The Global Fund-PEPFAR
ARV Supplier Conference

Dubai 24-25 June 2014
Introductions
Global Fund-PEPFAR Supplier Conference
Who’s here today

• ARV manufacturers: originator & generic

• Global Fund
  – Sourcing & Grant Management Divisions
  – Principal Recipient countries of Eastern and Southern Africa

• US Government: PEPFAR, USAID, CDC

• Partners:
  – UN: PAHO; UNICEF; UNITAID; WHO AMDS
  – CHAI; DNDI; International AIDS Society; Medicines Patent Pool; MSF; PFSCM
Global Fund-PEPFAR collaboration - background

• The Global Fund and PEPFAR procure $1bnUS of ARVs annually for the treatment of HIV in the fight to combat AIDS

• There are challenges with demand and supply.

• Projected lead-times are increasing and capacity constraints and variable supplier performance threaten affordability and availability for existing patients as well as potentially limiting the scale-up of treatment

• Increased collaboration between the large buyers can stabilize the supply for other buyers and programs, enable manufacturers to better plan production, introduce economic benefits and ultimately provide a better service to patients
Global Fund-PEPFAR collaboration - Objectives

1. To support a healthy market and greater supply security
2. To achieve the most economically advantageous pricing.
3. To enable the implementation and scale-up of recommended regimens and to avoid treatment disruption

- Sharing and strengthening market intelligence especially supply-side information
- Providing greater demand-side visibility to manufacturers
- Providing coordinated messages and information to manufacturers, partners and countries.
- Development of aligned procurement strategies
# Global Fund-PEPFAR collaboration

<table>
<thead>
<tr>
<th>Global Fund-PEPFAR collaboration</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coordinated approach/ messages</td>
<td>✓</td>
</tr>
<tr>
<td>Synergistic strategies</td>
<td>✓</td>
</tr>
<tr>
<td>Direct engagement with suppliers &amp; supplier visits</td>
<td>✓ • Sometimes</td>
</tr>
<tr>
<td>Providing Improved demand visibility</td>
<td>✓</td>
</tr>
<tr>
<td>Sharing of synthesized market intelligence and general supplier performance</td>
<td>✓ • Within confidential limits</td>
</tr>
<tr>
<td>Sharing confidential information</td>
<td>✗ • Not beyond confidential limits</td>
</tr>
<tr>
<td>Long term agreements with manufacturers</td>
<td>✗ • Global Fund directly • PEPFAR/USAID: Procurement agent</td>
</tr>
<tr>
<td>Selection of suppliers and demand allocation</td>
<td>✗ • Global Fund: directly • PEPFAR/USAID: Procurement agent</td>
</tr>
<tr>
<td>Execution of purchase orders</td>
<td>✗ • Global Fund: PPM Procurement agent • PEPFAR/USAID: Procurement agent</td>
</tr>
<tr>
<td>Measuring supplier performance</td>
<td>✗ • Global Fund: PPM Procurement agent • PEPFAR/USAID: Procurement agent</td>
</tr>
<tr>
<td>Managing overall supplier performance (Price, lead-time, delivery etc.)</td>
<td>✗ • Global Fund: directly • PEPFAR/USAID: Procurement agent</td>
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</tbody>
</table>
Today’s Objectives

