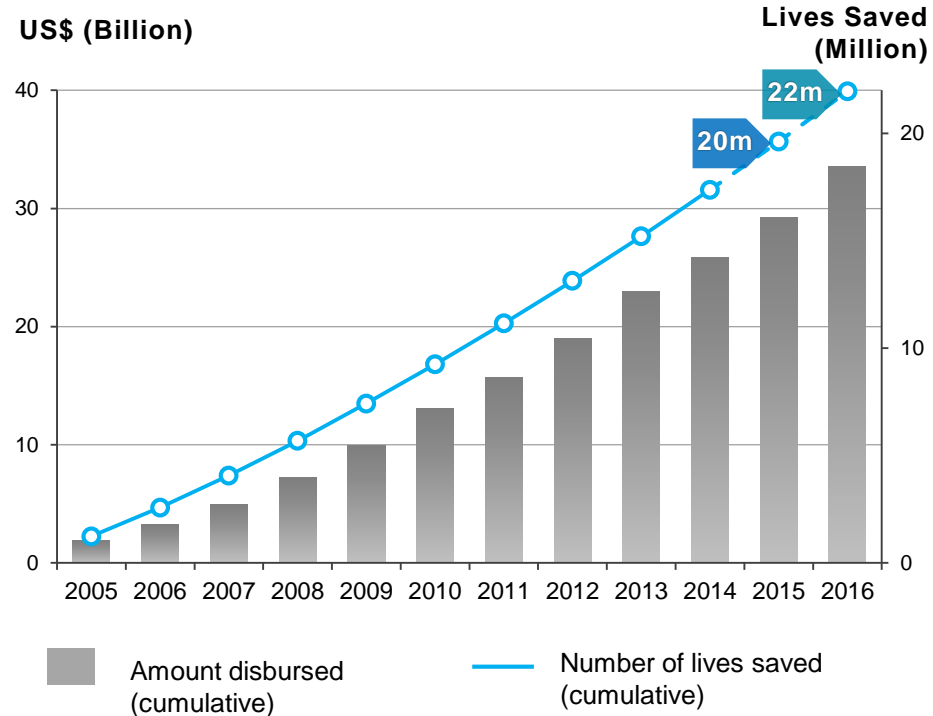


Founded in 2002, the Global Fund is the **leading contributor of resources in the fight against AIDS, tuberculosis and malaria. It mobilizes and invests nearly US\$4 billion a year** to support countries and communities most in need. It has an active portfolio of **over 430 active grants in over 100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

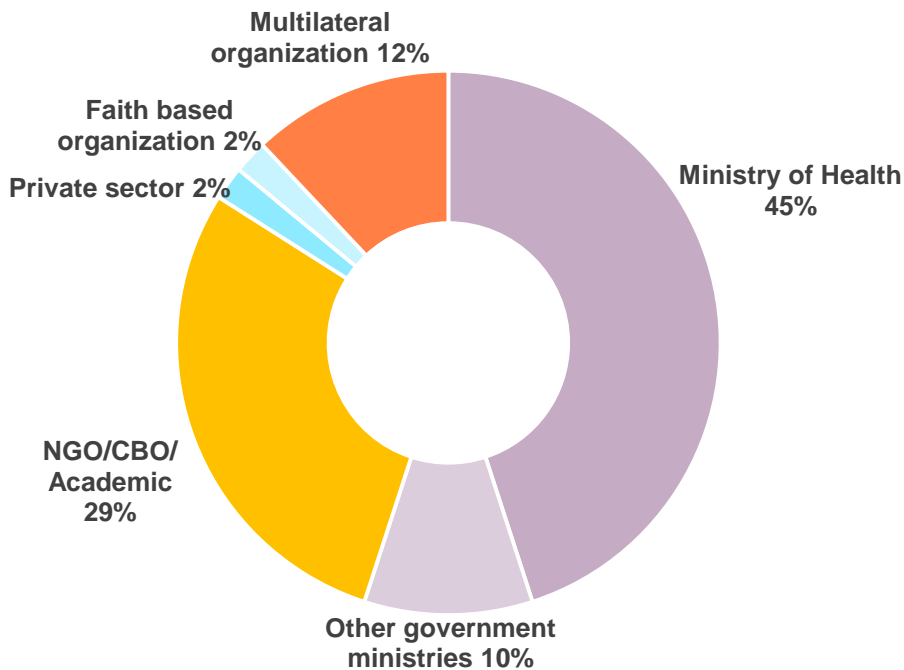
Breakdown of investments by region (active grants)



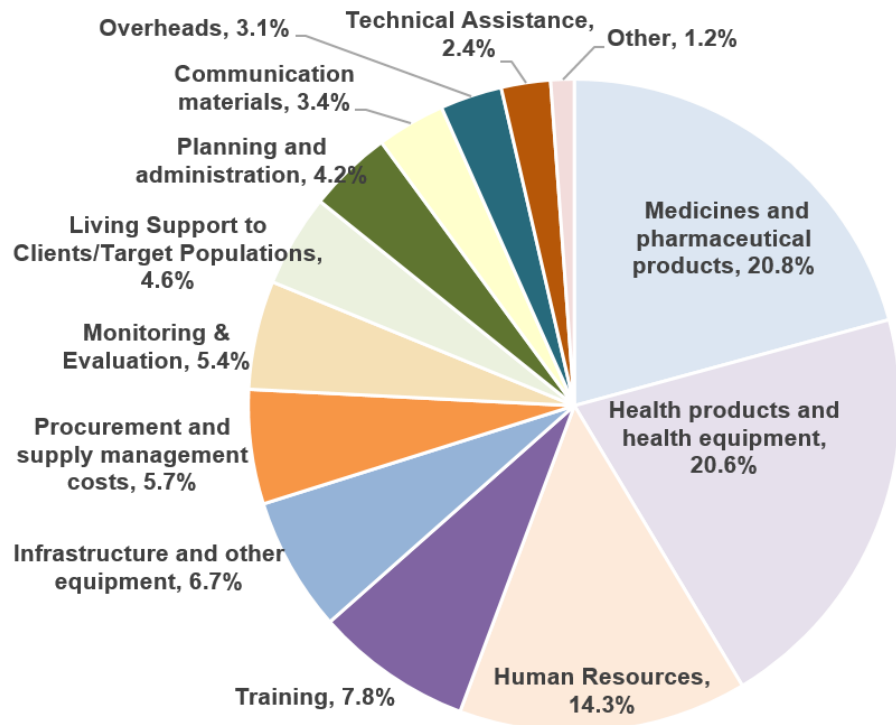
Number of lives saved through Global Fund-supported programs



