Update on the one year implementation of the Global Fund Framework Agreements for ARVs

WHO/UNAIDS Annual Meeting with Manufacturers and Stakeholders

8-11 March 2016
ARV Strategy: broad based & designed to address a range of objectives – it was not just about price!

**Sustainable supply**
- Continued supply of all needed products
- De-risk API supply chain
- Improved forecasting, payment and administrative processes

**On-Time delivery**
- Improved delivery performance
- Shorter lead times
- Mitigate force majeure

**Competitive pricing & affordability**
- More affordable 1st & 2nd line regimens
- Improved planning and longer term contracts
- Use supplier expertise
- Collaboration to protect reasonable margins

**Quality and regulatory**
- Longer shelf lifes
- Broader country registration footprints

These objectives have resulted in a new form of supplier engagement.
Coordinated procurement of high risk low volume products

- Established to build on the improvements the supply security of paediatric ARVs achieved by UNITAID's investments through CHAI
- Coordinating order cycles and promoting the use of optimal regimens
- Supply of most paediatric products mainstreamed with some challenging products remaining
- **Focusing where needed and expanding scope also include challenging adult ARVs and to supporting consolidation of volumes when new products are introduced**
- May later expand to malaria & TB
More reliable, responsive and shorter lead times

• OTIF at 82% - up from 45% in 2014
• Manufacturing lead times reduced by 4-5 weeks
• Periodic PPM forecasts of demand and allocation appreciated and enables planning and efficiencies
• Rapid Supply Mechanism responded to stock-outs in 5 countries in 2015 within 3-7 weeks using vendor managed inventory
• 2016 allocations & commitments adjusted based on performance
Greater affordability: more people can be treated

- Optimal regimens more affordable
  - 1\textsuperscript{st} line cost decreased by 25% since 2014 to less than USD 100 pppy
  - 2\textsuperscript{nd} line cost decreased by 12% to less than USD 300 pppy
Other progress

• Price equalization of better products and formulations including paediatrics
• More consolidation opportunities resulting to lower cost ocean freight to more countries
• Ready to support introduction of new products through leveraging Framework Agreements and expanding scope of multiagency coordinated procurement
• Suppliers welcome greater efficiencies with the further insourcing of key activities from 1 April and the new organizational approach to manage product portfolios across diseases
55 million packs ARVs procured in 2015

For 3.4 million adults & children

Financial commitments met at the company level and product level
Framework agreements expanded to others

PAHO Strategic Fund
• Leveraging PPM terms and pricing for ARVs in the Americas region
  • Procurements financed by national governments & Global Fund
    – 10 countries in 2015

National Government funds (often in parallel to a Global Fund financed procurement)
• Accessing: Georgia, Guyana
• A number of others under discussion
2016

Implementation of year 2 of the Framework Agreements

Enhanced organizational focus on pharmaceuticals as a category with cross-disease linkages

Better demand management and visibility

Medicines for opportunistic infections strategy and procurement

Updated ACT strategy and procurement
At least 58 million packs expected to be procured in 2016
43 countries procuring in 2015/16 through Framework Agreements with Global Fund Financing

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Reference price published quarterly
(recipients will receive product at or below this level)

http://www.theglobalfund.org/en/sourcingprocurement/
Transformation continues to operationalise best practices from public & private sectors

- Earlier involvement and closer collaboration with manufacturers
- Improving our purchasing capability and changing our contracting models
- Optimising the international supply chain to reduce cost and improve quality and efficiency
- Better planning and scheduling to support continuity of supply
- Delivering more products at the right time and place to more people
THANK YOU