1. To update you on the progress in The Global Fund’s and PEPFAR’s sourcing strategies for ARV.

2. To allow partner agencies to share key messages on ARVs

3. To discuss the demand profiles in 2014 and 2015

4. To present the Global Fund tender processes and timelines.

5. Finally to explain the contractual implications of the new Global Fund ARV strategy and tender process.

6. To obtain feedback from you.
# The Agenda: Tuesday 24th June

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
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</thead>
<tbody>
<tr>
<td>8.30-9.00</td>
<td>Registration</td>
</tr>
<tr>
<td>9.00-9.45</td>
<td><strong>Introduction, Objectives and Agenda</strong></td>
</tr>
<tr>
<td></td>
<td>Bill Coggin, Mariatou Tala Jallow</td>
</tr>
<tr>
<td>9.45-1030</td>
<td><strong>PEPFAR/USAID Part1: Programme Needs Perspective</strong></td>
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<td></td>
<td>Bill Coggin,</td>
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<tr>
<td>1030-1100</td>
<td>Coffee</td>
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<tr>
<td>1100-1200</td>
<td><strong>PEPFAR/USAID part 2: Procurement Strategies and Approaches</strong></td>
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<tr>
<td></td>
<td>John Crowley</td>
</tr>
<tr>
<td>1200-1230</td>
<td><strong>The Global Fund: Procurement for Impact.</strong></td>
</tr>
<tr>
<td></td>
<td>Mariatou Tala Jallow</td>
</tr>
<tr>
<td>1230-1300</td>
<td><strong>The Global Fund: New Funding Model</strong></td>
</tr>
<tr>
<td></td>
<td>Dardane Arifaj-Blumi</td>
</tr>
<tr>
<td>1300-1400</td>
<td>Lunch</td>
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<tr>
<td>1400-1500</td>
<td><strong>The Global Fund: ARV Acquisition Strategy</strong></td>
</tr>
<tr>
<td></td>
<td>Martin Auton, Lin Roger Li</td>
</tr>
<tr>
<td>1500-1530</td>
<td><strong>WHO: Guideline development process and timeline. Global Demand, numbers and regimen split:</strong> Jos Perriens</td>
</tr>
<tr>
<td></td>
<td><strong>CHAI: Country demand forecasts and planning transitions:</strong> Marianne Gauval</td>
</tr>
<tr>
<td>1530-1600</td>
<td>Coffee</td>
</tr>
<tr>
<td>1600-1645</td>
<td><strong>UNITAID: product pipeline vision, next generation products:</strong> Carmen Perez-Casas</td>
</tr>
<tr>
<td></td>
<td><strong>Medicines Patent Pool: Licensing progress and opportunities:</strong> Sandeep Juneja</td>
</tr>
<tr>
<td></td>
<td><strong>WHO Prequalification:</strong> Antony Fake &amp; Milan Smid</td>
</tr>
<tr>
<td>1645-1700</td>
<td><strong>Roundup and Briefing for Day 2:</strong> Richard Kettle</td>
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<td>1900-2200</td>
<td>Networking Dinner</td>
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</table>
### The Agenda: Wednesday 25th June

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
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</thead>
<tbody>
<tr>
<td>0900-0915</td>
<td><strong>Introduction and Logistics</strong></td>
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<tr>
<td></td>
<td>Richard Kettle</td>
</tr>
<tr>
<td>0915-1000</td>
<td><strong>The Global Fund ARV Supplier Engagement. The tendering Process</strong></td>
</tr>
<tr>
<td></td>
<td>Mariatou Tala Jallow, Richard Kettle</td>
</tr>
<tr>
<td>1000-1230</td>
<td><strong>Stream 1 Open Floor Q+A Session</strong></td>
</tr>
<tr>
<td></td>
<td>Representatives From The Global Fund, PEPFAR, CHAI, WHO, MPP, UNITAID.</td>
</tr>
<tr>
<td>1000-1230</td>
<td><strong>Stream 2: The Global Fund-Individual Supplier Meetings</strong></td>
</tr>
<tr>
<td>1230</td>
<td><strong>Closure and Next Steps</strong></td>
</tr>
</tbody>
</table>
The Global Fund: Procurement for Impact
An Update

Dr Mariatou Tala Jallow
When We Started P4i……..