Breakdown of investments by implementer type (active grants)



Portfolio by cost

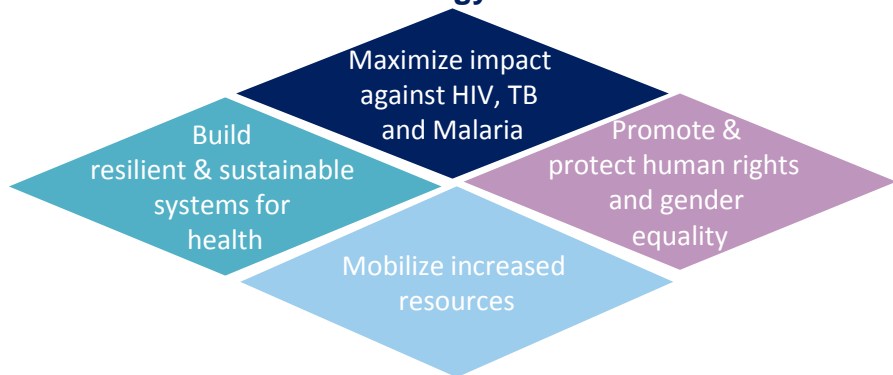


Successful replenishment for the 2017-2019 allocation period for implementing the Global Fund 2017-2022 Strategy



- 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

Global Fund 2017-2022 Strategy



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

| Funding envelopes | Amount | | Countries |
|-------------------|-------------|-----|-----------|
| | USD million | % | # |
| HIV/AIDS | 5,098 | 50% | 105 |
| Malaria | 3,227 | 32% | 71 |
| TB | 1,842 | 18% | 98 |

Health products = 40-60% spend depending on category

POOLED PROCUREMENT MECHANISM (PPM)

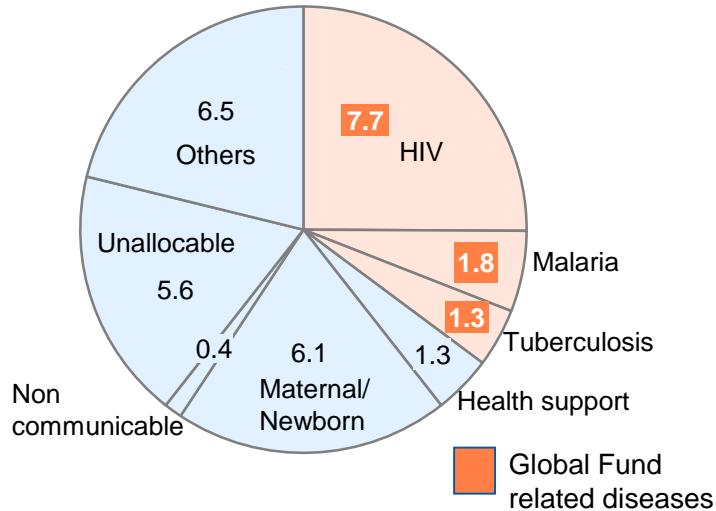
PROCUREMENT PORTFOLIO AND PROCESS

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

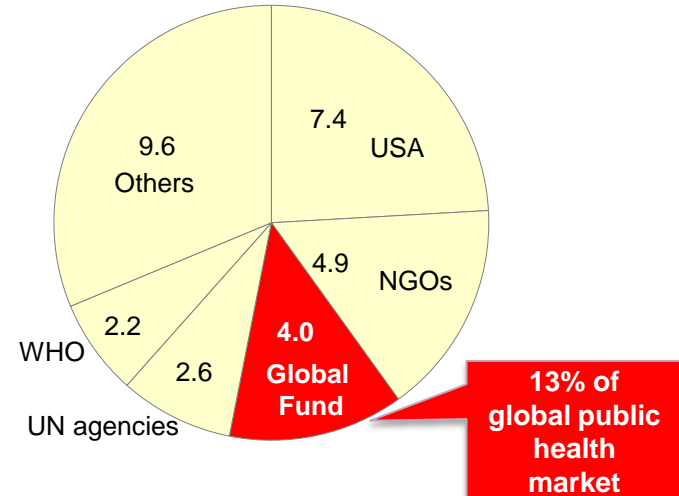
Global public health market by disease (2013)

USD 30.7 billion



Global public health market by donor (2013)

USD 30.7 billion

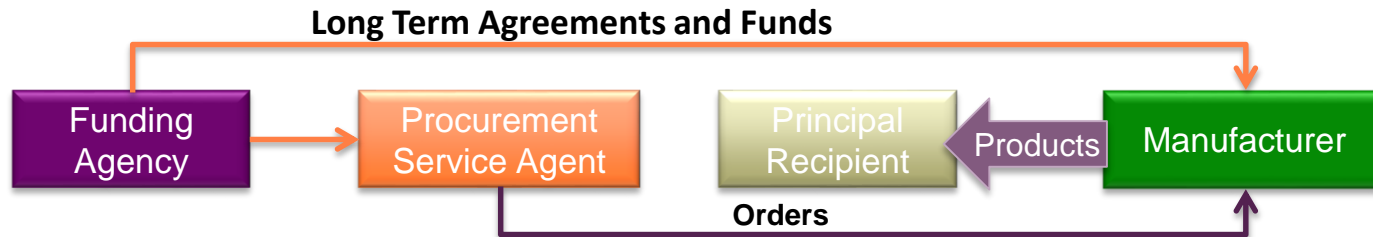


SOURCE: <http://vizhub.healthdata.org/fgh/>

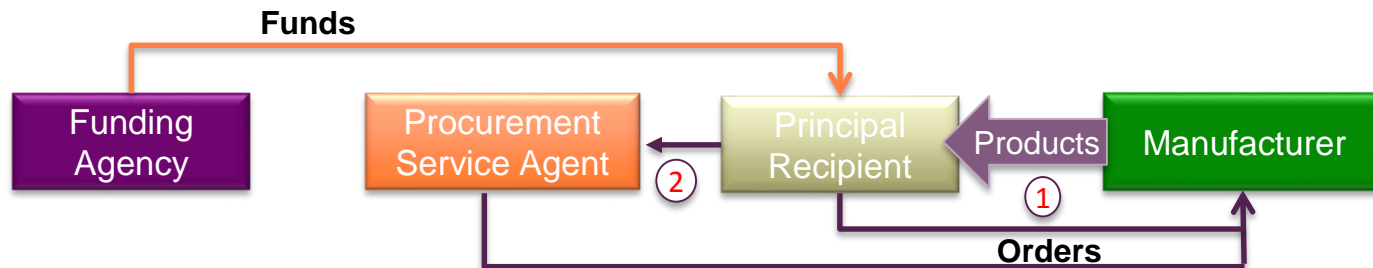
Procurement Channels and Routes to Market

