

## Overview

# The Global Fund's contribution to local production of health products

The Global Fund aims to **accelerate the end of AIDS, tuberculosis (TB) and malaria** as epidemics. We invest more than US\$4 billion a year to support programs run by local experts in countries and communities most in need.

As part of our mandate to fight the three diseases and increase access to quality-assured health products and services at affordable and sustainable prices, **the Global Fund plays a leading role in global markets** for medicines and technologies that prevent, diagnose, and treat HIV, TB and malaria. Every year, roughly half of the Global Fund's investments – about US\$2 billion – is used to procure key health products, ensuring they are available to those who need them most.

**The procurement and supply management of health products are fundamental to the performance of Global Fund-supported programs.** Strong procurement systems and responsive supply chains are essential for ensuring that the right health products get to the right place at the right time. Strengthening procurement and supply chain capacities at the national and regional levels remains a priority for the Global Fund.

With our mission to increase equitable access to innovative and quality-assured health products, the Global Fund promotes the use of multiple procurement channels so countries have options to select the most adequate health product tools and to harness best-value supply solutions. One of these options is the Global Fund's wambo.org online procurement platform that features multiple pooled procurement channels, including the Global Fund's Pooled Procurement Mechanism (PPM) as well as other United Nations (UN) pooled procurement mechanisms, such as the UN Population Fund (UNFPA), UN Office for Project Services (UNOPS) and UNICEF.

Pooled procurement mechanisms aim to leverage scaled purchasing power to negotiate and secure favorable terms and conditions for health product supply. In addition to access, pooled procurement approaches can also enable accelerated introduction of innovation as well as promote local manufacturing capacity building through better visibility and coordination of market demands.



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Lucy Mukasia, a clinician at Kibera Health Center in Kibera, an informal settlement in Nairobi, Kenya, sorts antiretroviral drugs into smaller packets.

## Contribution to local production and technology transfer

In addition to facilitating access to health products internationally, the Global Fund **supports the production of health products closer to the people and communities it serves.**

The Global Fund promotes a diverse and competitive supply base to secure sufficient and equitable supply of health products while overcoming geographic supply risks. We do this in complement to the work of partner organizations, including Unitaaid, the World Health Organization, Bill & Melinda Gates Foundation, Medicines for Malaria Venture and others who also support the development of new local manufacturers.

The Global Fund encourages technology transfer from pharmaceutical companies to sites in developing countries for health product manufacturing. To date, two companies have transferred artemisinin combination therapy (ACTs for malaria) and antiretroviral therapy (ART) technology to local manufacturers in Kenya and Uganda in line with Global Fund quality assurance requirements.

The Global Fund's PPM encourages manufacturers with production sites close to demand to participate in

Global Fund tenders, provided they meet Global Fund quality assurance requirements, and promotes local manufacturing through the technical evaluation criteria of its competitive procurement tenders.<sup>1</sup> Proximity of local manufacturing is expected to translate to shorter and more responsive supply chains, which is valued in the technical evaluation process. Bidders are asked whether they fully or partially perform any key production steps, such as active pharmaceutical ingredient (API) production, manufacturing, packaging and/or distribution, at sites close to demand and compliant with the Global Fund's quality assurance requirements.

In 2021, these efforts translated to important shares of PPM volumes produced in Africa: 18% of Artemether-lumefantrine (an antimalarial medicine), 10% of insecticide-treated nets and 70% of essential medicines.

The Global Fund encourages additional opportunities for local production and manufacturing. For example, one of our main ACT suppliers is working with the authorities in Côte d'Ivoire to increase local ACT supply by pre-positioning stock at a facility for further distribution in Africa (implemented since November 2021) combined with a manufacturing facility (planned for 2024-2025).

## Challenges and opportunities with the procurement of locally produced health products

While the Global Fund encourages local production and technology transfer, we must also take into consideration key challenges to be addressed by the Global Fund and our partners and stakeholders more widely. These challenges range from ensuring the delivery of quality-assured health products to the logistical costs for shipping and transporting health products to ensuring that countries have the necessary qualified workforce, processes and capacity to produce health products compliant with Global Fund quality assurance requirements.

For example, transportation from East to West Africa is not yet necessarily cost efficient or optimized. In addition, raw material imports, such as APIs produced in China or India, are subject to taxes in most African countries, which adds additional challenges to cost-efficient production in Africa.

Access to quality-assured health products and efficient last-mile distribution are fundamental to disease program implementation and sustaining the outcomes and impact of investments for more resilient health systems.

While good progress has been made on in-country supply chains across multiple countries, more work is required to build a more resilient supply network at the national and regional levels. This includes national regulatory frameworks to encourage local manufacturers to reach harmonized quality standards. The Global Fund remains committed to continuing our efforts to support procuring health products closer to the people we serve. We will continue to work with partners, civil society, countries and the private sector to explore avenues of collaboration, in line with our NextGen Market Shaping approach currently under development to achieve the ambition of the Global Fund's 2023-2028 Strategy.



Malaria-related medicines are stored at the CMAM (Central de Medicamentos e Artigos Médicos) Zimpeto Central Warehouse in Maputo, Mozambique.

The Global Fund/Schermbrucker

<sup>1</sup> The Global Fund's PPM Pharmaceutical Products Tender (RFP TGF-D-00014) is a recent example. The detailed tender documents are available here: [https://www.theglobalfund.org/media/11845/solicitation\\_tgf-d-00014\\_rfp\\_en.zip](https://www.theglobalfund.org/media/11845/solicitation_tgf-d-00014_rfp_en.zip)

### About the Global Fund

The Global Fund invests more than US\$4 billion a year to defeat HIV, TB and malaria and ensure a healthier, safer, equitable future for all. Since the beginning of the COVID-19 pandemic, we have invested an additional US\$4.3 billion to fight the new pandemic and reinforce systems for health. We unite the world to find solutions that have the most impact, and we take them to scale worldwide. It's working. Together, we have saved 44 million lives. We won't stop until the job is finished.