Our objective was straightforward: To Increase Access to Products
By fundamentally changing the way we work across the supply chain

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

Let’s see what progress we have made
1. Building the Foundations

**Organisation**
- Disparate elements merged into a new team
- Skills enhancement through training and new ways of working
- New Hires in API, Supplier Quality Assurance, Supply Chain, and Business Dynamics

**Process**
- Sourcing moving in-house with the procurement agents’ role re-defined
- Focus on simplification and measurement
- Supplier payments decoupled from grant disbursement for PPM
- Introduction of supplier performance measurement

**Market Dynamics**
- New collaborations with partner agencies and donors
- Simplification of specifications
- Increased scope in sourcing
1. LLIN

Our first PPM Core Products initiative

- 2 year Framework contracts with committed volumes in 2014
- Demand on suppliers optimised against available capacity
- Pricing available to other agencies and non PPM PRs
- New collaborative relationships with joint projects to improve efficiency
- Raw material pricing mechanism
- Key Performance Indicators
- Savings of $140m over 2 years
2. ACT

- Supported sustainability by recognising the value both originators and generics can deliver

- Combined PPM and Co-Payment (AMFm) volumes to optimise demand.

- Will support RSM through vendor managed inventory.

- 2 year contracts with annual allocated and committed volumes.

- Facility to implement collaborative contracts and manage pricing

- Performance Management

- Savings of 30% or $100m over 2 years.
Rapid Supply Mechanism

The Global Fund is establishing a Rapid Supply Mechanism to deliver key medicines (for all three diseases) within 3-4 weeks of the alert of a shortage.

Issue: Stock-outs

Frequent stock outs for various reasons resulting in treatment interruption. Currently there is no systematic way for the Global Fund to respond to this.

Approach:

- Fix the underling causes
- Hold limited quantities of inventory to be able to respond (and cycle the orders using some PPM orders).
- In the medium term: explore vendor managed inventory

Optimal commonly used optimal 1\textsuperscript{st} and 2\textsuperscript{nd} ARVs for adults and children:

- Storage facility + potentially VMI
- Rapid Supply to any GF PR in shortage

Low-volume paediatric ARVs: market shaping:

- Selected new or phase-out products where demand aggregation may be needed to secure supply
- Regular supply to any GF PR + others

Progressive Go Live Scheduled from Q3 2014
The P4i Vision

Is directly aligned to the Global Funds objectives

The Global Fund will become the benchmark organisation in the sector for Sourcing and Procurement

Using simple, clear leading edge processes and tools designed by and for the organisation

Minimising waste and eliminating non value adding activities

With measurable performance in value and lives saved

Ensuring effective governance and watertight compliance to make the Global Fund and Sector a better customer

Building collaborative relationships with partner agencies, suppliers and donors to increase affordability

The Roll Out of the ARV strategy is integral to the attainment of these objectives and is our third core products initiative.
The Global Fund: ARV Acquisition Strategy

Lin Roger Li, Martin Auton
Global Fund Spend Profile

Current Global Fund treatments reach 6.1m people in LMIC (2013). Global Fund target to increase this to 7.6m by 2016.

<table>
<thead>
<tr>
<th>Year</th>
<th>Global Fund Total</th>
<th>PPM</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>245</td>
<td>19</td>
<td>8%</td>
</tr>
<tr>
<td>2010</td>
<td>300</td>
<td>41</td>
<td>14%</td>
</tr>
<tr>
<td>2011</td>
<td>320</td>
<td>28</td>
<td>9%</td>
</tr>
<tr>
<td>2012</td>
<td>500</td>
<td>100</td>
<td>20%</td>
</tr>
<tr>
<td>2013</td>
<td>650</td>
<td>340</td>
<td>52%</td>
</tr>
<tr>
<td>2014</td>
<td>830</td>
<td>450</td>
<td>54%</td>
</tr>
<tr>
<td>2015</td>
<td>900</td>
<td>525</td>
<td>58%</td>
</tr>
<tr>
<td>2016</td>
<td>1000</td>
<td>600</td>
<td>60%</td>
</tr>
</tbody>
</table>
Supplier Consultations

- We have had a number of meetings with originators and generic ARV manufacturers in the Geneva office.