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)



2. National Procurement Mechanisms



3. Other Procurement Agents; Global Drug Facility (GDF / TB)

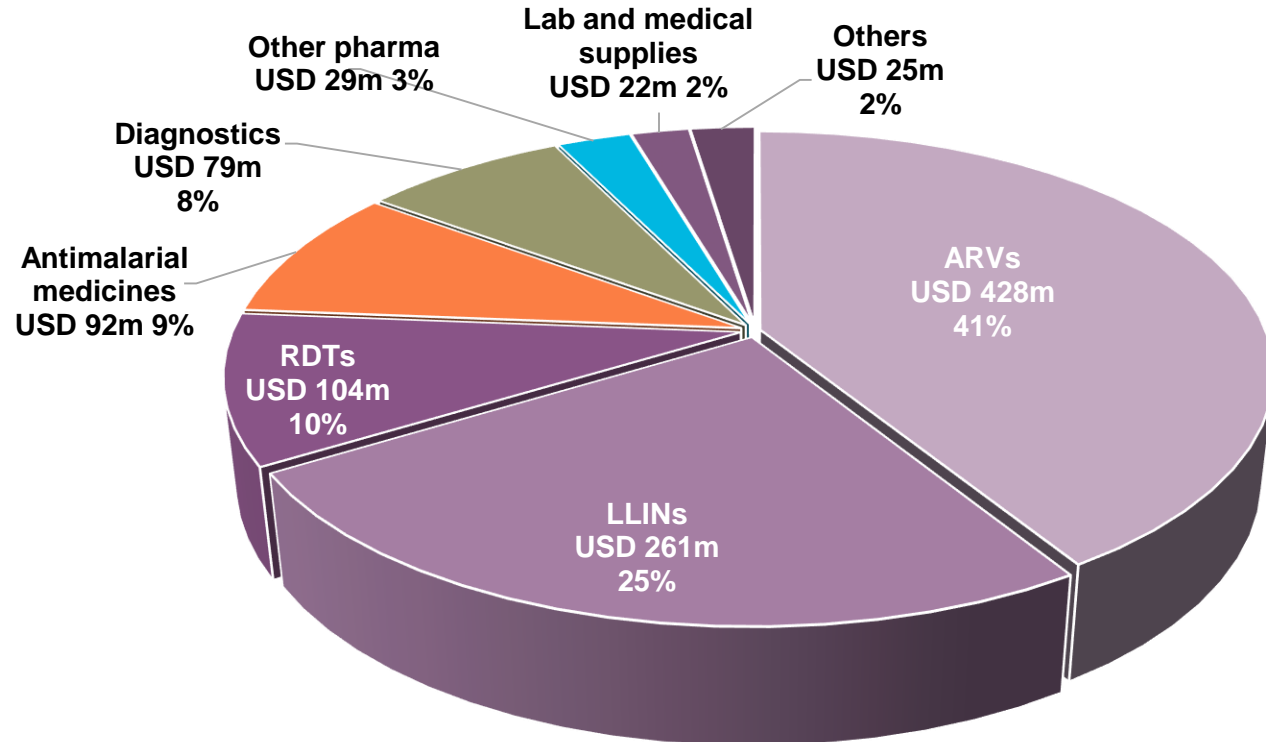


Pooled Procurement Mechanism health product spend 2016

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

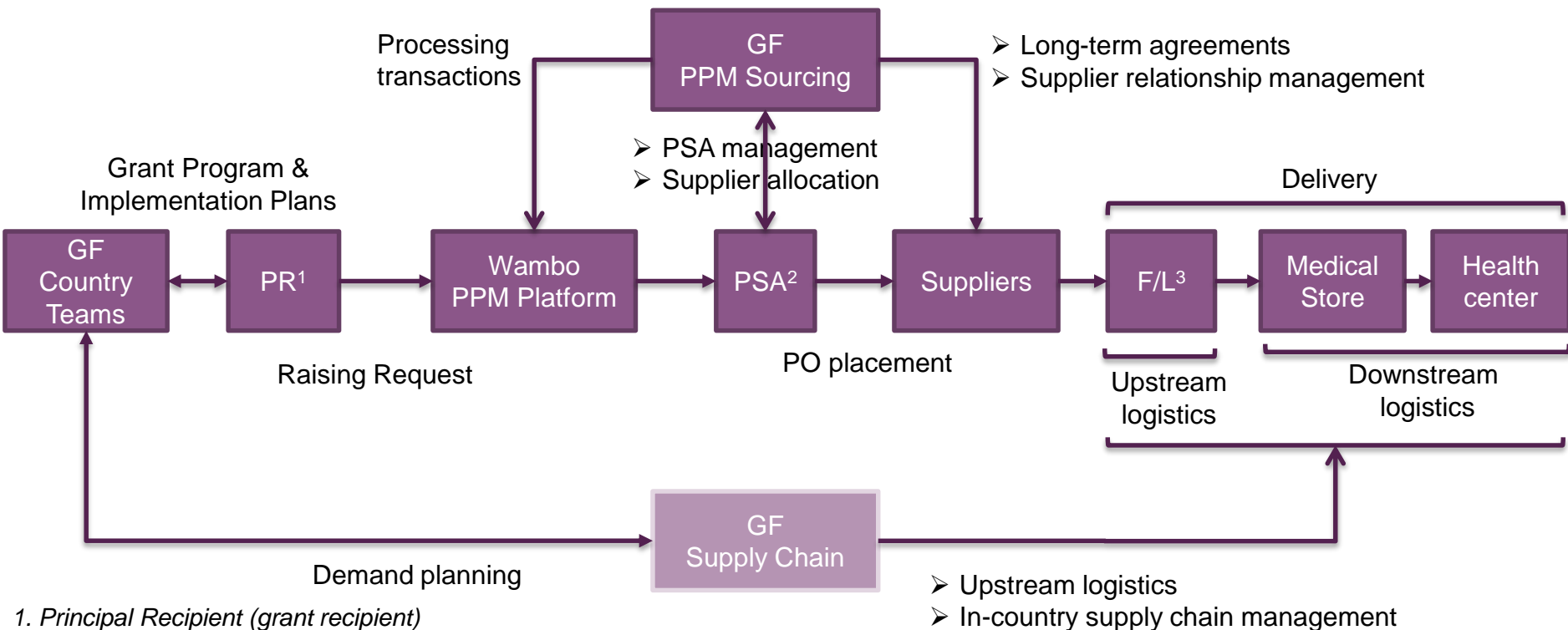
PPM Countries (60 Countries -150+ Grants)

| 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 |

| Africa | |
|--------------------------|--------------|
| Angola | Madagascar |
| Benin | Malawi |
| Burkina Faso | Mali |
| Burundi | Mauritania |
| Cameroon | Mauritius |
| Cape Verde | Niger |
| Central African Republic | Senegal |
| Comoros | Sierra Leone |
| Congo | Swaziland |
| Guinea | The Gambia |
| Guinea-Bissau | Togo |
| Lesotho | Yemen |
| Liberia | |

| 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



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

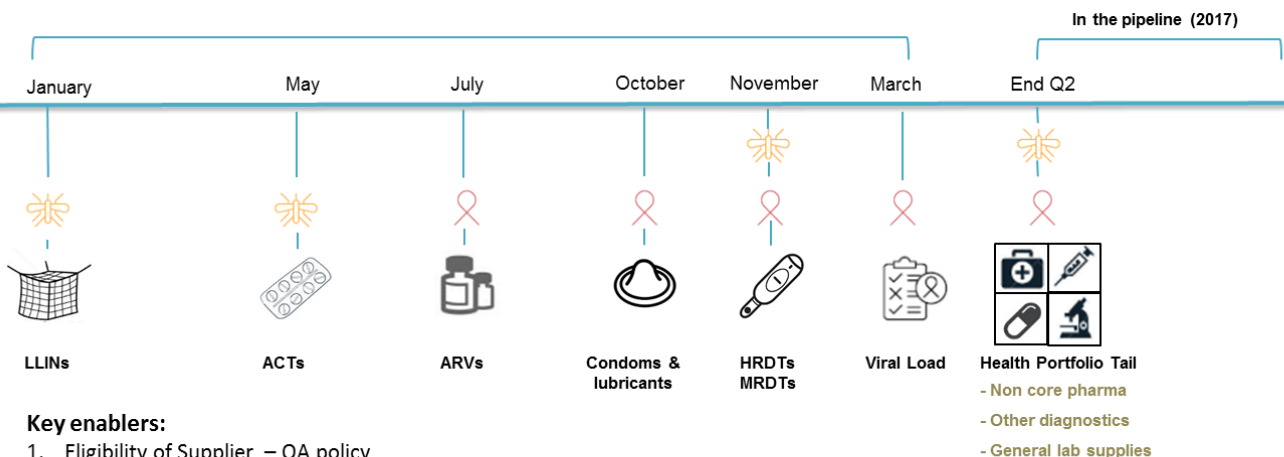
- > Flexible approval chains mirror all different in-country processes
- > One more tool available to in-country procurement professionals, empowering them; In synergy with, not in lieu of, capacity building

Transparency and auditability

- > Complete audit trail automatically generated and stored
- > Immediate visibility to country teams, LFAs, 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



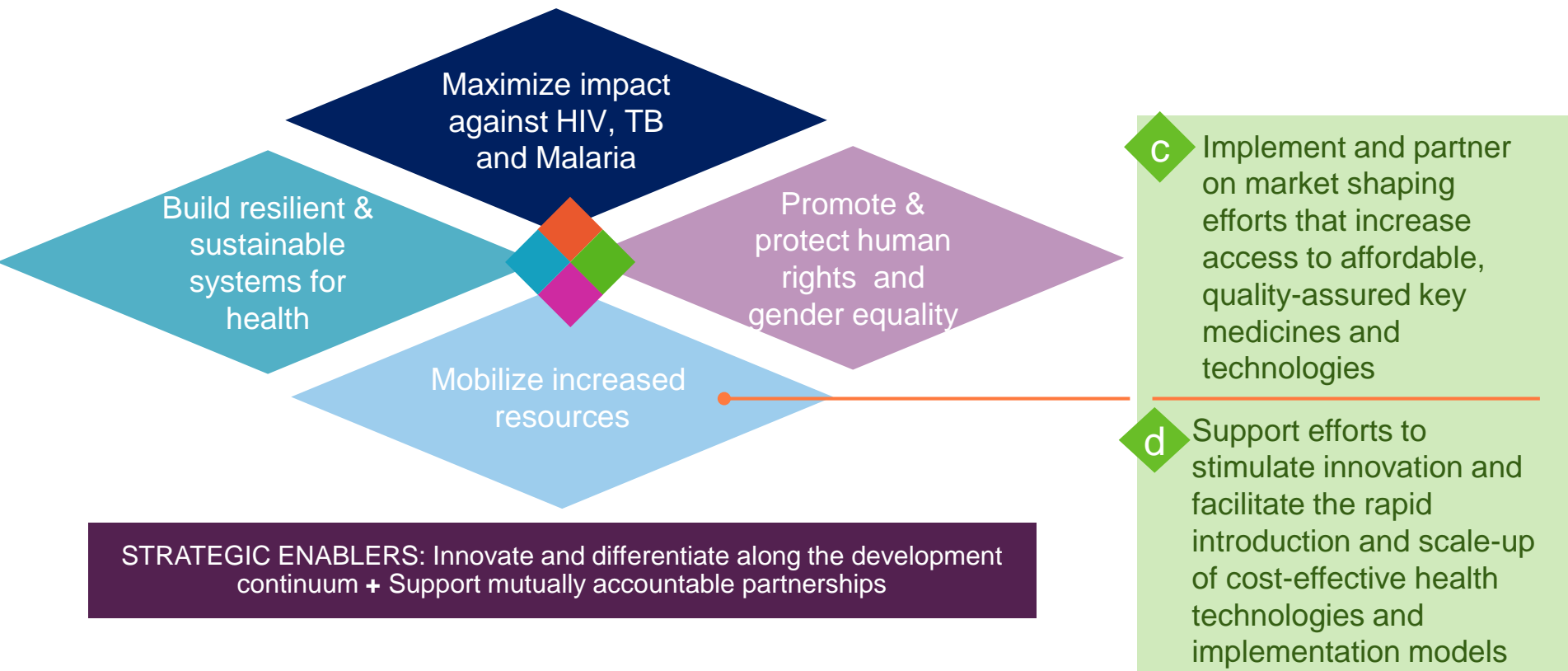
Key enablers:

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

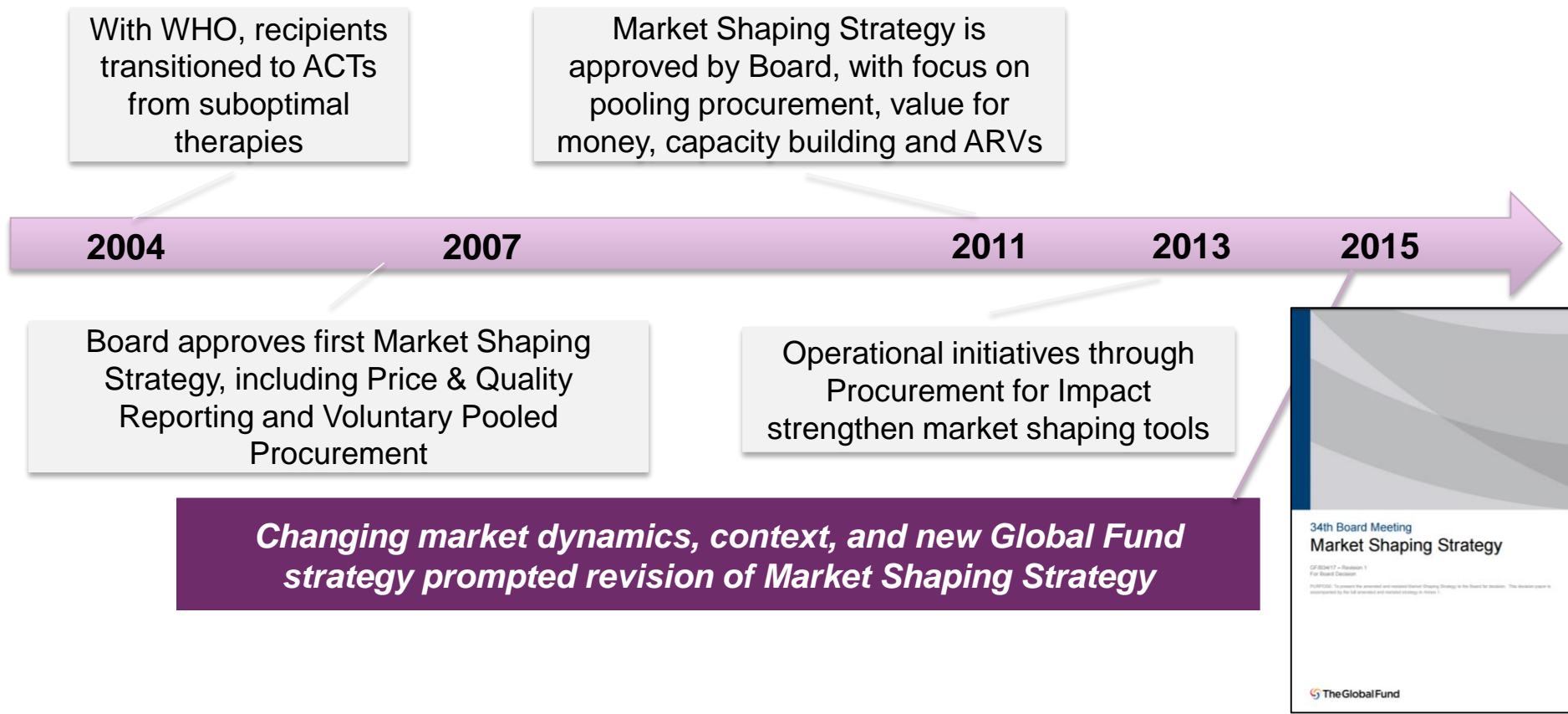
POOLED PROCUREMENT MECHANISM (PPM)

MARKET SHAPING STRATEGY & SOURCING APPROACH

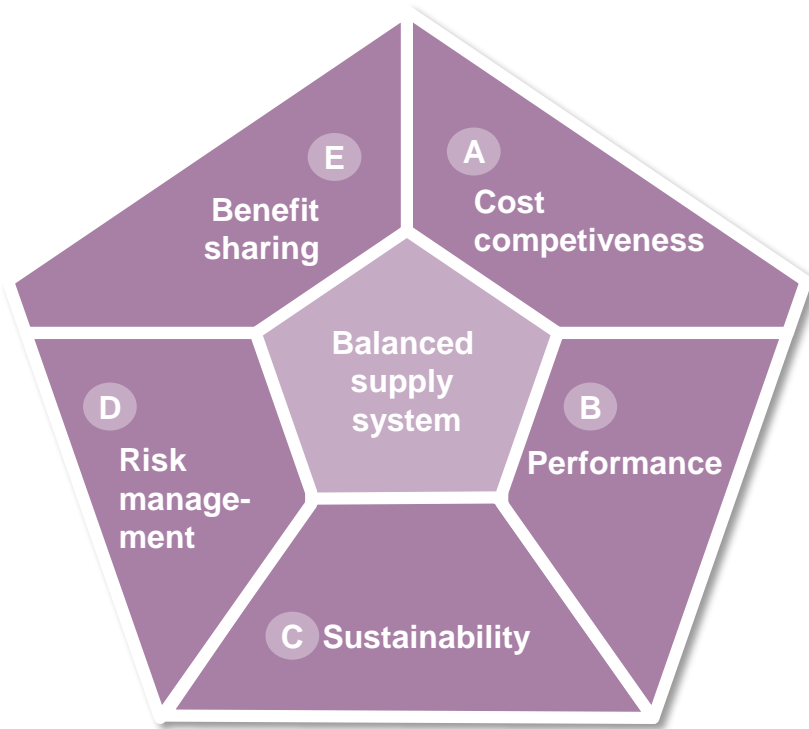
The Global Fund Strategy 2017-2022: *Investing for Impact*