- We have also visited the following ARV manufactures/API Producers in the past few months.

  - Mylan
  - Cipla (incl. QCIL)
  - Hetero
  - Aurobindo
  - Laurus labs
  - Lonzeal
  - Acebright/Desano
  - Anhui Biochem
  - Ranbaxy
  - Emcure
  - Macleods
  - Microlabs
  - Strides

- We also plan to engage with originators to further understand the future pipeline and opportunities.
FPP Market Observations

1. Spend significantly skewed towards high volume 1st line optimal treatments which form 85% of current spend. This skew has been increased by WHO rationalisation of recommended first line treatments.

2. In this space product is mostly supplied by generics with “newer” ARVs licensed from originators with a small number of suppliers supplying most of ARV requirements.

3. Low volume specialist adult and pediatric treatments form a long tail and supply chain integrity proves a major challenge owing to smaller order quantities and fragmented demand.

4. Relatively short product life combined with high regulatory burden adds complexity to managing the operation.

5. Sustainability becomes an emerging concern:  
   • Some suppliers not participating in the tenders for some products  
   • Competition for production between products of different margins  
   • Poor supplier delivery performance

ARV FPP is a high volume and complex business with a number of challenges
1. Despite sufficient oral solid dosage (OSD) capacity to meet forecast requirements for new products, active FPP suppliers could be limited by API availability.

2. Few generic suppliers are able to supply their entire API requirements and some of them rely on 100% external supply.

3. Some large, vertically integrated suppliers have made significant investment in API production to underwrite FPP supply. Others are taking a more selective approach with a focus on vertical integration in emerging products.

4. Opportunities for sourcing API for older products are reducing.

5. API supply interruption and price increase can be caused by the Key Starting Material(KSM) supply challenges.

API make or buy decisions are fundamental to determining cost competitiveness, supply security and long term FPP strategy.
There are also Demand Side Issues

Country specific specifications and packaging.

Lack of coherent information including late visibility on guidelines changes

Tendering process driving some suppliers to hold excess inventory

Lack of forward visibility of demand.

All these have been impacting Our Core Objective AFFORDABILITY AND AVAILABILITY OF PRODUCT
Supplier Delivery Performance

Supplier delivery performance has been poor. A statistic that has been made worse by current procurement processes.

**TEE and TLE**

<table>
<thead>
<tr>
<th>On-Time</th>
<th>8-30</th>
<th>30-60</th>
<th>Over 60</th>
</tr>
</thead>
<tbody>
<tr>
<td>34%</td>
<td>25%</td>
<td>16%</td>
<td>26%</td>
</tr>
<tr>
<td>96</td>
<td>70</td>
<td>45</td>
<td>74</td>
</tr>
</tbody>
</table>

**AZT FDCs**

<table>
<thead>
<tr>
<th>On-Time</th>
<th>8-30</th>
<th>30-60</th>
<th>Over 60</th>
</tr>
</thead>
<tbody>
<tr>
<td>46%</td>
<td>21%</td>
<td>10%</td>
<td>24%</td>
</tr>
<tr>
<td>64</td>
<td>29</td>
<td>14</td>
<td>33</td>
</tr>
</tbody>
</table>

Data source: PFSCM PPM data 2013-2014
The new procurement approach is broad based and designed to address a range of objectives.

### Sustainable Supply
- Continued supply of products through all stages of the lifecycle
- De-risk the API supply chain
- Improved payment and admin processes

### On-Time Delivery
- Reduced lead times
- Improved Delivery Performance
- Mitigate force majeure

### Competitive Pricing and Affordability
- Leveraged volumes
- Improved planning and longer term contracts
- Use supplier expertise
- Collaboration to protect reasonable margins

### Quality and Regulatory
- Extend product shelf life
- Broader country registration footprints

These objectives will result in a new form of supplier engagement.
The Route to Strategy Definition

The strategy comprises four key elements

1. **Products**
   - Product Segmentation
   - Product lifecycles
   - Volume commitment and newly eligible suppliers

2. **Supplier Management**
   - New ways of working
   - Goal orientated collaboration
   - Benefits sharing

3. **Demand Profiles**
   - 2014 volumes
   - 2015/16 Forecasts
   - RSM
   - Commitment volumes

3. **Tendering and Contracting**
   - New Tender Process
   - New Forms of Contract
   - New Roles and Responsibilities
   - Strong focus on delivery performance

We’ll look at these now

We’ll look at this later
**Product Segmentation**

The product set has been segmented to simplify comparative analysis.