The Global Fund has proactively shaped markets to improve health outcomes since 2004



The Global Fund has introduced a more balanced supply system based on five elements to improve performance



- A**
 - ❖ 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**
 - ❖ Supplying product **on time in full (OTIF)**
 - ❖ Incentivizing suppliers to **introduce better formulations**
- C**
 - ❖ **Supporting new suppliers** to ensure sufficient supply and mitigate geographic supply risks
 - ❖ Investing in suppliers with **sustainable manufacturing practices**
- D**
 - ❖ Maintaining **well-diversified supplier base**
 - ❖ Meeting **The Global Fund and national quality requirements**
 - ❖ Mitigating **implementation risks**
- E**
 - ❖ Publishing **reference prices**
 - ❖ **Building capacity** and implementing rapid supply mechanisms

The business opportunities and requirements for manufacturers

| Feature | Impact for Manufacturers |
|--|---|
| <ul style="list-style-type: none">• Long term contracts with volume allocation and potentially commitment (2 - 5 years) | <ul style="list-style-type: none">• Ability to make finance plans;• Optimize plant loading |
| <ul style="list-style-type: none">• Annual volume commitments | <ul style="list-style-type: none">• Risk mitigation |
| <ul style="list-style-type: none">• A focus on total cost of ownership | <ul style="list-style-type: none">• Viability of inward investment |
| <ul style="list-style-type: none">• Seek value-added services | <ul style="list-style-type: none">• Opportunity for innovation and investment |
| Key requirements | |
| <ul style="list-style-type: none">• Product need to be compliant with relevant Global Fund Quality Policy.• National registration also required | <ul style="list-style-type: none">• GMP and product approval are required + supporting admin processes. |

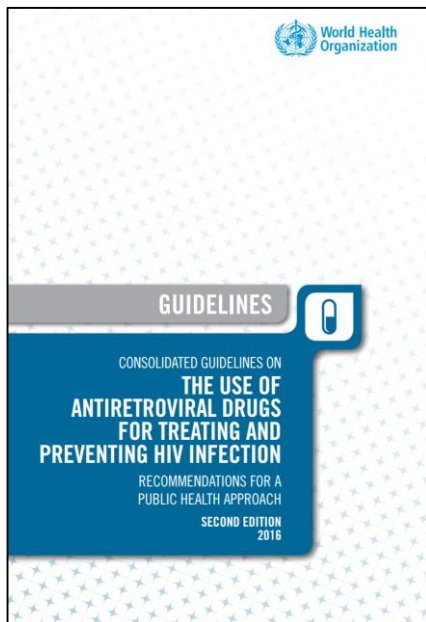
Thank you



APPENDIX

Antiretroviral medicines

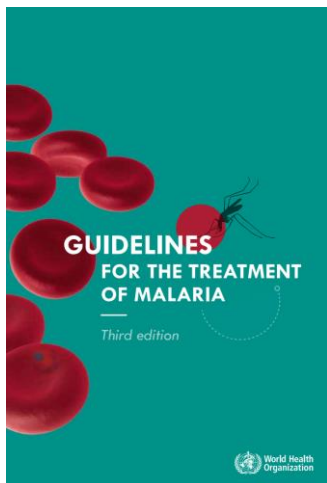
+/- 30 medicines including the following 10 responsible for around 95% spend



- 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 | tab bottle-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

<https://www.theglobalfund.org/en/sourcing-management/health-products/antiretrovirals/>

Antimalarial medicines



| Product Set | | Description | Examples |
|-------------|---|---|--|
| 1 | Artemether-lumefantrine Artesunate-amodiaquine | High volume artemisinin-combination therapies (ACTs) | <ul style="list-style-type: none"> • artemether + lumefantrine (FDC) • artesunate + amodiaquine (FDC) |
| 2 | Severe malaria | Injectable and rectal artesunate | <ul style="list-style-type: none"> • artesunate (powder) • artesunate (suppositories) |
| 3 | Specialized use and low volume ACTs | Chemoprophylaxis for special risk groups and low volume ACTs | <ul style="list-style-type: none"> • sulfadoxine-pyrimethamine (FDC) • amodiaquine + sulfadoxine-pyrimethamine ▪ artesunate + mefloquine (FDC) ▪ artesunate + sulfadoxine-pyrimethamine ▪ dihydroartemisinin + piperaquine (FDC) ▪ artesunate + pyronaridine |
| 4 | Other: low transmission, relapse, CQ-sensitive | Medicines for low-transmission, <i>P. vivax</i> relapse prevention and uncomplicated chloroquine-sensitive infections | <ul style="list-style-type: none"> • primaquine • chloroquine |

Long-lasting insecticidal nets (LLIN)

WHO recommended long-lasting insecticidal nets

| <i>Product name</i> | <i>Product type</i> | <i>Status of WHO recommendation</i> | <i>Status of publication of WHO specification</i> |
|----------------------|--|-------------------------------------|---|
| DawaPlus 2.0 | Deltamethrin coated on polyester | Interim | Published |
| Duranet | Alpha-cypermethrin incorporated into polyethylene | Full | Published |
| Interceptor | Alpha-cypermethrin coated on polyester | Full | Published |
| LifeNet | Deltamethrin incorporated into polypropylene | Interim | Published |
| MAGNet | Alpha-cypermethrin incorporated into polyethylene | Full | Published |
| MiraNet | Alpha-cypermethrin incorporated into polyethylene | Interim | Published |
| Olyset Net | Permethrin incorporated into polyethylene | Full | Published |
| Olyset Plus | Permethrin and PBO incorporated into polyethylene | Interim | Published |
| Panda Net 2.0 | Deltamethrin incorporated into polyethylene | Interim | Published |
| PermaNet 2.0 | Deltamethrin coated on polyester | Full | Published |
| PermaNet 3.0 | Combination of deltamethrin coated on polyester with strengthened border (side panels), and deltamethrin and PBO incorporated into polyethylene (roof) | Interim | Published |
| Royal Sentry | Alpha-cypermethrin incorporated into polyethylene | Full | Published |
| SafeNet | Alpha-cypermethrin coated on polyester | Full | Published |
| Veeralin | Alpha-cypermethrin and PBO incorporated into polyethylene | Interim | Published |
| Yahe | Deltamethrin coated on polyester | Interim | Published |
| Yorkool | Deltamethrin coated on polyester | Full | Published |