<table>
<thead>
<tr>
<th>Classification</th>
<th>Type</th>
<th>PPM Spend 2013-2014</th>
<th>%</th>
<th>No of Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult Optimal NRTI and NNRTI – high volume (1st &amp; 2nd line)</td>
<td>TDF FDCs</td>
<td>$ 280</td>
<td>56%</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>AZT FDCs</td>
<td>$ 137m</td>
<td>27%</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>EFV 600mg NVP 200mg</td>
<td>$ 19.5 m</td>
<td>4%</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Adult Optimal NRTI and NNRTI – low volume</td>
<td>$ 13.7 m</td>
<td>3%</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>Adult Optimal PIs (2nd line)</td>
<td>$ 30.4 m</td>
<td>6%</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Adult 3rd line</td>
<td>$ 1.6 m</td>
<td>0.3%</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Adult Legacy Products</td>
<td>$ 2.8 m</td>
<td>1%</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>Paediatrics: optimal</td>
<td>$ 10.6 m</td>
<td>2%</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Paediatrics: limited/use</td>
<td>$ 0.8 m</td>
<td>0.2%</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Paediatrics: non-essential including legacy products</td>
<td>$ 2.5 m</td>
<td>1%</td>
<td>42</td>
</tr>
</tbody>
</table>
Building the Strategy: Using Lifecycle Analysis

To a greater or lesser extent all manufactured products follow similar paths relating to their volume and price/margin through their lifecycle.

ARVs are no exception.................................
## Lifecycle Management and ARVs

We have overlaid the key ARV attributes to the lifecycle to determine the strategic priorities.

### Attributes

<table>
<thead>
<tr>
<th>Pipeline</th>
<th>Emerging</th>
<th>Growing</th>
<th>Mature</th>
<th>Declining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Few FPP suppliers</td>
<td>More suppliers</td>
<td>Reducing FPP suppliers</td>
<td>Fewer FPP suppliers</td>
<td></td>
</tr>
<tr>
<td>Technical Driven Licensing</td>
<td>Continuous process improvement and investment</td>
<td>Concentration of API sources</td>
<td>Few API sources</td>
<td></td>
</tr>
<tr>
<td>Focus on in-house API supply</td>
<td>Diversification of API sources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less competition</td>
<td>Competitive drive</td>
<td></td>
<td>Few incentives to manufacture</td>
<td></td>
</tr>
</tbody>
</table>

### Challenges for suppliers

- **Lack of clarity for investment**
- **Recover from investment and Growth**
- **Brutal competition**
- **Ethical exit plan**

### GF Strategy Implication

- **Address Long lead-time and poor delivery performance**
- **Early engagement**
- **Competitive cost**
- **Deliver Sustainability: Mitigate price volatility and secure supply**

---

28 Products
Mapping the two segmentations identifies the products at risk and the different strategies we need to deploy.
The Product Strategy: Key Elements

1. The product strategy will be based on lifecycle management to drive affordability and availability.

2. Initial volume commitments will be made out to the end of 2016 (linked to the new funding model).

2. New entrants will be encouraged by capping volume commitments in the early lifecycle stages.

3. Suppliers will be encouraged to supply both high volume and low volume products by bundling contracts through the tender process.
The Principles of our Approach

Managing products through their lifecycle in a constrained market with many issues requires a new approach in the way suppliers are managed.

Previously in LLIN and ACT we focused on cost and supply chain integrity. Collaboration was peripheral.

In ARV we will adopt a new approach where collaboration becomes integral.
The Principles of our Approach

1. The engagement model will drive cost effectiveness and efficiency through an initial competitive tender and longer term value creating partnerships with selected suppliers (potentially all).

2. Long term partnerships will be based on a series of goal orientated, joint collaborative projects which will be identified as part of the tender process.

3. Key areas of focus will include:
   1. Value chain improvement (Process Improvement, Product Cost, Specifications, Freight)
   2. Supply Chain integrity including API strategy

4. The ability to envisage and deliver against a road map will be assessed as part of the tender process

5. Future volume commitments will be dependent on achieving against the agreed objectives.
# The New Approach in Practice

## Supplier Management

### Steps / methods

<table>
<thead>
<tr>
<th>Initial Preparation</th>
<th>Framework Development</th>
<th>Implementation</th>
<th>Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Define Approach Structure</td>
<td>1. Prioritise objectives for both parties (use biz case if possible)</td>
<td>1. Carry out work packages</td>
<td>Quarterly</td>
</tr>
<tr>
<td>2. Initial definition of objectives and prioritisation</td>
<td>2. Define CSF, risks and benefit sharing</td>
<td>2. Highlight risks and issues</td>
<td>1. Full review of progress</td>
</tr>
<tr>
<td>3. Define selection process</td>
<td>3. Assign resources and ownership for each objective</td>
<td>3. Monthly update of work plan</td>
<td>2. ACID Test</td>
</tr>
<tr>
<td>4. Receive supplier objectives and road map</td>
<td>4. Agree management methodology</td>
<td>4. Identify further opportunities</td>
<td>3. Issue Resolution</td>
</tr>
</tbody>
</table>

### Tender Process

- **Buyer and Seller in Partnership**
  - Duration up to 3 years with potential to extend

### Annual Iteration

- **Tender Process**
  - Duration up to 3 years with potential to extend

- **Buyer and Seller in Partnership**
  - **Quarterly**
    - 1. Full review of progress
    - 2. ACID Test
    - 3. Issue Resolution
    - 4. Business Plan Update

- **Annually**
  - 1. Hard review against objectives
  - 2. New Business Plan development
A two track approach to supplier engagement

The Global Fund may therefore award framework contracts based on two different structures.

### Approach Profile

<table>
<thead>
<tr>
<th>Type 1</th>
<th>Type 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Longer Term</td>
<td>Shorter Term</td>
</tr>
<tr>
<td>(Supplier Partnerships)</td>
<td>Supply Contracts</td>
</tr>
</tbody>
</table>

The type and duration of contracts awarded will be determined as part of the tender process.

### Engagement Model

- **Longer Term**
  - Allocated and Committed Volumes
  - Annual joint business plans
  - A range of products (high volume)

- **Shorter Term**
  - Allocated and Committed Volumes
  - Single products (lower volume)
Common elements

Whether contracted under a partnership agreement or a supply contract certain elements will be common to both.

1. A focus on quality and delivery performance with results determining future volume commitments.

2. A formal contract review process where applicable.

3. Improved forecasting and new product introduction through better information flow.

4. The potential (subject to agreement) to share elements of the pricing with other agencies or buying organisations

Agreements will be with the Global Fund and operationally managed by a Procurement Agent.
A New Focus on Origination

The Global Fund will also be addressing issues with origination

Specific Scope

For Adults

• Optimal NRTI & NNRTIs for 1\textsuperscript{st} & 2\textsuperscript{nd} line (high & low volume)
• Optimal PIs & other FDCs for 2\textsuperscript{nd} line

For children

• Paediatric ARVs with a focus on IATT optimal and limited use paediatric ARVs
• Exit strategies for non-recommended products

Supplier Engagement commences Q1 2015

• Pipeline molecules and the transition of supply from originator to generic manufacturers
• Simplifying access to supply of specialist low volume products
Complementary Strategies and Actions

The new acquisition strategy is complimentary with, and aligned to, other initiatives and activities in play.