HIV Rapid Diagnostic Tests - 21 products

| |
|--|
| HIV 1+2 - Determine Complete HIV Kit - accessories included - 100 tests |
| HIV 1+2 - Determine HIV Kit - no accessories - 100 tests |
| HIV 1/2 - Determine HIV Combo Kit - no accessories - 100 tests |
| HIV 1+2 - Chase Buffer - for Determine - 2.5ml vial - 100 tests |
| HIV 1/2 - Bioline 3.0 Kit - accessories included - 25 tests |
| HIV 1/2 - Bioline 3.0 Kit - no accessories - 30 tests |
| HIV 1/2 - SD Bioline HIV/Syphilis Duo complete kit - accessories included - 25 tests |
| HIV 1+2 - Uni-gold HIV Kit - accessories included -20 tests |
| HIV 1/2-O - First Response HIV 1-2.0 v.3.0 Cards Kit - accessories included - 30 tests |
| HIV 1/2-O - First Response HIV 1-2.0 v.3.0 Cards Kit - accessories included - 25 tests |
| HIV 1+2 - SD Bioline Ag/Ab Combo Kit - no accessories - 30 tests |
| HIV 1+2 - OraQuick HIV Rapid Antibody Kit - accessories included - 100 Tests |
| HIV 1+2 - Stat-Pak Dipstick Assay Kit - accessories included - 30 tests |
| HIV 1+2 - Stat-Pak HIV Kit - accessories included - 20 tests |
| HIV 1+2 - Vikia HIV Device Kit - accessories included - 25 tests |
| HIV 1+2 - INSTI HIV Antibody Test Kit - 48 tests |
| HIV 1 - Generic Rapid Diagnostic Test Kit - 1 test |
| HIV 1/2 - Generic Rapid Diagnostic Test Kit - 1 test |
| HIV 1+2 - Generic Rapid Diagnostic Test Kit - 1 test |
| HIV 1+2 - Determine HIV Kit - no accessories - 20 tests |
| Capillary Tubes – Determine - EDTA 50 uL- 100 tubes |

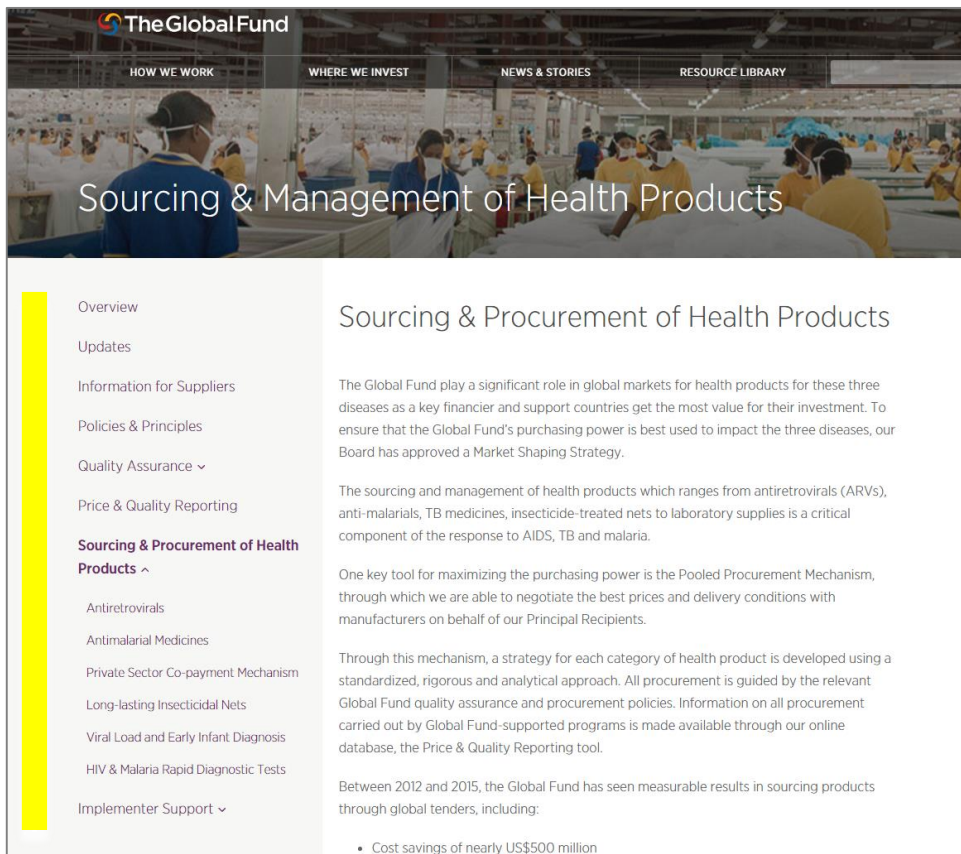
4 products with accessories included represent 91% of total category spend in 2016

Malaria Rapid Diagnostic Tests

| % category spend (2016) | |
|---|------|
| Malaria Rapid Diagnostic Test Kit - Antigen Pf - 25 tests | 71% |
| Malaria Rapid Diagnostic Test Kit - Antigen Pf/Pan - 25 tests | 14% |
| Malaria Rapid Diagnostic Test Kit - Antigen Pf / Pv - accessories included - 25 tests | 10% |
| Malaria Rapid Diagnostic Test Kit - Antigen Pf - POCT - 25 x 1 test | 4% |
| Malaria Rapid Diagnostic Test Kit - Antigen Pf/Pan - POCT - 25 x 1 test | 0.4% |
| Malaria Rapid Diagnostic Test Kit - Antigen Pf / Pv - POCT - accessories included - 25 x 1 test | 0.1% |