- Multi–Partner Pediatric ARV Procurement Working Group
- Initiatives to standardise and harmonise labelling and packaging
- Improved forecasting and payment mechanisms
- Rapid Supply Mechanism
Demand Profiles: Adults

Overall demand is set to rise from $450m to $525m, an increase of 18%. 96% of demand for 2014 is represented in the 10 products shown below.
Demand Profiles: Pediatrics

Pediatric treatments are rising faster at over 40%. 2014 spend will be $17.8m rising to $24.8m in 2015. 92% of the demand is shown in the 10 products below.
Country Demand

98% of the Spend will be dispersed between 15 countries

1 Tanzania
2 Nigeria
3 Malawi
4 Uganda
5 Mozambique
6 Cameroon
7 Côte d'Ivoire
8 Democratic Republic of Congo
9 Vietnam
10 Burkina Faso
11 Zambia
12 Ghana
13 Burundi
14 Guinea
15 Georgia
Demand Profiles

1. Detailed demand profiles will be supplied as part of the tender documentation.

2. Volumes allocated will be determined by the results of the tender.

3. Volumes will comprise two elements committed (i.e. underwritten by the Global Fund) and allocated.

4. The maximum allocated volume per supplier per product group is currently under review and we would welcome your views.
The Global Fund: The ARV Tender Process

Dr Mariatou Tala Jallow, Richard Kettle

Note the reference document for instructions is the tender document and not these slides.
Key Principles

1. One tender process for all in scope products
2. The same process for all manufacturers (subject to caveat)
3. Evaluation based on a range of criteria
4. A two stage process including an evaluated collaborative workshop
5. Open and transparent
Tender Overview

Scope
1. All outstanding PPM volumes for 2014 and known volumes for 2015. (These are shown in a schedule)

Planned Issue Date 25 July
Submission Date 15 Sept
W/C 1 Oct
7 Nov

Tender Preparation
- 2 rounds of Q+A

Tender Evaluation and Product Allocation
- Initial Commercial Evaluation
- Evaluated Collaborative Workshops
- Final Evaluation

Schedule B1 Commercial
Schedule B2 Technical
Schedule B3 RoadMap

Volume Allocation
Tender Preparation

1. Tender Documentation will be available from the Solicitations web page on the Global Fund Site.

2. There may be a number of documents to download
   a. Main tender document
   b. Schedules B1, B2 and B3 (Templates in Excel)
   c. Copies of Proposed Contracts and Amendments.

3. To submit a complete response to this RFP bidders will need to submit:
   a. Schedule A: Certificate of Conformance
   b. Schedules B1, B2 and B3
   c. Marked up copies of proposed contract(s)

4. We will request a significant amount of information. We will clearly advise which will be evaluated and which are for information purposes only.
Schedule B1: Commercial

We will request:
- Open book pricing (and we are prepared to sign an NDA with you)
- Volume Discounts
- Additional Discounts
- Cost of country specific specifications.

This will be a multi-page workbook with products listed by product group. Some products will be prioritised as high risk.
Schedule B2: Technical

Much of the information gathered in Schedule B2 will be for information purposes only and used in the allocation process. It may include:

Products that are pre-qualified
API Sources and strategy
Country registrations
Committed Manufacturing capacities, batch sizes and lead times
Products under development

We will enter our own assessment of your quality and delivery performance

Example from the ACT Tender
Schedule B3: Relationship Route Map

Schedule B3 provides the framework for the collaborative workshop and takes the form of a high level project document for each objective you have identified. This will not be evaluated until the workshop but must include substantive value creation objectives.

<table>
<thead>
<tr>
<th>Objective Number</th>
<th>Supplier Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product(s)/Area</td>
<td>Initial Objective</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Work stream Name</th>
<th>Month 1</th>
<th>Month 2</th>
<th>Month 3</th>
<th>Month 4</th>
<th>Month 5</th>
<th>Month 6</th>
<th>Month 7</th>
<th>Month 8</th>
<th>Month 9</th>
<th>Month 10</th>
<th>Month 11</th>
<th>Month 12</th>
<th>Year 2</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Resources Required</th>
<th>Identified External Stakeholders and Requirements from them.</th>
</tr>
</thead>
</table>

Illustrative
Workshop Selection

Our market analysis of likely bid patterns suggest we will be able to offer collaborative workshops to all tendering suppliers.

However if the submission pattern is markedly different from what is expected the Global Fund reserves the right to apply an evaluation criteria which if used will be as follows:

<table>
<thead>
<tr>
<th>Historic Spend</th>
<th>Available Manufacturing capacity and lot size across all products bid</th>
<th>Price including any discounts offered</th>
<th>Evaluated potential value demonstrated in road map</th>
<th>Number of lifecycle segments included in overall proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of Products for which bids have been submitted</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Whatever is decided the Global Fund commits that all suppliers bidding for the same product set will be treated equally
Collaborative Workshops

1. Your opportunity to expand on your roadmap and demonstrate your commitment

2. Negotiated agreement to year 1 objectives which may form the basis of the business plan

3. Our opportunity to test and evaluate.

4. Duration and Location TBD.

Evaluation Criteria:

<table>
<thead>
<tr>
<th>Total Value Offered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timeline for Delivery</td>
</tr>
<tr>
<td>Level of Commitment</td>
</tr>
<tr>
<td>Ability to Deliver/Level of Risk</td>
</tr>
</tbody>
</table>
Evaluation Criteria

Evaluation will be undertaken after the collaborative workshops and will include the following:

<table>
<thead>
<tr>
<th>Commercial</th>
<th>Technical</th>
<th>Indicative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Validated Discounted Price per Pack</td>
<td>Previous Quality and Delivery Performance</td>
<td>55%</td>
</tr>
<tr>
<td>Validated commercial value from collaborative workshops</td>
<td>Level of Innovation</td>
<td></td>
</tr>
<tr>
<td>Number of high risk products that can be supplied</td>
<td>Ability to deliver against plan and overall timeline</td>
<td>45%</td>
</tr>
<tr>
<td>From Collaborative Workshop</td>
<td>Level of Supply Chain Integrity</td>
<td></td>
</tr>
</tbody>
</table>

Will be excluded for product groups if workshops not held

Results of evaluation will also determine contract type and duration

Validated commercial value from collaborative workshops

Level of Innovation

Ability to deliver against plan and overall timeline

Level of Supply Chain Integrity
### Next Steps

**Our proposed timeline is as follows:**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier Conference</td>
<td>24 June</td>
</tr>
<tr>
<td>Tender Release</td>
<td>25 July</td>
</tr>
<tr>
<td>Round 1 Questions</td>
<td>8-15 Aug</td>
</tr>
<tr>
<td>Round 2 Questions</td>
<td>22-29 Aug</td>
</tr>
<tr>
<td>Tender Submission</td>
<td>15 Sept</td>
</tr>
<tr>
<td>Phase 1 Initial Evaluation</td>
<td>15-30 Sept</td>
</tr>
<tr>
<td>Phase 2 Evaluation (incl. workshops)</td>
<td>2-30 Oct</td>
</tr>
<tr>
<td>Announcement of Results</td>
<td>7 Nov</td>
</tr>
</tbody>
</table>
Changes to Contracting (1)

The Current Position

Grant Agreement and PPM Registration Letter

PPM PSA

PSA

PPM MSA (some)

Manufacturer

Products

Purchase Order

Principal Recipient

The Global Fund
Changes to Contracting (2)

Future Position

Contract

- PSA
- Manufacturer
- The Global Fund
- Principal Recipient
- Purchase Order
- Framework Agreement
- Products