Sourcing & procurement of health products

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



TheGlobalFund

HOW WE WORK WHERE WE INVEST NEWS & STORIES RESOURCE LIBRARY

Sourcing & Management of Health Products

- Overview
- Updates
- Information for Suppliers
- Policies & Principles
- Quality Assurance ▾
- Price & Quality Reporting
- Sourcing & Procurement of Health Products ^**
 - Antiretrovirals
 - Antimalarial Medicines
 - Private Sector Co-payment Mechanism
 - Long-lasting Insecticidal Nets
 - Viral Load and Early Infant Diagnosis
 - HIV & Malaria Rapid Diagnostic Tests
 - Implementer Support ▾

Sourcing & Procurement of Health Products

The Global Fund play a significant role in global markets for health products for these three diseases as a key financier and support countries get the most value for their investment. To ensure that the Global Fund's purchasing power is best used to impact the three diseases, our Board has approved a Market Shaping Strategy.

The sourcing and management of health products which ranges from antiretrovirals (ARVs), anti-malarials, TB medicines, insecticide-treated nets to laboratory supplies is a critical component of the response to AIDS, TB and malaria.

One key tool for maximizing the purchasing power is the Pooled Procurement Mechanism, through which we are able to negotiate the best prices and delivery conditions with manufacturers on behalf of our Principal Recipients.

Through this mechanism, a strategy for each category of health product is developed using a standardized, rigorous and analytical approach. All procurement is guided by the relevant Global Fund quality assurance and procurement policies. Information on all procurement carried out by Global Fund-supported programs is made available through our online database, the Price & Quality Reporting tool.

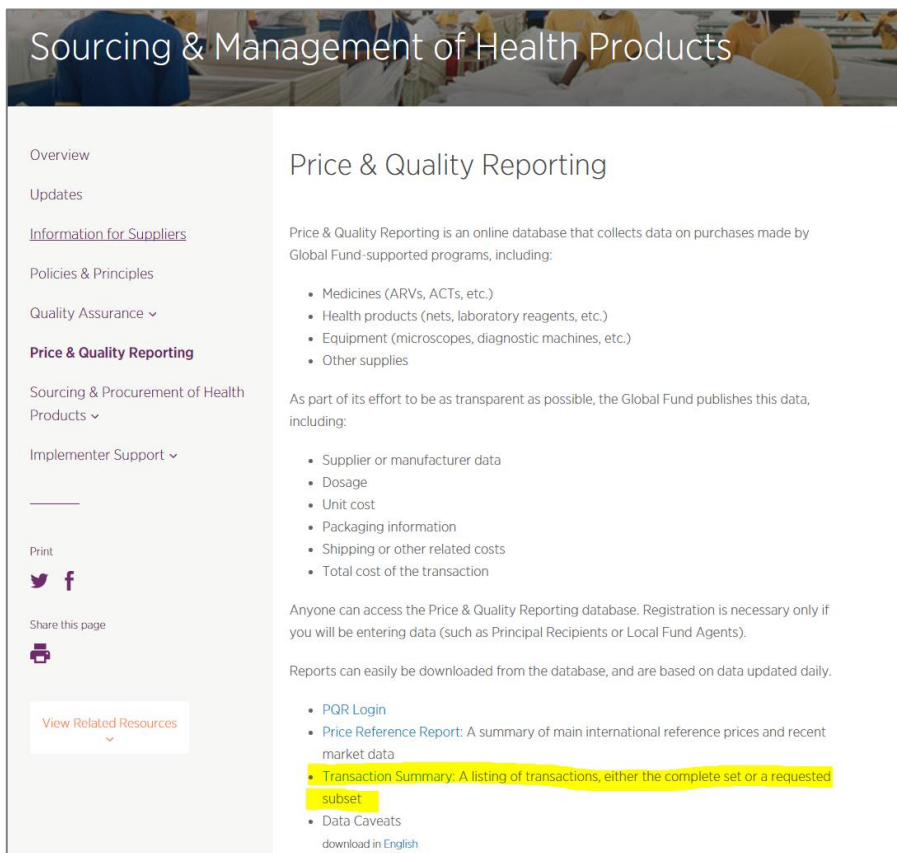
Between 2012 and 2015, the Global Fund has seen measurable results in sourcing products through global tenders, including:

- Cost savings of nearly US\$500 million

<http://www.theglobalfund.org/en/sourcing-management/health-products/>

Transaction level data: procured & delivered

- Price and Quality Reporting - PQR



The screenshot shows the 'Sourcing & Management of Health Products' website. The main heading is 'Price & Quality Reporting'. Below it, a paragraph states: 'Price & Quality Reporting is an online database that collects data on purchases made by Global Fund-supported programs, including:'. A bulleted list follows: 'Medicines (ARVs, ACTs, etc.)', 'Health products (nets, laboratory reagents, etc.)', 'Equipment (microscopes, diagnostic machines, etc.)', and 'Other supplies'. Another paragraph says: 'As part of its effort to be as transparent as possible, the Global Fund publishes this data, including:'. A second bulleted list follows: 'Supplier or manufacturer data', 'Dosage', 'Unit cost', 'Packaging information', 'Shipping or other related costs', and 'Total cost of the transaction'. A paragraph then states: 'Anyone can access the Price & Quality Reporting database. Registration is necessary only if you will be entering data (such as Principal Recipients or Local Fund Agents)'. Another paragraph says: 'Reports can easily be downloaded from the database, and are based on data updated daily.' A bulleted list at the bottom includes: 'PQR Login', 'Price Reference Report: A summary of main international reference prices and recent market data', 'Transaction Summary: A listing of transactions, either the complete set or a requested subset' (highlighted in yellow), and 'Data Caveats' with a link 'download in English'.

Sourcing & Management of Health Products

Overview

Updates

[Information for Suppliers](#)

Policies & Principles

Quality Assurance ▾

Price & Quality Reporting

Sourcing & Procurement of Health Products ▾

Implementer Support ▾

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Price & Quality Reporting

Price & Quality Reporting is an online database that collects data on purchases made by Global Fund-supported programs, including:

- Medicines (ARVs, ACTs, etc.)
- Health products (nets, laboratory reagents, etc.)
- Equipment (microscopes, diagnostic machines, etc.)
- Other supplies

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